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# FRANCE - EUROPE

**Bloomberg**

## Editorial : The Macron Revolution Should Be About Growth

It took brave, radical thinking for President Emmanuel Macron to transform French politics so completely. Reforming the French economy will demand no less focus and ambition.

To judge by the speech he gave at Versailles last week, there'll be no lack of ambition: It was positively regal. Focus, though, was less apparent. Once he turns to the task of governing, he needs to make structural economic reform -- especially to France's broken labor market -- his overriding priority. Instead, France's new government is now intent on spending precious political capital and energies on a different goal: deficit reduction.

The main message Macron's prime minister, Edouard Philippe, had for lawmakers last week was that budget tightening comes first. He's

advocating spending cuts, calls the government's reliance on borrowing "intolerable," and likens the public debt to a "volcano." He says the government will bring the budget deficit below the European Union's limit of 3 percent of gross domestic product this year.

Taxes and public spending in France are too high, so fiscal discipline is important. But meeting the EU's borrowing target this year is not. The deficit is only a little above 3 percent of GDP -- smaller than the U.S. budget deficit in both nominal and cyclically adjusted terms. France's public debt, at 97 percent of GDP, needs to come down in due course -- but again that figure is smaller than the U.S. number, and smaller than the advanced-economy median.

In truth, the urgency of deficit cutting for France is a matter of European

Union politics rather than economic necessity. Last week Bank of France Governor Francois Villeroy de Galhau said the 3 percent target should be respected "if only to ensure France's credibility in Europe." It seems France's government is putting German sensitivities above the immediate needs of the French economy; given that the government will have only so much political capital, that's a dangerous gambit.

It's hard to believe, but some things matter even more than France's credibility in Europe -- and structural reform is top of the list. Macron's predecessor, Francois Hollande, tried to impose fiscal stringency alongside structural reform, and failed. His approach was derided as all pain, no gain. His popularity collapsed, and his plans for reform collapsed along with it.

Clear thinking from leading voices in business, economics, politics, foreign affairs, culture, and more.

Share the View

During his campaign for the presidency, Macron appeared to understand that far-reaching reform of France's labor code is essential. He has a mandate to pursue it. Cutting taxes on labor -- France has some of the highest payroll taxes in the developed world -- is no less urgent. But the government has sent muddled signals about its plans for tax reform generally, postponing some tax cuts and then seeming to backtrack.

Putting those goals at risk for the sake of a fiscal target which is questionable in principle and widely ignored in practice would be a mistake.

**Bloomberg**

## McArdle : The Dark Side to Macron's Bright Idea in France

Megan McArdle

Emmanuel Macron has completed a political revolution. The man swept out of nowhere, with no party behind him, and in a few short months, managed to secure the French presidency, then lead his new movement to a substantial legislative majority. Now he's proposing to embark on another revolution by reshaping the legislature: to reduce the number of representatives, to limit lawmakers' terms, and to provide "a dose" of proportional representation.

These are all proposals that get floated in the U.S. as well. And it's easy to see why.

Why reduce the size of the legislature? Because the larger a deliberative body is, the harder it is to get enough members to agree on anything. Three people may debate where to have lunch, but in a group of 20, the issue needs to be settled by executive decision.

Meanwhile, term limits and proportional representation -- the idea that a party should be represented in government in approximately the share that it received of the national vote -- promise to fix everything people hate about America's political inheritance from England: Single-member districts elected on a first-

past-the-post system tend to squash smaller parties, resulting in two megaparties that seem to please no one fully. You end up with parties full of entrenched, self-dealing legislators who cling to their seats for decades, thanks to a combination of gerrymandering and voter bias towards the devil they know.

All these ideas are, in fact, favorites of exactly the class of people that Macron represents and typifies: educated cosmopolitans of a technocratic bent, who think that most important problems can be solved by twiddling the system's rules. They look at the messes created by the elderly political apparatus and think "We must be able to do better." And when you look at those messes, it's hard not to agree.

And yet, there are ample reasons to dislike what Macron proposes to do. Start with proportional representation, an idea that seems hard to disparage: popular parties should hold more power. Who could possibly disagree with such an obvious principle?

Well, maybe someone who'd looked at actual governments that use this system. Proportional representation makes it very hard for a party to get a majority. This often leads to unstable coalitions that have

difficulty holding together or getting anything done. In the most extreme case, as happened in Belgium, no governing coalition can form, and the country is left without a government.

The instability of proportional representation can make the government hostage to tiny coalition members -- which is why, for example, the ultra-orthodox parties have such outsize influence in Israel. This may be of particular concern to liberals, because France's current system awards the far-right Front National only a handful of seats -- behind even the moribund communist party -- in a country where the nationalists recently took a third of the vote. If French politicians try to shun the National Front, as has happened in other countries, the coalition politics would be unstable indeed.

Smaller legislatures, meanwhile, may be easier to corral into action, but by the same token, they are less accountable to voters, because each legislator represents more of them. That means legislators have less time to listen to individual constituents, and significant interests may get lost entirely.

Okay, but what about term limits? Who wants political lifers fondly patting each other on the back while trading favors and entrenching their

own power? Shouldn't we all crave a body of citizen-legislators, bringing real-world experience into government, and then returning to some productive labor?

If we were all sitting around designing some theoretical system from first principles, for an imaginary country full of industrious yeoman farmers, I would probably find myself enthusiastically endorsing this idea. But sadly, the real world, as so often happens, has declined to cooperate with our happy imaginations. When we get a look at term limits in practice rather than theory, they look a lot less attractive.

The citizen-legislator is a marvelous principle for a tiny, 19<sup>th</sup>-century government that practically doesn't do anything at all. And if you have a viable plan for getting us to such a government, well, I'm all ears. But we in the Western democracies have 21<sup>st</sup>-century governments, whales so bloated that they have an entire ecosystem swimming along with them. As so happens with complex ecosystems, seemingly simple changes can have unexpected, even catastrophic effects.

For what happens when our citizen-legislators arrive in the seat of government, ideals clutched firmly in hand and just a short time to Make a Difference? They discover that the

circling sharks (lobbyists, bureaucrats, etc.), unlike them, are not term-limited.

These lifers often have intentions just as noble as the citizen-legislators of our imaginations. But each of them is laser-focused on one priority. Their predation in pursuit of their priorities is limited mainly by their fear of legislators, and by extension, of the voters.

So while lobbyists and bureaucrats may be tempted to treat legislators like the proverbial mushroom -- keep them in the dark and feed them manure -- they can go only so far, because they know that next term, the legislator will probably be around, and will remember. Over time a few legislators gain expertise in a their subject areas, and can push back.

Term limits change that calculation. The citizen-legislators and their staffs arrive in Washington ignorant not just of the complexities of individual policy areas, but also of the ecosystem. By the time they know enough to recognize a shark and its agenda, they are getting close to their term limit, and their ability to threaten retaliation is waning.

So while it's true that term limits strip power from self-interested politicians, that power is not returned to the voters. Instead it's handed over to bureaucracies and interest groups -- every bit as self-interested and self-dealing, but much less accountable to the public.

So why is Macron pursuing these changes? Because some of that power stripped from legislatures

ends up empowering the executive. In a system like France's, with a strong presidency, a weak legislature means a president with more scope for action.

Clear thinking from leading voices in business, economics, politics, foreign affairs, culture, and more.

Share the View

I don't say that he is acting from bad motives, mind you. Macron probably feels, with some justification, that reforming France's often dysfunctional political economy will be impossible with the current legislature structure. Legislatures are, after all, the body most responsive and accountable to voters, and the reason that reforms have not happened before now is that each bad regulation or poorly

designed welfare benefit comes attached to a group of voters with a powerful interest in continuing it -- and they have the ear of some politicians.

And of course no political system ever designed is without problems. Israel may look enviously at nations with decisive elections, while we look enviously at those who get to have more than two parties. Who's to say which problem is worse?

But those considering endorsing Macron's program should give the question careful thought. As recent American experience has shown, "good government" often isn't -- and the devil you know really may be better than the beckoning stranger.



## French President Emmanuel Macron is in the middle of a social media firestorm

Sarah Wildman

France's newly elected president, Emmanuel Macron, just learned a painful political lesson: In the age of social media, making casual references to the "civilizational" problems of Africa and the demographic challenges of African women having "seven or eight" children is going to blow up in your face.

Here's what happened. During a press conference at the G20 summit in Hamburg, Germany, a journalist from the Ivory Coast asked Macron why there was no Marshall Plan for Africa, a reference to the massive amount of economic aid the US poured into destroyed European countries following the Second World War.

Macron responded with a three-and-a-half-minute soliloquy. He meandered on about the "civilizational" problems that Africa faces, and the differences between a postwar reconstruction project like the Marshall Plan and modern-day aid programs designed to address a variety of problems in a variety of countries.

Macron's use of the word "civilizational" probably would have been enough to get him into hot water; it certainly sounds like a casually racist assessment that Europe's "civilization" is different

from, and perhaps better than, Africa's.

But what came next triggered a social media firestorm that represented the first clear stumble by the new French leader. More than halfway through the answer, Macron said that one key challenge facing Africa is places where women still have "seven or eight children," a birthrate he called continuously destabilizing.

A clip of the response, spliced to make it look like it was almost one run-on sentence, has triggered a bit of a Twitter storm.

The clip, as it's being shared says, "The challenge of Africa, it is totally different, it is much deeper, it is civilizational, today. What are the problems in Africa? Failed states, the complex democratic transitions, demographic transitions, which is one of the main challenges facing Africa."

And then it soon fades nearly seamlessly into the words "a successful demographic transition when countries still have seven to eight children per woman — you can decide to spend billions of euros, you will not stabilize anything."

What the hell does that mean? Much of the internet has decided it means Macron is blaming almost all African problems on high birthrates,

and on women — in other words, that African women are the problem of Africa. That sounds very, very bad.

But is that what he really said?

The problem with the above clip is, well, that's it's a clip. It's a spliced-together 28 seconds out of 3.5 minutes.

Macron's full response is somewhat obnoxious and ham-handed, but it's actually not as obnoxious and ham-handed as it originally sounded. The full video seems to make him sound much more like an International Monetary Fund or World Bank wonk: in other words, out of touch, philosophical, and a bit like a latter-day colonialist.

But in it, he is not *quite* the racist he is in clip one. It might seem like hair splitting, but here, then, is clip two:

His response here is much longer, and more long-winded. It was transcribed almost in full on the site Media Guinee:

The challenge of Africa, it is totally different, it is much deeper, it is civilizational, today. What are the problems in Africa? Failed states, complex democratic transitions, demographic transition, which is one of the main challenges facing Africa, it is then the roads of multiple trafficking which also require answers in terms of security and

regional coordination, trafficking drugs, arms trafficking, human trafficking, trafficking in cultural property and violent fundamentalism, Islamist terrorism, all this today mixed up, creates difficulties in Africa. At the same time, we have countries that are tremendously successful, with an extraordinary growth rate that makes people say that Africa is a land of opportunity.

Again, what does "civilizational" have to do with economic problems? Regardless of his intent, that was clearly a poor word choice, at best, by Macron. At worst it's a racist one.

But Macron skids on past that; he waxes philosophical; he seems to like to hear himself speak. Eventually, minutes later, he wanders into the clause about women and children that certainly sounds misogynist and racist — but especially sounds that way when taken without all the other clauses attached.

Coming from the West's great hope for the future, it's a disappointing, careless response. But it's too soon to say it was anything more than a stumble.



## Will France's State of Emergency Become Permanent?

Yasmeen Serhan

Last Thursday, France's parliament voted to extend the country's

national state of emergency for the sixth time, leaving in place what has

been its longest uninterrupted state of emergency since the Algerian

War of the 1960s. In a parliamentary address last Monday, French President Emmanuel Macron pledged to “restore the liberties of the French” by lifting the order and replacing it with a new, more permanent counterterrorism law. The legislation, which is expected to be taken up by both houses of parliament in the coming months, will “explicitly target terrorists to the exclusion of all other Frenchmen,” Macron told lawmakers in a rare address at the Palace of Versailles. The measure, he added, will include “full and permanent respect for [France’s] constitutional requirements and ... traditions of freedom.”

The proposal, which the government says aims to “strengthen internal security and the fight against terrorism,” makes permanent a series of new powers, several of which are currently covered under the state of emergency, first enacted in the aftermath of the November 2015 terrorist attacks in Paris. These measures include giving the government the power to designate public spaces as secure zones (thereby allowing authorities to prohibit large gatherings that are likely to pose a security risk), temporarily shutter places of worship suspected of promoting extremism, and conduct individual surveillance using assigned residence orders, or house arrests.

But some observers say the law would threaten the very freedoms it purports to protect. They argue that it enshrines certain provisions that have previously only been permissible under a state of emergency. The worry, as French daily newspaper *Le Monde* put it after reviewing a draft of the bill submitted for review to the *Conseil d’État*, France’s highest administrative court, is that “temporary and exceptional measures, which limit citizens’ freedoms over time to fight imminent danger, risk becoming the law of the land.”

Kartik Raj, a research at Human Rights Watch who focuses on Western Europe, told me some of these “exceptional measures” included in the

bill’s draft, such as the power to conduct searches without a warrant, are being framed as less serious than they are. “There’s a degree of sanitization around the language, which gives you a sense of how they are trying to normalize emergency practices,” Raj said. “Something that used to be a search without a warrant is cast as a visit.”

That is not how the government has billed it, however. Macron’s government has said the law aims to end the state of emergency while also giving authorities the tools to combat and prevent acts of terrorism going forward. With more than a dozen terrorism incidents in France since the 2015 attacks in Paris, national security has remained a central issue, dominating the country’s recent presidential election. As a candidate, Macron vowed to curb the risk of terrorism through preventative measures, such as bolstering the police force with 10,000 new officers and strengthening the country’s intelligence apparatus. Last month, he also announced the creation of a task force to oversee all counterterrorism efforts. The 20-person agency, which will be led by former intelligence official Pierre Bousquet de Florian, will be tasked with reviewing and centralizing the intelligence gathered by the Interior, Defense, and Justice departments.

A coordinated counterterrorism task force, Raj told me, would be good for France. But measures that increase executive power are a problem for the human-rights community. One of their main criticisms is the degree of authority the proposed legislation gives to the country’s prefects, the local representatives appointed by France’s interior ministry. Under the proposed legislation, many powers that previously required approval by a judge would instead fall under the purview of the prefect.

Nicolas Krameyer, the program director for individual and public freedoms at Amnesty International France, told me that though the authority to conduct searches will still require some judicial approval, such oversight would be largely

undermined. “The grounds for which these measures could be taken [is] very vague and very broad, so that any person whose behavior could be considered by the Ministry of Interior—by the executive branch—to be a threat for public safety and security” could be subject to them, Krameyer said. “We see from the state of emergency that ... the basis for these kinds of measures [is] very weak and wouldn’t [meet] the burden of proof.”

Speaking before lawmakers on Thursday, French Interior Minister Gérard Collomb defended the legislation, noting that “freedom and security are not mutually exclusive. When you strengthen security, you don’t take away civil liberties, you preserve them, and sometimes you enhance them.” But some authorities in France have raised doubts over the durability of these liberties under the new law. Jacques Toubon, the head of *Défenseur des droits*, the country’s independent constitutional authority, called the legislation a “poison pill” that would threaten national cohesion by stigmatizing the country’s Muslim population (since the inception of the state of emergency, France has shuttered more than a dozen mosques and prayer centers). Christine Lazerges, the chairwoman of France’s National Advisory Commission on Human Rights (CNCDH), warned the law could “permanently contaminate the common law” with measures that were meant to be temporary.

François Heisbourg, a special adviser at the Paris-based Foundation for Strategic Research, told me the whole point of the legislation is “to provide a device that will allow the new government to get rid of the state of emergency without incurring too high a political price for doing so,” adding that the pressure to keep it in place isn’t coming from security specialists. “The problem with getting rid of the state of emergency is that ... the population loves the state of emergency. The price to be paid would be political.”

“People feel safe when this kind of measure is taken,” Rim-Sarah Alouane, a doctoral candidate and

researcher in public law and civil liberties at the University Toulouse-Capitole, told me. “But by institutionalizing the state of emergency, not only are you putting civil liberties at stake, you are not addressing the root of terrorism at all. It gives you the illusion of security, but that’s it.”

What intelligence officials do want, Heisbourg told me, are extended powers to intercept electronic communication—the kind that allow them to keep up with the evolution of technology. “When [ISIS] uses Telegram or other encryption facilities, you obviously have an issue,” he said. “That to me is much more important than most of the other stuff mentioned in the draft bill.”

Though it is unclear exactly when the legislation will reach France’s National Assembly, the more-powerful lower house, or how much it will be revised before it does, there is little doubt that it will win legislative support. Macron’s *En Marche* (LREM) party, with its centrist ally Democratic Movement (MoDem), boasts an overwhelming majority in parliament, and there has been little effort by opposition parties to challenge the legislation.

Though France isn’t the only country to be hit by ISIS-affiliated or inspired attacks (the U.K. and Belgium have remained at high-threat levels following attacks in recent months), it is the only one in western Europe to have established and maintained a state of emergency in response. Raj said this new counterterrorism law could change that, noting that several European countries have already considered implementing or have recently adopted counterterrorism measures to enhance executive powers while restricting judicial controls.

“It’s extremely worrying for a country that is known for human rights,” Alouane said. “It speaks volumes about the culture of fear we have.”

## THE WALL STREET JOURNAL

Katerina Dervenioti decided in 2013 to open a bar in central Athens, she was sure of one thing: there would be no smoking. She had always disliked it, and after all the government had passed a law banning smoking in interiors back in 2009.

## Greece’s Antismoking Effort Has One Major Problem: Greeks (UNE)

Nektaria Stamouli

ATHENS—When Katerina Dervenioti decided in 2013 to open a bar in central Athens, she was sure of one thing: there would be no smoking. She had always disliked it, and after all the government had passed a law banning smoking in interiors back in 2009.

It took only a few hours after opening her cafe in a trendy Athens neighborhood to be sure of a second thing: Greeks believe rules are meant to be broken.

Despite the law, patrons at her vintage-inspired spot lighted up without a thought. She removed ashtrays, added signs and spoke to customers directly, but it was futile. Customers now smoke all they

want, she said, starting early in the morning with coffee and ending late at night with a cocktail.

In Greece, star athletes celebrate championships with cigarettes dangling from their lips—star center Ioannis Bourousis of the Panathinaikos basketball team was seen taking on a cigar at a bouzouki bar after a big win in June.

Taxi drivers smoke while driving, holding their cigarettes out an open window only when they have passengers.

On a recent visit by Amin Mohamed to the local municipality office to take care of paperwork for his dry-cleaning business, the smoke was so thick that he finally asked the employee there to put out his cigarette. The employee simply

opened a window and kept on smoking, he said.

"Nothing will ever change," Mr. Mohamed said.

Deputy Health Minister Pavlos Polakis blithely flouted the ban, lighting up while giving a press conference last year. At the Finance Ministry, smokers recently puffed away in a hallway under a large banner reading "Greece stubs out cigarettes."

And in October, at a lunch at the army officers club in Thessaloniki celebrating Greece's national holiday, President Prokopis Pavlopoulos lighted up a small cigar. The city's mayor, and much of the room, joined him.

About 37% of Greeks smoke, the highest percentage in Europe, compared with an EU average of 26%, according to a 2016 EU survey. In the poll, seven years after the ban, 87% of Greeks said they had been exposed to indoor smoking in bars.

Last year, Greece's Parliament added to the smoking regulations by passing a ban on electronic-cigarette smoking in public places. During the debate, some lawmakers noted the irony of passing a new law in a chamber that ignores the original one.

"Meeting room, parties' offices, secretariats, walkways, toilets—the cigarettes are everywhere," said center-right parliamentarian Niki Kerameos. "If we don't set an example of following the laws, how do we expect citizens to do so?"

Many Greeks see the state as corrupt and unreliable—mainly shown by a widespread refusal to pay taxes. They also don't like controls on day-to-day behavior: cars don't stop at pedestrian crossings, motorcycles don't bother with lanes, trash is tossed out of moving vehicles. Double parking is notorious—oddly, one of the rules Greeks do obey is the "basket in the street" signal that a neighbor is saving a parking space, and the basket goes untouched.

As the country grapples with a seven-year economic downturn, enforcement of all types of infractions is haphazard. Budget cuts have reduced by two-thirds the number of wardens who hand out traffic tickets and other fines, including for smoking, in the Attica region, which includes Athens. Municipal police, who can also issue fines, have been downsized. A telephone hotline that people can use to call the Health Ministry to complain about smoking violations is rarely answered.

Officers have been waiting for months for the blocks of tickets used to issue smoking fines to be delivered from the printers.

"This cannot be enforced—no laws are enforced in Greece," said Menios Stergiou, owner of an all-day cafe-bar near downtown Athens. "One has to have respect for the state, but this is the worst possible period for Greeks to do so."

Health Minister Andreas Xanthos conceded that the smoking regulations hadn't been implemented. "What we need is to

give the feeling that we are restarting," he said to Parliament on May 31, International No Tobacco Day.

The threat of fines on businesses of as much as €10,000, or about \$11,300, haven't been a deterrent. (Individuals also face fines from €50 to €3,000, depending on the circumstances.) Actually collecting the payments is difficult.

At the beginning of the economic downturn, when the ban was first passed and inspections were more common, business owners got creative. Ashtrays disappeared from tables; instead, small cups or vases were placed next to no-smoking signs. If inspectors noticed customers crushing out cigarettes in them, well, the individuals were just disobeying the rules.

"The businessmen's imagination is never so vivid as when it comes to finding ways to break the law," said Andreas Varelas, Athens's vice mayor. "Rule-breaking is in Greeks' nature."

A new incentive to reduce smoking could be fresh taxes on cigarettes that started in January, making the habit even more costly. "Sin" taxes slapped on cigarettes as part of the conditions for Greece to receive bailout funds from its EU creditors have driven the cost of a pack of 20 cigarettes to about €4.50, a euro more than before the crisis. This means that a regular smoker can spend more than €100 a month on the habit, a hefty cost given that Greek monthly salaries average about €700.

In May, the new ticket books were delivered to inspectors, and police said they plan a new enforcement push after the summer, when revelers move back indoors.

Mr. Varelas, the vice mayor of Athens, said that if businesses receive enough fines, they will fall in line. According to the legislation, a bar or restaurant can lose its license the third time it receives a smoking fine.

"I'm afraid we will see many companies changing names after the second fine in order to avoid" being shut down, he said.

Mairi Margioli, a 50-year-old saleswoman at a clothing store, smokes nearly three packs a day and had a cigarette planted firmly between her fingers as she helped customers with dresses and accessories.

She said she especially insists on being able to light up at a restaurant. "If I couldn't smoke with my drink, I would rather stay home," she said. If anyone complains, she said she simply goes to a different venue.

That's a cause for alarm for Ms. Dervenioti, the cafe owner, who said she works the morning shift to avoid the thick smoke in the evening, when the bar is more crowded.

Now, she worries the bar would suffer if the government starts cracking down. For certain smokers, "the habit is part of their DNA," she said. "If they are not allowed to light up while having a drink, they'll stay at home."

## THE WALL STREET JOURNAL

### How Fixing Italy's Banks Is Helping Europe Heal

Paul J. Davies

Italian banks are out of the emergency room. There is a long convalescence ahead, but it is good news for the recovery of Europe as a whole.

The healing under way in Italy and elsewhere is making room for new lending, which can help to fuel economic growth.

Monte dei Paschi di Siena, Italy's most troubled big bank, finally struck a deal with European regulators to complete its €5 billion (\$5.7 billion) bailout this month.

Meanwhile, a smaller troubled bank, Banca Carige, which had also been keeping fears of financial crisis alive, announced a capital raising and

bad-loan sale plan that sent its shares up 30%.

These solutions came swiftly after the state-backed sale to Intesa Sanpaolo of two banks in the Veneto region, which had been casting a shadow over the financial system. Italian bank stocks have rallied sharply, outperforming European rivals significantly since mid-June.

Between them, these events promise to take almost €50 billion of bad loans out of Italy's banks, leaving about €275 billion in the system. However, UniCredit has pledged to sell €18 billion worth as part of its restructuring; and €57 billion are on the books of Intesa Sanpaolo, which as Italy's healthiest

bank is well placed to deal with them.

Italy's problems are starting to look less dramatic. Yes, the country could have dealt with its weak banks sooner and in a less complicated way had there been the political will. But it has now neutralized its worst problems at a direct cash cost to the taxpayer of less than 1% of GDP—significantly less than Spain or Ireland spent several years ago.

And loans are turning bad at a slower rate: New bad debts at the 15 biggest banks in 2016 were at their lowest since before 2009, according to rating agency DBRS.

Now banks have the capacity to start lending again: Italian banks finally returned to growth in the first

quarter of 2017, along with the banks of Germany and France, after years of near constant balance-sheet shrinkage.

Growth in those three countries turned the tide for the eurozone as a whole. Total eurozone bank loans were still shrinking at an annualized rate of 11.6% of GDP in the first quarter of 2016 and 3.8% in the last quarter of that year, but that became annualized growth of 1.4% in the first quarter of 2017, according to UBS.

Italy, long the source of worries about European instability, might finally be aiding the Continent's recovery.

## The New York Times

### Violence at G-20 Tests the Limits of Expression in Germany

Alison Smale

HAMBURG, Germany — Every Western democracy struggles with

the contradictory demands of permitting free expression and

maintaining public order. In Germany, the experience of Nazism

and Communism highlights the clamor for free speech and how best to protect it.

The violence that marred the Group of 20 summit in Hamburg last week clearly caught the authorities off guard, despite the deployment of more than 20,000 police officers called in from across Germany and its European neighbors. It has opened a searing if familiar debate about who was to blame for the loss of control in some areas where large groups of people expressed their anger at the global political and economic system.

Leftists held the police responsible, not the peaceful protesters, and insisted that guaranteeing nonviolent demonstrations was a basic tenet of German democracy enshrined in the Basic Law, Germany's 1949 constitution, and upheld by important court rulings over the years.

Equally predictably, conservatives blamed troublemakers for the clashes in Hamburg where they said well-organized vandals disguised themselves as "clash tourists."

"These were not demonstrators, they were criminal chaos makers," who rampaged out of control, attacked property and people, looted and burned, the interior minister Thomas de Maizière said Monday. "Chaos makers from Germany and Europe cannot lay claim to political motives," he said, adding that they are not the pacifists some on the left say they are.

"They are contemptible, violent extremists, just like the neo-Nazis are, and the Islamic terrorists," he said, adding that anyone who hurls concrete sidewalk slabs at police officers could be accused of attempted murder.

Before the G-20, hundreds of would-be protesters were turned back at Germany's borders under special controls imposed in recent weeks,

Mr. de Maizière said. At least a few hundred demonstrators who did make it to Hamburg came from elsewhere in Europe and had smuggled equipment into Germany as early as two years ago. Their actions were "organized, prepared and orchestrated," Mr. de Maizière said.

Among the protesters themselves, there was recognition that no one sought violence, but, at the same time, veteran activists were aware that trouble could erupt. Hamburg has long been home to a firmly established community of some 8,000 leftists and anarchists.

"Of course we hope the protest is peaceful," said Caral Gotta, a member of the Attac group that helped to organize the largest march last Saturday. "It should be peaceful — that's what they decided a few months ago.

"What happened last night was not part of our plan," she said, referring to the violence and looting that took place last Friday night. "It was irresponsible, stupid people doing this. We want to inform people about the topics and don't want to burn down our own city."

Most of the demonstrators over three days in Hamburg were indeed peaceful. Michael Ferck, who took his three children, ages 13, 11 and 9, to a small march on Saturday, said that he wanted them to learn how to make their voices heard.

#### Protests in Hamburg as G-20 Summit Begins

Protests continued in Hamburg, Germany, as world leaders met for the Group of 20 summit.

By THE NEW YORK TIMES. Photo by Alexander Koerner/Getty Images. Watch in Times Video »

"This type of protest also shows the world that demonstrating peacefully is possible," Mr. Ferck said. "It

makes them think about what values to stand for."

Germany's courts have issued many rulings over the years regulating peaceful protests in ways that were never contained in the Basic Law, said Christian Pestalozza, a law professor at Berlin's Free University.

The courts generally preserve the right to protest and often side with demonstrators' demands, he added. Protesters in Hamburg who demanded and eventually won from the court the right last week to camp in open spaces in the city — and even to install bathrooms — had no automatic constitutional right to do that.

"Nothing of that is in the Basic Law," Professor Pestalozza said in a telephone interview. "People in Hamburg who were not taking part in the protest had their daily lives affected by such camps but no say in whether they were permitted."

Since the violence, analysts and politicians have raced to offer alternative explanations. Some have suggested having all of the G-20 summits in New York, where the annual United Nations General Assembly meeting attracts world leaders each September, while others have recommended holding the G-20 in more isolated locations.

Professor Pestalozza put forth another option: "You don't move the event, but perhaps instead you move the protest," he said.

Authorities said 476 police officers and an unknown number of protesters were injured during the violence in Hamburg. More than 400 people were either arrested or detained.

By comparison, more than 1,000 demonstrators were held after huge protests in the German city of Rostock in 2007 during the Group of 8 summit held nearby on the Baltic Sea. Very few of those protesters

who were detained served any kind of jail sentence, said Simon Teune, a researcher at Berlin's Technical University who studies protests.

The interior minister, Mr. de Maizière, who is a Christian Democrat, and Olaf Scholz, the Social Democrat mayor of Hamburg, have both called for the often lenient courts to issue tough sentences for anybody charged with offenses in Hamburg.

And for once, the two mainstream parties of the center-right and center-left refrained from pointing fingers at each other, because each was involved in planning and hosting the Hamburg summit. (Chancellor Angela Merkel, who was born in Hamburg, is seeking a fourth term in the September elections, where polls currently show that she would beat the Social Democrats handily.)

Commentators noted that the political miscalculations and the policing difficulties virtually canceled each other out in a series of events that authorities had not foreseen. Last week, Mr. Scholz had assured everyone that the Hamburg summit would go off smoothly, just like an earlier festival celebrating the city's history as a Hanseatic port.

When protests grew out of control in Hamburg, it was a double disaster, wrote Heribert Prantl in the *Süddeutsche Zeitung* newspaper. Though Ms. Merkel made meager gains for world unity in keeping the G-20 united on all issues except climate change, the authorities could not balance the right to free expression with the need for maintaining order.

"The police have two duties in circumstances like these: They must prevent violence, and protect the basic right to demonstrate," Mr. Prantl wrote. "In Hamburg at the G-20, they unfortunately failed at both."

consultancy. "In this light, this is going to be seen as something of a provocative act by Russia and will further deteriorate relations between Berlin and Moscow."

The dispute will also do nothing to encourage foreign investment or repair Russia's reputation as a place where contracts are often ignored, property is subject to arbitrary seizure and there is little legal recourse.

Siemens has been one of Russia's most reliable foreign investors. It has done business in Russia since the rule of the czars and usually

**The  
New York  
Times**

Kramer

FRANKFURT — One of Germany's biggest companies said Monday that it had become an unwitting pawn in a scheme to evade sanctions against Russia and break a de facto blockade of electricity to the annexed territory Crimea.

The company, Siemens, a giant engineering and electronics conglomerate based in Munich, said a Russian customer had illegally shipped two power plant turbines to Crimea instead of their intended destination in southern Russia. The

## Germany's Siemens Says Russian Partner Violated Crimea Sanctions

Jack Ewing and  
Andrew E.

diversion of the turbines flouted what Siemens said was an agreement not to violate sanctions imposed by the international community after Russia annexed the territory from Ukraine in 2014.

The incident threatens to strain relations between the countries, just days after Chancellor Angela Merkel of Germany hosted a contentious meeting of world leaders in Hamburg, attended by President Vladimir V. Putin of Russia. The Russian customer, Technopromexport, has close ties to the Kremlin.

The incident also demonstrates how energy has become a weapon in Russia's continuing struggle with Ukraine, Crimea's main source of electricity until the conflict interrupted supplies. Moscow had apparently become so desperate to solve an acute power shortage that it was willing to risk inflaming tensions with Germany.

"Russia-E.U. relations are already not in a good place, not least because there seems to be no pathway for E.U. sanctions easing at this point," said Mujtaba Rahman, managing director for Europe at Eurasia Group, a political

avoids saying anything to offend the government.

But abandoning any pretense of diplomacy, Siemens said it would begin criminal and civil proceedings in Russia against those responsible for what it called the fraudulent export of the turbines. The unusually sharp statement on Monday followed news reports about the violations, from what the company called "reliable sources."

Siemens also said it had been lied to by its Russian customer. Technopromexport had repeatedly reassured Siemens that the turbines would not be sent to Crimea, Siemens said.

The Kremlin's spokesman, Dmitry S. Peskov, said Monday that the turbines had been made in Russia from Russian parts and were not subject to sanctions restrictions. According to Siemens, the turbines were made in Russia with a Russian partner but by contract subject to the sanctions.

"This development constitutes a clear breach of Siemens's delivery contracts, which clearly forbid our customer from making deliveries to Crimea," Siemens said.

While hurt by sanctions, Russia has been in a prolonged economic slump mostly because of low oil prices. Crimea is different. The

peninsula, isolated and contested, is under a stricter regime, and electricity in particular has been politicized.

In 2015, Ukrainian nationalists blew up electrical pylons, and rolling blackouts ensued, embarrassing the Russian government by illustrating its dependence on Ukraine to keep everything, including trolley buses and hospitals, running.

Russia quickly unspooled an undersea cable, but it met only part of the region's demands. Ukraine then tried to write its claims to sovereignty into a new electrical supply contract, again rubbing in Russia's inability to power up Crimea.

The attempt to smuggle in sanctioned generators is the most aggressive Russian move to solve the electrical shortage.

Rumbling, inefficient diesel generators keep lights on. But they have already cost Kremlin-linked companies a fortune in fuel, adding to the overall cost of integrating the region under sanctions.

For multinational companies like Siemens, the thicket of restrictions in Russia can be difficult to navigate. Russian local partners have a strong incentive to win favor by skirting the rules while the parent companies

have an equally strong incentive to avoid punishing fines.

And in Russia's murky legal system, compliance is never certain.

The Siemens smuggling case is among the first of Ukraine-related sanctions busting to come to light. But earlier examples abound of rule bending in Russia by local subsidiaries, which caused headaches for parent corporations.

In 2010, for example, the German carmaker Daimler settled American charges over bribes and kickbacks in several countries, including Russia, by paying a \$185 million fine. The Russian subsidiary was one of two that pleaded guilty in United States District Court in Washington and in a related investigation by the Securities and Exchange Commission.

Siemens said it built the turbines in Russia with a Russian partner and sold them to Technopromexport for a power generation project in Taman, a city on a peninsula in southern Russia that is separated from Crimea by a narrow section of the Black Sea.

Technopromexport had agreed in writing not to ship the turbines to Crimea, or to export the power they generated to annexed territory, Siemens said.

The European Union has barred its companies from exporting infrastructure equipment to Crimea since Russia annexed the peninsula from Ukraine in 2014 in a move that angered the international community.

The German government is almost certain to become embroiled in the dispute because of Siemens's size and importance to the economy. The economics ministry in Berlin declined to comment except to say that German companies were responsible for adhering to sanctions imposed on Russia.

Siemens's history in Russia dates to the 1850s, when it built a telegraph network there. But recently, sales in Russia have declined because of the country's economic problems. Siemens's revenue in Russia last year was 1.2 billion euros (about \$1.4 billion), half its figure for 2013.

The company is highly sensitive to accusations of wrongdoing. In 2008, it paid more than \$1.6 billion in penalties to the governments of the United States and Germany after admitting it routinely bribed foreign officials to win contracts.

Siemens said it would review all its business activities in Russia to make sure there were no other violations of sanctions.

## INTERNATIONAL



### Opinions : What Comes After ISIS?

*The Islamic State stands on the brink of a twin defeat. Mosul, the largest city under its control, has almost entirely fallen from its grasp, and Kurdish-led forces are advancing into its de facto capital of Raqqa. Now, as the saying goes, comes the hard part. The Islamic State's territorial setbacks have introduced new questions about the basic future of the Middle East. Foreign Policy has assembled a group of policymakers and regional experts to answer them.*

#### The United States Can't Retreat From the Middle East

By Elliott Abrams

The defeat of the Islamic State as a "state" will leave two serious questions facing the United States. The first is: Who will fill the spaces from which the jihadi group is driven? There is a clear effort by the new Iran-Hezbollah-Shiite militia-Russia coalition to reply: "We will."

That is an answer the United States should reject. Such a development would cement an anti-American coalition in place, threaten Jordan and Israel, and leave Iran the dominant power in much of the region. To reject this challenge verbally would be a joke, however; it must be resisted on the ground, through the use of force by a coalition that must be built and led by the United States.

The conflict in Syria has destroyed any possibility of an easy formula for putting that country back together, but in the medium term, one can envision a discussion with Russia of how our interests and theirs can be accommodated while bringing the violence down to a level that allows many refugees to return home. But that discussion will achieve nothing unless American power first gains Russian respect and the Russians come to realize that compromise is necessary.

Even in the best-case scenario, with the Islamic State defeated and losing its control over a "state," it may continue to exist as a terrorist group — and in any event al Qaeda and other jihadi groups will not disappear. So the second question is: How do we proceed against Sunni jihadis who continue to plot against the United States? It should be clear that Shiite domination of the region will help fuel these Sunni groups and assist in their recruiting at home and in distant Sunni lands. And the perception of American acquiescence or complicity in that domination will help make the United States a larger target.

The defeat of the Islamic State will not end our involvement in Middle East conflicts and may in fact lead it to increase.

All of this leads to an unwelcome conclusion — unwelcome surely to many Americans. The defeat of the Islamic State will not end our involvement in

Middle East conflicts and may in fact lead it to increase. There will be no repeat of the Iraq wars, with vast American armies on the ground, but there will need to be a long continuation of the sort of commitment we see today: perhaps 5,000 troops in Iraq, 1,000 in Syria, 1,000 to 2,000 in Jordan, and many more in the 6th Fleet and in bases in the region from which we can exert power.

As long as Iran tries to dominate the entire region and Sunni jihadi groups target the United States, the defeat of the Islamic State changes — but does not diminish — America's stake in Middle East power politics.

*Elliott Abrams is a senior fellow for Middle Eastern studies at the Council on Foreign Relations. His new book, Realism and Democracy: American Foreign Policy After the Arab Spring, will be published in September.*



## The War After the War

By Robert Malley

For most of the United States' allies in the Middle East, the war against the Islamic State never was the primary concern. Even as Western nations decreed this struggle a universal priority, these nations largely humored Washington, echoed its alarm, joined its international coalition — and looked the other way. Almost from the start, their gaze was fixed on the wars after the war against the Islamic State.

For Turkey, what mattered was the fight against Kurds, and for Kurds a self-determination struggle; for Saudi Arabia and Iran, their regional contest took priority; within the Sunni Arab world, competition between the more Islamist (Qatar and Turkey) and the less so (Egypt and the United Arab Emirates) was viewed as existential; among Iraqis, a sectarian and ethnic race for post-conflict spoils had pride of place. The counter-Islamic State campaign always served as an imperfect cover for regional conflicts and contradictions. With the Islamic State increasingly in the rearview mirror, these will be laid bare.

When the dust settles, Washington will confront a Middle East struggling with familiar demons. It will also face its own familiar dilemma: How deeply should it get involved? Allies will plead for it to leap into the fray. They know Washington's current predilections and will cater to them, dressing up raw power plays in more appealing garb. President Donald Trump's administration is preoccupied with countering terrorism, combating Iran, and — no less important — doing whatever former President Barack Obama did not. That's how America's allies will frame their respective pursuits.

There is evidence already. Saudi Arabia and the UAE presented their war in Yemen as pushback against Tehran and their attempt to bring Qatar to heel as an anti-Iranian and anti-terrorist gambit. Syria's Kurds, fearful of being jettisoned by Washington once their utility in the anti-Islamic State fight is exhausted, champion themselves as long-term bulwarks against Iranian influence and Turkish-inspired Islamism — while Ankara paints those same Kurds with a broad terrorist brush. Egypt masquerades its indiscriminate intolerance of all Islamists as a holy battle against terrorism.

All assert that the particular brand of U.S. activism they crave contrasts with Obama's alleged passivity, which they bemoan. They know their target audience. They play to it.

The Trump administration will be tempted to take sides and take the plunge, but it would be a losing bet.

The Trump administration will be tempted to take sides and take the plunge, but it would be a losing bet. The optimal way to secure U.S. interests in a post-Islamic State world is not to join or intensify conflicts over which it has little ultimate say and that would unleash the very chaos and sectarianism from which the terrorist group was born and on which it thrives. It is to de-escalate proxy wars, broker a Saudi-Qatari deal, press for an end to the Yemen war, stick to a measured stance toward political Islam, and lower tensions between Saudi Arabia and Iran — indeed, for that matter, between the United States and Iran.

That is not what America's regional allies want. But if they truly yearn for leadership, better to lead them where the United States believes they should go than where, stubbornly and recklessly, they already are headed.

*Robert Malley is the vice president for policy at the International Crisis Group and served in former President Barack Obama's administration as special assistant to the president, senior adviser to the president for the Counter-ISIL Campaign, and White House coordinator for the Middle East, North Africa and the Gulf region.*

### The Islamic State Will Survive

By Cole Bunzel

How are the Islamic State's territorial losses going to affect the landscape of transnational Sunni jihadism? Many suggest it could usher in a radical transformation: Perhaps the damage to the Islamic State's brand will be so severe that al Qaeda reasserts itself as the uncontested leader of the jihadi movement, or perhaps the two groups set aside their differences and seek a rapprochement for the sake of keeping the flame of jihad alive.

These predictions — of an al Qaeda triumph or a jihadi merger — have been made repeatedly over the past year in light of the Islamic State's seemingly terminal decline. Yet neither of them has begun to pan out — and there are reasons for remaining skeptical of both.

The first of these predictions relies on the assumption that al Qaeda is strong, resilient, and guided by a prudent strategy of winning over populations and subverting local conflicts to its own ends. But how accurate is this picture, really? To be sure, al Qaeda still exerts some control over a network of affiliates from North Africa to India. But it

recently lost its strongest and most successful affiliate of all, Syria's Nusra Front (known now as Hayat Tahrir al-Sham), which was seen as the epitome of this hearts-and-minds strategy.

When the Nusra Front cut ties with the mother organization back in July 2016, to many it seemed a ruse. But later it emerged that al Qaeda leader Ayman al-Zawahiri was not consulted and did not approve of what happened. This followed al Qaeda's loss, only two years earlier, of its former affiliate in Iraq, the Islamic State of Iraq, which went on to rebrand itself and declare the caliphate. None of this speaks to a brilliant long-term strategy.

And then there are al Qaeda's apparently declining terrorist capabilities. Zawahiri continues to insist in his numerous pronouncements that attacking the West remains his top priority. But when was the last time al Qaeda pulled off a major attack in the West or even something on the scale of the attacks in Manchester or on London Bridge? It has been years. The Islamic State remains far more capable in this regard.

The idea of a jihadi reconciliation is even more difficult to fathom than that of an al Qaeda triumph. The level of mutual animosity between the Islamic State and al Qaeda cannot be overstated. These groups and their respective followers revile each other. Al Qaeda loyalists describe Islamic State partisans as "extremists," "Kharijites," and "takfiris"; the Islamic State, in turn, has dubbed al Qaeda devotees as "the Jews of jihad" and loyalists of the "Sufi" leader of the heretical Taliban. This split is simply unbridgeable. It may appear to be of recent vintage but is in fact rooted in theological and strategic differences in the jihadi world that go back decades.

Jihadism, in short, will remain divided. The Islamic State, which has been around in one form or another since 2006, will almost certainly survive. So will al Qaeda. Neither will swallow the other, and neither will make amends.

*Cole Bunzel is a Ph.D. candidate in the Department of Near Eastern Studies at Princeton University and the author of "From Paper State to Caliphate: The Ideology of the Islamic State."*

### Syria's Kurds Gamble on Washington's Staying Power

By Noah Bonsey

As an American visitor in northern Syria, you get the question all the time: Will the United States eventually abandon its Kurdish friends? The answer may hinge on

how President Donald Trump's administration weighs four competing priorities: minimizing open-ended commitments abroad, repairing its strained alliance with Turkey, protecting against jihadi resurgence, and countering Iranian influence.

The U.S.-led campaign against the Islamic State relies on an unlikely partner in Syria: the People's Protection Units (YPG), a military formation with close ties to the Kurdistan Workers' Party (PKK), an insurgent group at war with NATO ally Turkey. The YPG dominates the U.S.-backed Syrian Democratic Forces, rules much of northern Syria, and is an indispensable partner against the Islamic State.

For the YPG, the importance of U.S. support extends far beyond the fight against jihadis. The presence of Americans deters major attacks by the powerful Turkish army and protects against pro-regime forces with which the YPG competes for territory. Should the United States withdraw from Syria, these could pose existential threats. The YPG is betting that Washington will ultimately extend its protection via political and military "guarantees," which would help secure the substantial degree of autonomy established in areas under its control and which it promotes as a model for a future federal arrangement in Syria.

This risky gamble has persuaded the YPG to prove its utility to the United States by fighting in Raqqa and potentially beyond, progressively farther away from its Kurdish popular base. Yet, paradoxically, defeating the Islamic State in Syria would enable the United States to consider reducing its role there, leaving the YPG dangerously exposed. That option may appeal to a Trump administration keen to limit expenditure and avoid further damage to its alliance with Turkey.

Much will depend on whether the United States is prepared to extend its role past the defeat of the Islamic State in an effort to prevent jihadi resurgence. As the Islamic State's predecessor, al Qaeda in Iraq, demonstrated so dramatically, radicals can rebound quickly if fundamental threats to stability are left unaddressed. Limiting that danger in Syria would require continued U.S. engagement focused on averting escalation between Turkey and the YPG and on promoting sustainable governance in areas the latter liberates from the Islamic State. For its part, the YPG could improve its appeal as a partner in stabilization by implementing necessary changes to its governance model.

Iran is another factor that could spur sustained cooperation. The YPG depends on transportation links controlled by Tehran's proxies and Damascus and would likely gravitate closer toward that axis (and Russia) if the United States withdraws support. But the YPG also views growing Iranian power in northern Syria as a threat and seeks to limit the Syrian regime's footprint there. If Washington aims to maintain leverage in Syria vis-à-vis Tehran while avoiding direct confrontation, it may see value in continuing its investment in the YPG.

*Noah Bonsey is the senior analyst for Syria at the International Crisis Group, an independent conflict prevention organization.*

### **Syria's Festering Wounds Will Spark a Jihadi Renaissance**

By Amr al-Azm

As the Islamic State loses ground, the United States and Iranian-aligned forces in Syria are likely to turn their guns on what they perceive as the gravest threat remaining — each other.

The U.S.-backed, Kurdish-dominated Syrian Democratic Forces (SDF) have steadily driven the jihadi group back in Raqqa, and previous examples indicate that the Kurds will allow the regime and its state institutions to gradually return to the city and begin providing basic services. The SDF would in turn provide the necessary security for the area. This partial handover of the city to the regime, however, is a temporary marriage of convenience.

The next critical phase will be the recapture of the strategically important city of Deir Ezzor, the last remaining major urban center under Islamic State control in Syria. The Syrian regime and its allies have been positioning themselves to

move against the city and recapture it from the Islamic State, which would also bring the regime very close to the Iraqi border — an important objective of Iran, its principal ally.

The elimination of the Islamic State from eastern Syria can only be achieved with the recapture of Deir Ezzor

This however is unlikely to sit well with the U.S. administration, which is now seeking to actively minimize Iran's influence. The United States, however, has few options at its disposal. The elimination of the Islamic State from eastern Syria can only be achieved with the recapture of Deir Ezzor, and the SDF are unlikely to be willing to move against the city while the U.S.-allied Free Syrian Army factions in southern Syria are too weak to launch such a major offensive — leaving the regime and its allies as the only viable option. Furthermore, the Iranians have rightly assumed that the United States will not engage in a full confrontation with the regime's forces over this matter.

Therefore, in the immediate aftermath of the Islamic State's defeat in eastern Syria, the emerging winners will be the Syrian regime and its Iranian ally. The ongoing arrangement with the Kurds in cities like Raqqa and Manbij is temporary at best and will eventually break down, causing continued instability and uncertainty in the region.

While it is unlikely that the Islamic State will have any operational capability in Syria in the immediate aftermath of the current campaign, the ongoing challenges of partition and regional dynamics ensure that festering ethnic and sectarian tensions will continue to fuel extremism, eventually allowing the

next reincarnated version of the Islamic State to re-emerge in both Syria and Iraq.

*Amr al-Azm is a history professor at Ohio's Shawnee State University and a member of the Syrian opposition.*

### **Iraq's Power Struggles Are Just Beginning**

By Renad Mansour

To many Iraqis, the destruction of Mosul's iconic al-Hadba minaret this month symbolized the defeat in Iraq of the so-called Islamic State. It was under this minaret, in al-Nuri Mosque, that Abu Bakr al-Baghdadi had declared his "caliphate" — and now it has been destroyed by the jihadi organization in the face of the Iraqi security forces' advance. Yet the shape of this defeat, and the likely trajectory of a "post-Islamic State" Iraq, remains unclear.

Although its stint in state-building has ended, the Islamic State will continue to exist. A restructured organization that does not control territory represents new challenges. Militarily, the group is resorting to guerrilla warfare, including attacks against civilians in densely populated areas of Iraq. Unlike in the past, it also has plenty of resources and has shifted to mafia-esque tactics, laundering its massive cash reserves through seemingly legitimate businesses including currency exchanges and pharmaceuticals. Until recently, that also included exchanging Iraqi dinars for U.S. dollars via the Central Bank of Iraq's currency auctions.

Underlying conflicts among Iraq's many political forces will also come to the fore as the common cause of defeating the Islamic State recedes. Simmering disputes over land in northern Iraq are set to flare up: The

leadership of Iraqi Kurdistan, Shiite Arab and Turkmen paramilitary groups affiliated with the Popular Mobilization Forces (PMF), local political leaders, Sunni Arab tribal fighters, and regional actors will compete for greater influence in critical hotspots such as Kirkuk, northern Nineveh, and the Iraqi-Syrian border area.

In Baghdad, an intra-Shiite power struggle among Prime Minister Haider al-Abadi, former Prime Minister Nouri al-Maliki, and Shiite populist cleric Muqtada al-Sadr is also set to burst out into the open. U.S. and Iranian policies are at odds here: Tehran will work to empower its trusted allies, including Maliki and senior PMF leaders such as Hadi al-Ameri, Qais Khazali, and Abu Mahdi al-Muhandis. Meanwhile, Washington is focusing on strengthening Abadi's hand. Importantly, the Abadi-Maliki-Sadr contest is fueled by an increasingly aggrieved population that now believes corruption, not sectarianism, is the root cause of the Islamic State.

For Iraq to navigate these challenges, it must strengthen local and federal state institutions to combat the power of violent nonstate actors and reach a new understanding of local power-sharing. Only then can the state address the root causes for the rise of the Islamic State and work to translate the current military victories into long-term political settlements — and ensure that Iraq is not destined for another round of conflict.

*Renad Mansour is a fellow at Chatham House, and the author of the recent paper "Iraq After the Fall of ISIS: The Struggle for the State."*

## **The New York Times** Iraq Celebrates Victory Over ISIS in Mosul, but Risks Remain (UNE)

Tim Arango

MOSUL, Iraq — The fighting is all but over in Mosul, and the billboards are already up: hastily raised signs in which the government urged the city's Sunni residents to "turn the page" from the terrorists of the Islamic State.

As Prime Minister Haider al-Abadi visited Mosul to declare victory and call for unity, civilians on the longer-secured east side of the city danced and waved Iraqi flags. Some called for brotherhood between Sunnis and Shiites, or chanted, "By our souls and blood, we sacrifice for you, Iraq!"

It is a moment for Iraqis to celebrate after nearly nine months of bloody

warfare against the Sunni extremists of the Islamic State. But despite the flaring of hope for a new national unity, the government's costly victory in Mosul and the questions hanging over its aftermath feel more like the next chapter in the long story of Iraq's unraveling.

Most pressing is the need to bring back hundreds of thousands of displaced Sunni civilians. But Iraq has failed to rebuild and resettle some other communities freed from the Islamic State as tensions between the Sunni minority and the majority Shiites still undermine efforts to reunite the country.

Reports of past abuses by the Shiite-controlled government and its security forces and militia allies

against Sunni families have kept sectarian divisions fresh. And with no sectarian reconciliation process to speak of, any setback in the resettling of Mosul could dangerously add to the list of grievances.

For the mostly Sunni residents of Mosul, there are the devastating aftereffects of living under the Islamic State, also known as ISIS, ISIL or Daesh. And there is deep doubt and fear over what will happen to them next.

"The people of Mosul need to be psychologically treated and rehabilitated through long-term programs," said Intisar al-Jibouri, a member of Parliament from Mosul. "They have lost family members,

been tortured, beaten for silly reasons by ISIS."

Concerns are growing that Shiite militias that mobilized in other parts of the country to fight the Islamic State could turn their guns on one another in a scramble for power. And the thoughts of many in Iraq's Sunni community have stayed fixed on revenge against their neighbors who supported the Islamic State, with increasing reports of violent reprisals.

The Kurds, who have operated an autonomous enclave in the north since the 1990s, are moving quickly to hold a referendum on independence in September, despite pleas from American diplomats to hold off.

So, the end of the Mosul battle, even with the Islamic State still in control of other areas of the country, resurfaces a vital question that has been asked ever since the modern and multisectarian state of Iraq was created from the ashes of World War I: Can the country hold together?

At great cost in lives and property, Iraqis have shown that they can defeat the Islamic State militarily. But whether they are up to the political challenges to bring the country together again — or even get the lights turned on in Mosul, or bring the displaced back home, for that matter — is another question entirely.

“Right now we are only fighting Daesh militarily,” said Jabar Yawar, the secretary general of the pesh merga, the Kurdish security forces in northern Iraq.

As for politics and governance, Mr. Yawar, whose men participated in the early phases of the Mosul battle last fall, said: “There is nothing, no plan. We are fighting, and that’s it.”

Hoshyar Zebari, Iraq’s former foreign minister, a Kurd originally from Mosul, said, “Everyone is in a hurry to achieve a

military victory, without regard for the destruction or the day after.”

Mr. Zebari is now working to support the Kurdish referendum, which is likely to go forward despite objections from the United States, Turkey and Iran. Most expect a resounding “yes” vote, given the depth of feeling among Kurds to have their own state.

“Forget Kurdistan,” said Masrour Barzani, the chancellor of the Kurdistan Region Security Council and the area’s top intelligence official. “Is the rest of Iraq united? Even the Arabs in Iraq are not united.”

He continued: “We are not the reason Iraq is falling apart. I think Iraq is a fabricated state. It was built on the wrong foundations.”

And then there is Syria. The civil war across the border, as much as the sectarian policies of the former prime minister, Nuri Kamal al-Maliki, helped the Islamic State regenerate in Iraq after its predecessor, Al Qaeda in Iraq, was largely eradicated. The group was able to expand into Syria before sweeping across the border in 2014 and taking Mosul.

Without peace in Syria, officials say, there is little chance for peace and stability in Iraq.

“Syria and Iraq are closely connected,” Mr. Maliki said in an interview this year. “If the situation in Syria is unstable, Iraq will be unstable.”

When asked about the future of Iraq after the Islamic State, Mr. Maliki said: “The state cannot control the situation. The coming phase will be bad.”

With the larger questions hanging over the country, the immediate challenge of stabilizing Mosul is monumental, especially in the city’s west side. The fight has essentially turned the city into two, divided by the Tigris River. The west is a gray, dusty wasteland of flattened buildings and upturned, charred trucks; even the windows of the cars civilians are driving have been blown out. Cross the bridge, though, and suddenly the world emerges in light and color, with shops and restaurants open, and loud traffic jams.

Fighting continued on Monday in a small patch of the old city, and security forces there rescued two more girls from Iraq’s Yazidi

religious minority who had been held as sex slaves. The United Nations, meanwhile, put out an urgent call for funding from other nations to help the nearly 700,000 civilians still displaced from the fighting.

All day long on Monday, Iraqi state television played patriotic songs in honor of the security forces, and later in the evening, a news flash alerted that Mr. Abadi would make a “historic” speech, surrounded by soldiers. The prime minister, once again, declared victory in Mosul, saying, “Iraq is now more united than ever,” and he declared Tuesday a national holiday of celebration.

In the skies over Mosul, Iraqi airplanes dropped three million leaflets on a city where many of the residents are no longer there.

Each leaflet showed a map of Mosul in the colors of the Iraqi flag — red, white and black — with the message: “Mosul has been returned to the bosom of Iraq.”



## Mosul battle: Iraq’s prime minister Abadi announces victory against ISIS

By Louisa Loveluck and Mustafa Salim

IRBIL, Iraq — Iraq’s prime minister announced that government forces had recaptured the city of Mosul on Monday, signaling an end to a grueling nine-month battle to dislodge Islamic State militants from one of their most important strongholds.

“From the heart of the liberated city of Mosul with the sacrifices of Iraqis from all the provinces, we announce the major victory for all Iraq and Iraqis,” said Haider al-Abadi, standing in front of a bank of commanders and Humvees.

Three years ago, Mosul’s security forces collapsed in the face of the Islamic State’s advance, and the city became famous as the site where the group’s leader, Abu Bakr al-Baghdadi, declared the establishment of a “caliphate”

spanning swaths of Syria and Iraq.

This week, it became the city where the Islamic State’s territorial pretensions have crumbled. Although the group is likely to hang on to the core of its proto-state for months to come, the military tide appears to be turning in favor of a U.S.-led coalition of forces fighting the group in both countries.

U.S. Secretary of State Rex Tillerson described the announcement Monday as a “critical milestone” in the world’s fight against the Islamic State.

Today’s Headlines newsletter

The day’s most important stories.

The battle to recapture Mosul was the deadliest and most difficult in the

ongoing coordinated campaign against the extremist group.

Half the city’s population has been displaced, and thousands of civilians are believed to have been killed. Western districts have been pummeled by coalition airstrikes, Islamic State suicide bombs and shelling. Newly retaken areas resemble a gray sea of rubble.

The Islamic State’s victory in Mosul shifted the balance of power among Iraq’s security forces, empowering a set of Iranian-backed militias who are now sanctioned by the central government, and bringing U.S. ground troops back into Iraq for the first time since 2011.

Abadi had begun his victory tour of the city Sunday, congratulating commanders as the counterterrorism troops cleared the final pockets of Islamic State resistance. As he spoke Sunday

night, it appeared that fighting was continuing between Iraq’s regular army and the militants in the final sliver of contested territory.

The Iraqi air force said Monday that it had dropped three million leaflets over the city, proclaiming victory against the Islamic State. In Mosul’s al-Manassa neighborhood, a stage used by the militants to announce military victories elsewhere in Iraq was repurposed for celebrations Monday. In Baghdad, residents also flooded into central squares to mark the militants’ near-defeat in Mosul.

“This was the toughest battle we ever fought,” said Lt. Gen Sami Al-Aridhi, the commander of Iraq’s elite forces. “An enemy we fought in the streets and the alleyways, this is the time we have signaled their demise.”



## Borello : Too many civilians died in Mosul. We need to protect them in Raqqa.

Iraqi forces have retaken Mosul in Iraq as U.S.-backed Syrian forces close in on Raqqa, the last major urban stronghold still held by the Islamic State of Iraq and Syria. The outcome of the larger struggle is not

in doubt: ISIS will be militarily defeated. The key remaining question is how many of the hundreds of thousands of civilians still trapped in Raqqa will die in the

process. The world must not spare any effort to protect them.

Civilians in both cities suffered under ISIS cruelty for years, and the stories of survivors lucky enough to

reach relative safety are harrowing. Last month, when I was in northern Iraq, I spoke to a woman who had just made it out of ISIS-controlled West Mosul. She told me about the

hard choices she and countless other families have to make.

If they decide to stay or are unable to leave, they face daily ISIS brutality, U.S.-led air strikes that can kill hundreds of civilians at a time, imprecise artillery fire from Iraqi and Syrian Kurdish forces, food shortages, lack of clean water and non-existent medical care. Those who leave — as she eventually did when she ran out of food and her children faced starvation — encounter sniper fire and booby-traps planted along the way by ISIS, coalition airstrikes on fleeing convoys, and arbitrary detention of young men whom Iraqi or Kurdish forces suspect of ISIS sympathies.

This woman was in a group of 50 families who made it out, but behind them another group was captured by ISIS as they tried to flee. All of them were executed, she said, including the women and children.

However, we cannot simply blame ISIS for the rising death toll of

civilians; civilian deaths and injuries from coalition actions play into their contorted agenda. The U.S.-supported coalition has both an obligation and an opportunity to do more to protect civilians from their own actions, as well as the actions of ISIS. Failing to do so reduces the odds of operational success and risks strategic failure.

Defense Secretary James Mattis recently said the U.S. anti-ISIS strategy would shift from “attrition” to “annihilation” of ISIS forces. This happened in Mosul and many fear that ISIS will make sure civilians still trapped in Raqqa die with them — killed by either ISIS or by coalition airstrikes and street fighting between Iraqi forces and the insurgents.

There is an alternative. When it comes to battles in densely-populated cities like Mosul and Raqqa, the U.S. and its allies should choose protection over annihilation. There are good reasons for this. The first is legal. International law

requires parties to a conflict to take all feasible precautions to protect civilians, and the use of intense air strikes and artillery rounds in populated areas may be deemed illegal.

Second, the U.S. and its allies have a strategic interest in making every effort to spare civilians. If the costs of winning back Mosul and Raqqa are high civilian deaths and destruction, civilians may be unwilling to recognize the legitimacy of the post-ISIS order. And the seeds of cyclical violence, retribution and the rebirth of ISIS, or something even worse, will be sown.

The bottom line is that ISIS wants civilian deaths. The U.S. and its partners should know better and not give that to them.

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

There was civilian carnage in Mosul. Avoiding it in Raqqa will require patience, planning, coordination, resources and creativity. Use of air

power and artillery needs to be strictly limited and everything should be done to open safe corridors for civilians. Specific operations to safely extract civilians should be considered, when feasible.

When deciding whether to push out or completely surround ISIS forces, the risks to civilians should be taken into account. And as much as possible, shift the heavy fighting to unpopulated or lightly populated areas. And the strategy to protect civilians — both from U.S. air strikes and from the brutal hands of ISIS — should be clearly communicated to civilians inside ISIS-held areas.

The world owes it to trapped civilians, and to the hope of a peaceful future for this troubled region, to do everything in its power to bring them to safety.

*Federico Borello is the executive director of Center for Civilians in Conflict, which has been operating in Iraq since 2004.*

## **THE WALL STREET JOURNAL**

### **Iran Poised to Gain as ISIS Falls in Mosul**

Maria Abi-Habib in Baghdad and Asa Fitch in Mosul, Iraq

Iraq's U.S.-backed prime minister declared victory over Islamic State in Mosul on Monday, but Iran is shaping up to be one of the biggest winners in the struggle with Washington for influence in Baghdad and across the region.

Nouri al-Maliki, a former Iraqi prime minister supported by Iran, is campaigning to win back his old job in next year's Iraqi election against Haider al-Abadi, the incumbent favored by Washington.

Mr. Maliki has given much of the credit for the Mosul victory to an umbrella group of mostly Shiite militias, many supported by Iran, that he formed in 2014, just before his ouster as premier. The election could determine whether the country tilts toward Iran or the U.S.

Islamic State's losses in Mosul also are expected to make it easier for Shiite-majority Iran to ship weapons through northern Iraq and neighboring Syria to the Hezbollah militia Iran supports in Lebanon. Authorities in Tehran have been quick to hail the battle against the Sunni extremists in Mosul as a triumph for them and their regional allies.

“Today the resistance highway starts in Tehran and passes through Mosul and Beirut to the Mediterranean,” Ali Akbar Velayati, a top adviser to Iran's Supreme Leader, said last week as he

welcomed Islamic State's defeat in Mosul.

On Monday, Mr. Abadi declared victory over Islamic State in Mosul, formally ending a nearly nine-month battle to win back Iraq's second-largest city, which the extremists captured three years ago.

But Mr. Abadi said Iraq still had to restore stability and eliminate sleeper cells, and the commander of the U.S.-led coalition fighting Islamic State, Lt. Gen. Stephen Townsend, pointed to tough battles ahead to eliminate Islamic State.

For Iran and Hezbollah, Islamic State's rise to power in 2014 became one of the biggest challenges to the alliance's regional influence, erecting a state along the Iraqi-Syrian border that broke the weapons pipeline from Tehran to Beirut and challenged Tehran's allies in Damascus. Iran has also shipped weapons to Hezbollah by using Iraqi airspace to fly equipment into Damascus, a less efficient route, according to Western and U.S. officials.

Now Islamic State's empire has been reduced to patchy zones of control, allowing Iran to slowly regain its arc of influence stretching from Tehran through Baghdad to Damascus and Beirut.

Tehran has longstanding cultural and political ties with Iraq, the only Arab country with a Shiite majority.

Although U.S. forces and the Shiite militias maintain an uneasy truce in

Iraq, the militias have sought to check U.S. forces across the border in Syria, advancing on an American special forces base in the south. Washington responded by launching airstrikes on the Iraqi militias, turning southern Syria into a flashpoint for American confrontation with Iran in the Mideast.

On Monday, Gen. Qassem Soleimani, the head of Iran's powerful Islamic Revolutionary Guard Corps, welcomed the victory in Mosul and taunted the U.S. for its waxing and waning support for Baghdad over the years.

“The Islamic Republic [of Iran] wasn't like other countries that closed weapon contracts with Iraq after receiving Iraq's money but refused to give support to Iraq when it's urgent,” Gen. Soleimani said.

Mr. Maliki—a favorite of Iran—was blamed just a few years ago by the U.S. for stoking sectarian tensions that led to the rise of Islamic State in 2014. Washington supported Mr. Abadi to replace him, and Mr. Maliki was pushed out of office that September.

Now Mr. Maliki is emerging as Mr. Abadi's biggest competitor in what is expected to be a tight race that could determine whether the U.S.-backed fight against Islamic State translates into lasting American influence in the country.

Iran officially backs Mr. Abadi, but the relationship could fray once a figure who can unite Iraqi security forces against Islamic State is less

crucial. Mr. Abadi has been more resistant to Iranian influence than other Shiite leaders, wary of being cast as an Iranian puppet.

On Sunday, with Mosul's last battles still raging, Mr. Abadi flew to the city to declare victory. But Mr. Maliki had already issued a congratulatory statement last week.

Instead of congratulating Mr. Abadi's government, Mr. Maliki praised Iraqi security forces and the Hashed al-Shaabi, or Popular Mobilization Forces, the umbrella group of mostly Shiite militias that Mr. Maliki formed in 2014. Iran trained many of those militias a decade ago to fight U.S. troops after the 2003 invasion of Iraq.

Earlier this year, Mr. Maliki boasted that it was he who unified the Shiite militias and deserved the credit for Islamic State's defeats.

“Had there been no Hashed al-Shaabi, Baghdad would have fallen to terrorists,” he said.

The heated jockeying for power between Iran and the U.S. in Iraq comes as the government in neighboring Syria, bolstered by Iran and Hezbollah, is on the verge of victory after more than six years of war. That would strengthen the Shiite alliance that runs from Iran to Syria and Lebanon, incorporating the powerful militias in Iraq.

In Iraq, Iran's biggest military and social tool is the Shiite militias, which have outlasted various governments in Baghdad and had

numerous past confrontations with the U.S. military.

But Mr. Abadi sidelined them in the battle for Mosul, which was instead spearheaded by the country's military and police with help from U.S. special forces. This was done

out of concern that a bigger role for the militias would only deepen sectarian strains, as Mosul is a predominantly Sunni city. But in many of the other battles across Iraq, the militias have been

instrumental to defeating Islamic State.

"Iran is being very clever with the way it deals with Iraq," said Hisham al-Hashemi, an Iraqi researcher who often advises the Iraqi government.

"After Islamic State, Iran doesn't need to boost its influence here anymore, it'll be back to full control. The presence of Islamic State for three years in Iraq has limited the influence of Iran's allies."

**The  
New York  
Times**

## Truce in Part of Syria, Announced by Trump, Survives First Day

Somini Sengupta  
and Ben Hubbard

BEIRUT, Lebanon — Representatives of Syria's warring parties gathered in Geneva on Monday for the seventh round of peace talks, as a limited truce, negotiated by their big-power backers, appeared to be holding for a full day in southwest Syria, according to local residents and human rights monitors.

The cease-fire, negotiated by the United States, Russia and Jordan, applies to a strategic area across southwest Syria, near its border with Jordan and the Israeli-occupied Golan Heights.

The choice of southwest Syria for a truce reflected the relative stability of the front lines in the area and the small number of extremist fighters among the rebels who could act as spoilers, according to an official involved in the negotiations. The official spoke on the condition of anonymity because he was not authorized to brief the news media.

Southwest Syria also has been viewed with increased concern by both Israel and Jordan over what they describe as advances made by Iranian-backed militias fighting alongside the Syrian government, including Hezbollah. A successful cease-fire would stop such advances.

The Syrian Observatory for Human Rights, a monitoring group, reported that despite small breaches, including bursts of gunfire at the front lines, the truce had largely held since it went into effect at noon on Sunday.

Similar truces have been brokered before between the United States and Russia, which back opposing sides on the battlefield. They have all eventually collapsed.

But this truce was the first to be announced by the Trump administration. President Trump seized on it as a measure of diplomatic victory during his first meeting with his Russian counterpart, President Vladimir V. Putin, on Friday at the Group of 20 summit meeting in Hamburg.

Russia brokered a truce with Turkey, an important rebel sponsor, in northern Syria in December. That, local residents say, has tamped down violence there, notably the Syrian government's aerial bombing campaign.

The Syrian battlefield is populated by a mix of rebel groups, supported by Jordan, Turkey, Persian Gulf countries and the United States. Backing the government of President Bashar al-Assad of Syria are soldiers and advisers from Russia, Iran and Hezbollah.

Syrian and Russian forces have justified their military attacks on many rebel groups as targeting terrorists; affiliates of Al Qaeda in Syria and the Islamic State have not been part of the truces.

On Monday, Syrian forces said they had attacked Islamic State fighters in one area covered by the truce, an assertion disputed by local rebels, some of whom have received covert aid from the United States and its allies. They said the area contained no Islamic State fighters.

The latest truce covers three important areas in Syria's southwest: Dara'a, Quneitra and Sweida. The Syrian government had announced a unilateral truce in those areas last week, with the latest international agreement extending it.

Dara'a is where the rebellion against the Assad government began in 2011, and much of its countryside is held by rebel factions, armed and aided by the United States, Jordan and others. An extended halt in violence there would help Jordan make the case for the return of Syrian refugees from its territory.

The United Nations secretary general, António Guterres, welcomed the truce but said it should not be used to push refugees back into Syria until they are ready.

"Notwithstanding this positive development, the secretary general urges all countries to preserve the right for all Syrians to seek asylum and enjoy refugee protection until conditions are conducive for return in safety and dignity," his office said in a statement on Monday.

Sweida is dominated by the Druse minority, which is largely loyal to the Assad government; Qaeda affiliates are scattered in the area along with nonextremist rebel factions who fight under the banner of the Free Syrian Army.

Quneitra is important to Israel because it presses against the Israeli-held portion of the Golan Heights, a strategic area Israel captured from Syria in their war in 1967. Syrian forces in Quneitra are backed by Hezbollah fighters, and

on Sunday, Prime Minister Benjamin Netanyahu of Israel, while welcoming the cease-fire, warned against "Iran and its proxies" establishing themselves in the area.

Iran, which was not part of the deal, called on Monday for the cease-fire to be expanded nationwide.

What impact — if any — the southwestern truce deal will have on the United Nations-brokered talks in Geneva is unclear. Representatives of the rebel factions have yet to negotiate face to face with their adversaries from the government.

They have convened in different rooms in what the United Nations special envoy in charge, Staffan de Mistura, has called "proximity" talks.

Asked about the southwestern Syrian truce, Mr. de Mistura suggested to reporters in Geneva on Monday that he was optimistic about it.

"In all agreements there is a period of adjustment. We are watching very carefully," Mr. de Mistura said at a news conference. "But we can say we believe it has fairly good chances of working out."

**Correction: July 10, 2017**

An earlier version of this article misquoted Prime Minister Benjamin Netanyahu of Israel. He warned against "Iran and its proxies" establishing themselves in southwestern Syria, not "Iran and its satellites."

**The  
New York  
Times**

## Trump Aides Recruited Businessmen to Devise Options for Afghanistan (UNE)

Mark Landler, Eric Schmitt and Michael R. Gordon

WASHINGTON — President Trump's advisers recruited two businessmen who profited from military contracting to devise alternatives to the Pentagon's plan to send thousands of additional troops to Afghanistan, reflecting the Trump administration's struggle to define its strategy for dealing with a war now 16 years old.

Erik D. Prince, a founder of the private security firm Blackwater Worldwide, and Stephen A. Feinberg, a billionaire financier who owns the giant military contractor DynCorp International, have developed proposals to rely on contractors instead of American troops in Afghanistan at the behest of Stephen K. Bannon, Mr. Trump's chief strategist, and Jared Kushner, his senior adviser and son-in-law,

according to people briefed on the conversations.

On Saturday morning, Mr. Bannon sought out Defense Secretary Jim Mattis at the Pentagon to try to get a hearing for their ideas, an American official said. Mr. Mattis listened politely but declined to include the outside strategies in a review of Afghanistan policy that he is leading along with the national security adviser, Lt. Gen. H. R. McMaster.

The highly unusual meeting dramatizes the divide between Mr. Trump's generals and his political staff over Afghanistan, the lengths to which his aides will go to give their boss more options for dealing with it and the readiness of this White House to turn to business people for help with diplomatic and military problems.

Soliciting the views of Mr. Prince and Mr. Feinberg certainly qualifies as out-of-the-box thinking in a

process dominated by military leaders in the Pentagon and the National Security Council. But it also raises a host of ethical issues, not least that both men could profit from their recommendations.

"The conflict of interest in this is transparent," said Sean McFate, a professor at Georgetown University who wrote a book about the growth of private armies, "The Modern Mercenary." "Most of these contractors are not even American, so there is also a lot of moral hazard."

Last month, Mr. Trump gave the Pentagon authority to send more American troops to Afghanistan — a number believed to be about 4,000 — as a stopgap measure to stabilize the security situation there. But as the administration grapples with a longer-term strategy, Mr. Trump's aides have expressed concern that he will be locked into policies that failed under the past two presidents.

Mr. Feinberg, whose name had previously been floated to conduct a review of the nation's intelligence agencies, met with the president on Afghanistan, according to an official, while Mr. Prince briefed several White House officials, including General McMaster, said a second person.

Mr. Prince laid out his views in an op-ed in *The Wall Street Journal* in May. He called on the White House to appoint a viceroy to oversee the country and to use "private military units" to fill the gaps left by departed American soldiers. While he was at Blackwater, the company became involved in one of the most notorious episodes of the Iraq war, when its employees opened fire in a Baghdad square, killing 17 civilians.

After selling his stake in Blackwater in 2010, Mr. Prince mustered an army-for-hire for the United Arab Emirates. He has cultivated close ties to the Trump administration; his sister, Betsy DeVos, is Mr. Trump's education secretary.

If Mr. Trump opted to use more contractors and fewer troops, it could also enrich DynCorp, which has already been paid \$2.5 billion by the State Department for its work in the country, mainly training the Afghan police force. Mr. Feinberg controls DynCorp through Cerberus Capital Management, a firm he co-founded in 1992.

Mr. McFate, who used to work for DynCorp in Africa, said it could train and equip the Afghan Army, a costly, sometimes dangerous mission now handled by the American military. "The appeal to that," he said, "is you limit your boots on the ground and you limit your casualties." Some officials noted that under the government's conflict-of-interest rules, DynCorp would not get a master contract to run operations in Afghanistan.

A spokesman for Mr. Feinberg declined to comment for this article, and a spokesman for Mr. Prince did not respond to a request for comment.

The proposals Mr. Prince presented, a former American official said, hew closely to the views outlined in his *Journal* column — in essence, that the private sector can operate "cheaper and better than the military" in Afghanistan.

Mr. Feinberg, another official said, puts more emphasis than Mr. Prince on working with Afghanistan's central government. But his strategy would also give the C.I.A. control over operations in Afghanistan, which would be carried out by paramilitary units and hence subject to less oversight than the military, according to a person briefed on it.

The strategy has been called "the Laos option," after America's shadowy involvement in Laos during the war in neighboring Vietnam. C.I.A. contractors trained Laotian soldiers to fight Communist insurgents and their North Vietnamese allies until 1975, leaving the country under Communist control and with a deadly legacy of

unexploded bombs. In Afghanistan until now, contractors have been used mainly for security and logistics.

Whatever the flaws in these approaches — and there are many, according to diplomats and military experts — some former officials said it made sense to open up the debate.

"The status quo is clearly not working," said Laurel Miller, who just stepped down as the State Department's special representative for Afghanistan and Pakistan. "If the United States is going to chart a way forward towards a sustainable way of protecting our national security interests, it is important to consider a wide range of options."

Despite Mr. Bannon's apparent inability to persuade Mr. Mattis, Defense Department officials said they did not underestimate his influence as a link to, and an advocate for, Mr. Trump's populist political base. Mr. Bannon has told colleagues that sending more troops to Afghanistan is a slippery slope to the nation building that Mr. Trump ran against during the campaign.

Mr. Bannon has also questioned what the United States has gotten for the \$850 billion in nonmilitary spending it has poured into the country, noting that Afghanistan confounded the neoconservatives in the George W. Bush administration and the progressives in the Obama administration.

Mr. Kushner has not staked out as strong a position, one official said. But he, too, is sharply critical of the Bush and Obama strategies, and has said he views his role as making sure the president has credible options. Mr. Mattis has promised to present Mr. Trump with a recommendation for a broader strategy this month.

Like General McMaster, Mr. Mattis is believed to support sending several thousand more American troops to bolster the effort to advise and assist Afghan forces as they

seek to reverse gains made by the Taliban. But he has been extremely careful in his public statements not to tip his hand, and has not yet exercised his authority to deploy troops.

Aides and associates say that while Mr. Mattis believes that Mr. Prince's concept of relying on private armies in Afghanistan goes too far, he supported using contractors for limited, specific tasks when he was the four-star commander of the Pentagon's Central Command.

"No one should diminish the role that they play," Mr. Mattis, then a general, told the Senate Armed Services Committee in March 2012. "It is expensive, but there are places and times where having a contract force works well for us, as opposed to putting uniformed military to do, whether it's a training mission or a security guard mission."

The Pentagon has developed options to send 3,000 to 5,000 more American troops, including hundreds of Special Operations forces, with a consensus settling on about 4,000 additional troops. NATO countries would contribute a few thousand additional forces.

"It seems likely that the new strategy in Afghanistan will look a lot like what was proposed at the end of 2013," said James G. Stavridis, a retired admiral who served as NATO's top military commander.

Some critics say the increase will have little effect on the fighting on the ground. In May, Dan Coats, the director of national intelligence, testified that the situation in Afghanistan would probably deteriorate through 2018 despite a modest increase in American and NATO forces.

Asked in June by reporters in Brussels about that analysis, Mr. Mattis responded curtly, "They're entitled to their assessment."

**THE WALL  
STREET  
JOURNAL**

## Pakistan and Afghanistan Look to Coordinate on Counterterrorism

Saeed Shah in Islamabad and Dion Nissenbaum in Washington

Kabul and Islamabad have agreed to work on a mechanism to jointly combat insurgents along their shared border, cooperating more closely than they have in years as the U.S. prepares to ramp up its troop numbers in Afghanistan, according to Pakistani and Afghan officials.

The move, seen as necessary to halting the flow of fighters fueling a

Taliban insurgency, would be an important step in the struggle to stabilize Afghanistan.

Washington has long tried to get Pakistan and Afghanistan to work together to squeeze Taliban militants. A visiting U.S. Senate delegation led by John McCain (R., Ariz.) helped push the two nations into discussions last week.

The Pakistani offer to resurrect joint counterterrorism operations comes ahead of a review by the Trump administration of American policy

toward Afghanistan, expected to be completed this month, that could be tough on Islamabad. The U.S.-Pakistan relationship has come to be defined by the security situation in Afghanistan, and many in Washington blame Islamabad for havens along its border that have allowed the Taliban insurgency in Afghanistan to survive and strengthen. Both Islamabad and Kabul have accused each other of allowing hostile factions to operate in their territories.

Pakistan says it has cleared extremist sanctuaries on its soil and its security worries in Afghanistan have never been addressed by Kabul and Washington. Islamabad sees a failing U.S. and Afghan strategy at fault for what American commanders describe as a "stalemate" on the battlefield.

Washington and Kabul, meanwhile, accuse Islamabad of using the Taliban and the allied Haqqani network as its proxies in Afghanistan, to counter the influence

of its foe India there. Pakistan denies the charge.

The new coordinated effort comes as President Donald Trump and his aides are considering new ways to push Islamabad into doing more to help the U.S., including punitive measures to limit aid to Pakistan and to strip the country of its status as a major non-NATO ally.

"U.S. achievements in Afghanistan have lot to do with support from and through Pakistan. Any unilateral U.S. action will be anti to our existing cooperation and disadvantageous for peace and stability in the region," said Maj. Gen. Asif Ghafoor, the spokesman of Pakistan's military. "Pakistan is part of the solution, not part of the problem."

The proposed cooperation, conveyed to Kabul in recent days via the visiting senators, would see Pakistan and Afghanistan forces coordinate operations on their respective territories to tackle militants who move back and forth across the border, known as the Durand Line, Maj. Gen. Ghafoor said. Border coordination centers would be established, with officers

from the other country stationed there. Pakistan is already fencing parts of the border, on which it has deployed 200,000 soldiers.

"This is a shift in Pakistan's policy," a senior Afghan security official said. "We welcome it and look forward to some practical results."

The plan envisages the U.S. monitoring and verifying the coordinated border operations. A senior official at the U.S.-led Resolute Support military coalition said it was too early to comment on the idea but added: "We have the capacity to do this, if it comes to fruition."

But Pakistan's border-security proposals were met skeptically by some current and former U.S. officials, who view them as a sign that Islamabad isn't taking the depth of American concerns seriously.

"This does not look like a road into new territory," a former Trump administration official said. "There isn't anything new in the ideas of coordinated action and third-party verification. The former is Pakistani code for pointing to Afghan military failings, and the latter is Afghan

code for 'We want the Americans to blame the Pakistanis.'"

The Trump administration's policy review for Afghanistan has been slowed by an internal debate over how to deal with Pakistan, according to current and former U.S. officials. There appears to be broad support in the administration for a tougher approach to Pakistan, though there has been no agreement on how far to press Islamabad. At least one faction is concerned that such steps could backfire.

"Too many sticks, too much pressure, could create a worse overall dynamic," a second former Trump administration official said.

Afghan officials said they would like China, seen as a country Islamabad listens to, to play a role in verifying the operations and prodding Pakistan to crack down on the Taliban. Chinese foreign minister Wang Yi last month shuttled between Islamabad and Kabul to encourage the two sides to collaborate on counterterrorism and to search for a peace settlement with the Taliban, according to a joint statement.

Until 2014, a tripartite arrangement coordinated operations along the border between Pakistan, Afghanistan and the U.S.-led coalition.

"There will be coordinated operations on both sides of the Durand Line, and the U.S. will supervise the operations. The Afghan military is working to develop a mechanism for the operation," said Dawa Khan Minapal, a spokesman for Afghan President Ashraf Ghani.

Capt. William Salvin, a spokesman for the Resolute Support coalition, said: "We are supportive of efforts to fight the scourge of terrorism on both sides of the border."

The U.S. embassy in Islamabad declined to comment. Mr. McCain's office didn't respond to requests for comment.

"Conversations with our friends in Pakistan were frank and candid, and we told them that in our view that the Haqqani having a safe zone in their country was not acceptable," Mr. McCain told a press conference in Kabul on Tuesday.

## THE WALL STREET JOURNAL

### Pakistan Prime Minister Nawaz Sharif Says He Won't Resign

Saeed Shah and Qasim Nauman

ISLAMABAD—Pakistan's prime minister rejected calls to resign and will continue to fight allegations of corruption, aides said Monday, after a criminal investigation found that he and his children were living beyond their means.

Lawyers said the Supreme Court could disqualify the prime minister from office now, but is more likely to send the case to a trial court on corruption charges. If convicted, that would be grounds for disqualification, or removal from office, according to lawyers. The Supreme Court will hold further hearings next week ahead of deciding what to do.

The investigation report's contents, presented to the Supreme Court on Monday, were rejected by Prime Minister Nawaz Sharif's aides as "not based on any evidence." Amid media reports about the probe's conclusions, the aides confirmed the authenticity of the four-page conclusion document from the investigation into the finances of the Pakistani leader and his children. The probe found Mr. Sharif and his children weren't "able to justify assets and the means of income."

"This is a witch hunt, this isn't justice," said Defense Minister Khawaja Muhammad Asif. "There should be no doubt: we are going to fight this legal battle and demolish every allegation one by one."

The legal and political battle will prolong Pakistan's political crisis, distracting attention from other pressing issues, including the country's fight against terrorism, analysts said. Opposition leader Imran Khan, who renewed his call for the prime minister's resignation, said the process will strengthen democracy in Pakistan by making rulers accountable.

"This family has been looting the country for 30 years. I'm grateful that the truth has come out," said Mr. Khan, Mr. Sharif's main political rival and chairman of the opposition Pakistan Tehreek-e-Insaf political party. "Nawaz Sharif has no option but to resign."

The case stems from a massive leak of documents from a Panamanian law firm last year on the offshore assets of politicians, entrepreneurs and celebrities across the world. Documents from the leak showed the name of three of Mr. Sharif's children as owners of apartments in one of London's swankiest areas. Three-time Prime Minister Mr. Sharif

says he isn't an owner, and the property was acquired from the proceeds of his family's longstanding business activities by his two sons.

Mr. Sharif's daughter Maryam, an apparent political heir and also named in the offshore documents, says she was only a trustee, not an owner. She said Monday on Twitter that no public money is being used to fight the case and that "every contradiction will not only be contested but decimated" in the Supreme Court.

Pakistan's Supreme Court began hearings into the London property in 2016 and earlier this year Mr. Sharif narrowly escaped being forced from office after two of the five judges on the case said he should be disqualified. Instead, an investigation was ordered by the court, which reported Monday.

That investigation report, by a team that included military intelligence officials, financial regulators and anticorruption officials, concluded that "there exists a significant disparity between the wealth declared by the respondents and the means through which the respondents had generated income from known/declared sources," according to press reports confirmed

by Mr. Sharif's aides. The respondents were the prime minister, sons Hussain and Hassan and Maryam.

Mr. Sharif's five-year term as prime minister is due to end in June 2018. Experts said the allegations could damage Mr. Sharif's showing at the next election, though his party hopes it can gain sympathy as political martyrs. His party suggests they are the victims of a conspiracy. Privately they say this involves the judiciary, the opposition and the military establishment. The military denies any political role.

Pakistan's history is marked by coups and when there have been elected governments they have often been ousted before the end of their terms. The only time an elected government completed its term and handed over to another democratic administration was 2013.

"If the law is allowed to take its course, even if that culminates in the disqualification of the prime minister, I think the democratic system will sustain," said Ahmed Bilal Mehboub, president of the Pakistan Institute of Legislative Development and Transparency, an Islamabad-based think tank.

## Tillerson Starting Shuttle Diplomacy in Middle East, Hoping to Resolve Dispute Over Qatar

Felicia Schwartz

WASHINGTON—Secretary of State Rex Tillerson arrived in the Persian Gulf region for a round of shuttle diplomacy aimed at resolving a conflict among U.S. allies that Washington fears will drag on for months.

The former Exxon Mobil Corp. chief executive, who has close ties to many Arab officials in the region and has attempted to mediate the dispute, is throwing himself more deeply into efforts to resolve differences between Qatar on one side and Saudi Arabia, the United Arab Emirates, Bahrain and Egypt on the other.

The four countries accuse Qatar of funding terrorist groups and meddling in their domestic affairs, and severed diplomatic relations and imposed a transport ban on June 5. Qatar denies the allegations

and accused the bloc of Arab nations of waging a smear campaign.

Top officials from the feuding nations have been passing through Washington in recent weeks, making their case to Mr. Tillerson and others.

The U.S. diplomat first traveled to Kuwait and later will head to Saudi Arabia and Qatar to try to bring the sides closer to a solution.

It is unclear if he will meet with Emirati and Bahraini officials this week.

"The purpose of the trip is to explore the art of the possible of where a resolution can be found," said R.C. Hammond, a communications adviser traveling with Mr. Tillerson. "Right now...we're months away from what we think would be an actual resolution and that's very discouraging."

Mr. Tillerson's trip to the Gulf follows stops in Ukraine and Turkey, where he headed after the summit leaders from the Group of 20 leading nations in Germany.

Last week, the foreign ministers of Saudi Arabia, Egypt, Bahrain and the United Arab Emirates met in Cairo to formally discuss Qatar's response to a list of demands that includes curbing diplomatic ties with Iran, severing links with the Muslim Brotherhood and closing the Al Jazeera television network.

"They did not accept [the responses], so after one round of exchange and dialogue, we are at an impasse," Mr. Hammond said.

Kuwait has been trying to mediate the conflict, and invited Mr. Tillerson to the region to lend a hand.

"The president has said—this is not a new instruction—'Find a resolution,'" Mr. Hammond said.

"Our job here is to keep people communicating and talking to each other."

The Trump administration has sent mixed messages about the dispute. Mr. Tillerson throughout has urged calm and moderation, calling on both sides to take steps to de-escalate tensions, while President Donald Trump at first hailed the severing of ties to Qatar as evidence of his own successful visit to the region and part of a push to crack down on terrorism financing.

But in a call last week with Egypt's President Abdel Fattah Al Sisi, Mr. Trump urged "all parties to negotiate constructively to resolve the dispute."

The Trump administration's priority in the conflict is making sure that all parties cut off funds to terror groups, Mr. Hammond said.

## Tillerson arrives in Kuwait as part of shuttle diplomacy to ease Qatar crisis

By Carol Morello

KUWAIT CITY — Secretary of State Rex Tillerson arrived in Kuwait on Monday night to help defuse a feud between Qatar and other Arab nations that the United States worries is hampering the fight against the Islamic State and bolstering Iran's standing.

After weeks of phone calls and meetings with Arab diplomats in Washington, urging them to set aside unreasonable demands and negotiate, Tillerson has thrown himself into the role of mediator in his first foray into shuttle diplomacy. Over the next three days he will shuttle between Qatar, Saudi Arabia and Kuwait. He will return every night to Kuwait, a neutral country whose leader has attempted to help resolve the crisis.

"We are trying to solve an issue that concerns not just us but the entire world," Kuwaiti Emir Sabah Ahmed al-Sabah said before meeting with Tillerson after his arrival.

*[The crisis over Qatar highlights Trump's foreign policy confusion]*

The dispute erupted a month ago when Saudi Arabia and three other Arab countries broke off diplomatic and economic ties with Qatar, which hosts the largest U.S. military base in the region. The Arab allies have imposed a blockade by land, air and sea on Qatar. Iran has stepped in,

allowing its tiny, oil-rich neighbor to use Iranian airspace.

On the surface, at least, the dispute centers on allegations that Qatar has provided support for terrorism, a charge Qatar denies. U.S. officials have made clear that they are concerned about terrorists getting support from several countries in the region, including those whose governments have imposed the trade and diplomatic embargo on Qatar. At a time when Islamic State fighters are being routed from Syria and Iraq, the Trump administration wants to keep up a unified front against terrorism instead of pointing fingers.

"It's a two-way street," R.C. Hammond, a senior adviser to Tillerson, said in a briefing to reporters during a stop in Istanbul, where Tillerson picked up an award from the oil industry and met with the Turkish president. "There are no clean hands here."

The regional squabble is at an impasse after Qatar rejected a list of 13 demands made by Saudi Arabia, Bahrain, the United Arab Emirates and Egypt.

*[No end in sight to Arab crisis as Qatar rejects demands amid blockade]*

State Department officials have done little to hide their irritation and cautioned that Tillerson's trip is unlikely to lead to a breakthrough.

They predict weeks and probably months of work ahead and have warned that the situation could grow more tense before a solution is found.

"The purpose of the trip is to explore the art of the possible, of where a resolution can be found," Hammond said. "We're looking for areas of common ground."

U.S. officials are concerned that the dispute is diverting attention from efforts to choke off the funding networks used by radical groups such as the Islamic State and to present a united front against Iran. President Trump visited Saudi Arabia in May on his first overseas trip, and administration advisers closely watch reports from the International Atomic Energy Agency for the first sign that Iran is failing to live up to its commitments in the nuclear deal it reached with world powers in 2015.

"The president has been very clear that his number one goal is to have all Arab nations to do more on the financing of terrorism," Hammond said. "That was the reason that they helped organize the Riyadh summit, and the objectives of that summit are still the priorities of the United States. So the secretary of state is being dispatched to find a resolution because we need to get back to what we were doing in Riyadh."

The Arab Islamic American Summit was held in the Saudi capital in May and included Trump and leaders from across the Muslim world.

*[The Persian Gulf crisis over Qatar, explained]*

Though Trump has been vocal in supporting Saudi Arabia in its accusations against Qatar, Tillerson has said some of the demands made of Qatar would be impossible to meet. He has suggested that they are motivated by more than just concern about terrorism.

The day's most important stories.

For example, the countries allied against Qatar have insisted that it shut down Al Jazeera, the Qatar-based television network often critical of other Arab regimes, as well as a Turkish military base there. Saudi Arabia and its allies consider Al Jazeera a vehicle for extremists, an allegation the network has denied.

Other demands of Qatar include severing ties with Islamist groups such as the Muslim Brotherhood and downgrading its relations with Iran. Saudi Arabia is Iran's main rival for regional influence.

Tillerson's visit follows trips to the region by other international diplomats, including the foreign ministers of Britain and Germany, and diplomats from the United Nations. Mark Sedwill, the British



national security adviser, accompanied Tillerson to some of his meetings with Kuwaiti officials.

Part of the delicate balance Tillerson must take into calculation involves

the U.S. military presence in the region. Bahrain is home to the U.S. Navy's 5th Fleet. Qatar's al-Udeid Air Base, a sprawling complex where 11,000 Americans work, is

the largest U.S. military installation in the Middle East. And Turkey, which supports Qatar in the dispute, has recently expressed unease at hosting U.S. and NATO troops at

Incirlik Air Base, from which the international coalition working to oust the Islamic State has flown missions.

**The  
New York  
Times**

## British Court Allows Arms Sales to Saudis, Rejecting Criticism Over Yemen

Rick Gladstone

A British court ruled on Monday that Britain's extensive sales of arms to Saudi Arabia are legal, rejecting claims by rights groups that the Saudis have violated international law by using those weapons to kill civilians in Yemen's civil war.

The decision by London's High Court was praised by Prime Minister Theresa May, who told Parliament that the ruling vindicated the government's position that it strictly enforces the export of arms, the British news media reported.

But groups including Human Rights Watch, Amnesty International and Oxfam denounced the ruling, saying the court had ignored evidence that

the Saudis have devastated Yemen's civilian population with indiscriminate attacks.

"This sets back arms control 25 years and gives ministers free rein to sell arms to countries even where there is clear evidence they are breaching international humanitarian law," said Mark Goldring, the chief executive of Oxfam's British branch. Human Rights Watch said the ruling was a "serious setback for efforts to hold the British government accountable for its arms sales to Saudi Arabia."

A Saudi-led coalition has been bombing and blockading Yemen since March 2015 to help rout Houthi insurgents backed by Iran. The Houthis control large parts of

the country, including the capital, Sana.

The war in Yemen has killed at least 10,000 people, displaced millions, led to an economic collapse and left many in danger of famine. It has also contributed to a cholera outbreak that by Monday had sickened more than 300,000 people, according to the Red Cross.

A coalition known as the Campaign Against Arms Trade had asked the court to block licenses for weapons exports to the Saudis. The group, which said it would appeal Monday's ruling, argues that the sales violate a provision of Britain's Export Control Act that says no license can be granted if "there is a clear risk that the items might be used in the

commission of a serious violation of International Humanitarian Law."

In dismissing the coalition's claim, the court ruled that Britain's Defense Ministry had access to a "wider and more sophisticated range of information" and that the Saudis had "sought positively to address concerns" that they respect international law.

The Saudis welcomed the ruling. A statement by the Saudi Royal Embassy's Washington-based public relations firm, Qorvis MSLGroup, said the court had affirmed that Saudi Arabia had "upheld principles of international law."

**The  
Washington  
Post**

## Editorial : Tillerson's betrayal of democratic ideals

praised the "brave men and women" of Turkey who "stood up against coup plotters and defended their democracy" during a failed coup attempt last July. He was right to do so. Unfortunately, he failed then to salute the brave men and women who have stood up against President Recep Tayyip Erdogan's brutal purge of dissidents and independent media since the fizzled coup.

In ignoring the disturbing events of the past year, Mr. Tillerson may have been hoping to curry favor with the Turkish president before a crucial discussion on regional security. Turkey, jarringly, is an increasingly repressive nation but also a NATO ally; an Islamic-majority country growing increasingly hostile to secular liberalism but also a partner in the U.S. engagement in Syria. In other

ON SUNDAY, Secretary of State Rex Tillerson

words, it's complicated.

But complications don't mean it is necessary, or beneficial, for the United States to toss aside its own ideals. Mr. Erdogan's regime has grown steadily less tolerant. In April he engineered a referendum that polarized the nation and granted him a broad range of autocratic powers. Turkish authorities have suspended approximately 150,000 government workers and detained more than 110,000 people, including journalists, civil society activists and judges. Just last week, the director of Amnesty International Turkey and nine others were detained during a training session for human rights defenders, the latest in a long line of arbitrary arrests. Mr. Erdogan's security guards even felt free to beat up protesters in the heart of Washington.

The Daily 202 newsletter

PowerPost's must-read morning briefing for decision-makers.

On the day that Mr. Tillerson arrived in Turkey, tens of thousands of citizens rallied at the end of a march for justice from Ankara to Istanbul. They, too, are brave men and women. Why not say so? Even a proponent of a "realist" foreign policy should understand that failing to show support for millions of democratically minded Turkish citizens is not in the United States' long-term interest. And decades of precedent, during and since the Cold War, show that it is perfectly possible for U.S. diplomats to conduct serious business with autocrats while at least speaking up for human rights and the defenders of freedom, no matter how beleaguered.

The demonstrators who participated in the three-week-long march risked their safety and freedom to show Mr.

Erdogan that his policies will not go uncontested. Mr. Tillerson's dispiriting silence, by contrast, tells Ankara that it can continue its blatant assault on dissent at no cost in international standing.

The secretary's statement was particularly disappointing given that the State Department had rebuked Turkey last week for its most recent round of arbitrary arrests. Such statements carry more weight when delivered in person — but Mr. Tillerson, at least publicly, opted not to make the delivery.

Mr. Tillerson has said he hopes to "mend" U.S.-Turkish relations, which soured during the final months of the Obama administration. This is important — but it can and should be accomplished without betraying democratic ideals and the people who are fighting on their behalf.

**The  
New York  
Times**

## Israeli Labor Party Tries a New Leader: Gabbay, Self-Made Millionaire

JERUSALEM — Avi Gabbay, a relative novice in Israeli politics, spent his early years in an asbestos hut in a transit camp, one of eight children of Moroccan immigrants, then became a millionaire. On Monday, he also became the chairman of the center-left Labor

Isabel Kershner

Party, beating Amir Peretz, a Moroccan-born party veteran, in a runoff.

Mr. Gabbay's victory is not likely to pose an imminent threat to Prime Minister Benjamin Netanyahu of the conservative Likud Party, now serving his third consecutive term in office. The Labor Party has not won

a general election in 18 years. Currently leading the parliamentary opposition, the party has been polling third after Likud and the centrist Yesh Atid party in recent months.

But the extraordinary rise of Mr. Gabbay, 50, is expected to breathe new life into the historic but

diminished Labor movement. Having dominated politics here for almost three decades after Israel's establishment in 1948, it was the political home of state builders like David Ben-Gurion, Golda Meir, Shimon Peres and Yitzhak Rabin.

The latest leadership race riveted many Israelis as it pitted old politics

against new, and liberal forces against a deeply conservative government and a public that has been shifting rightward.

Tal Schneider, an independent Israeli political blogger, described the result as a “dramatic change” for the Labor Party. “About 52,000 people went to the polls today,” she said. “They chose someone totally new and somewhat unfamiliar to the public and the voters.”

Ehud Barak, a former Labor leader, prime minister and military chief of staff who strongly endorsed Mr. Gabbay and seems poised for a political comeback of his own, described Mr. Gabbay’s win as a “revolution in Labor.” Mr. Barak added that Mr. Netanyahu and his allies would be “sweating tonight, with good reason.”

Isaac Herzog, the departing Labor chairman who won the party 24 seats in the last election to the Likud’s 30, was knocked out last week in a first round of voting. Some in the party have described the shake-up as “electrifying.”

Mr. Gabbay’s path to the Labor leadership has been unorthodox. Growing up in a Jerusalem transit camp, he was identified at a young age as a gifted student and was sent to school in

an affluent neighborhood of the city. His father was a technician.

He studied economics and business administration at the Hebrew University of Jerusalem, served in the budget division of the Ministry of Finance and then went into business and rose to become the chief executive of Bezeq, Israel’s telecommunications monopoly, a post he held until 2013. He has been unapologetic about his earnings there of millions of dollars.

He then helped Moshe Kahlon, a former Likud minister, build Kulanu, a new center-right party that joined Mr. Netanyahu’s coalition after the 2015 elections. Mr. Gabbay became the minister for environmental protection, but he quit after a year, saying that he did not like what he saw in government and that Mr. Netanyahu’s decision to replace his defense minister, Moshe Yaalon, with the ultranationalist Avigdor Lieberman as part of a political deal was too much to swallow.

Mr. Gabbay joined Labor about six months ago.

Addressing a hall filled with cheering supporters at 11 p.m. shortly after the results were in, Mr. Gabby said, “To all those who rushed to eulogize the Labor Party as an alternative for the government, and to all those

who thought the Israeli citizens had lost hope in change, to all those — tonight is the answer.”

“Tomorrow we will begin the journey to the hearts of good Israelis,” he added. “Israelis who believe in our ideology and values, but Israelis who, for decades, have not voted Labor.”

Mr. Gabbay and Mr. Peretz, 65, from the immigrant town of Sderot near the border with the Gaza Strip, are both Mizrahi, or Eastern, Jews of Moroccan descent, and their leadership contest brought to the fore the debate over Israel’s identity and ethnic politics. Labor has always been identified with the old Ashkenazic elite who hailed from Europe.

This is not the first time a Mizrahi, or Sephardic, Jew has headed the Labor Party. Mr. Peretz led it for a period in the past, as did Benjamin Ben-Eliezer, an Iraqi-born politician. Both Mr. Peretz and Mr. Ben-Eliezer were also defense ministers.

Mizrahi Jews, who immigrated mostly in the 1950s, were resentful of the sometimes highhanded treatment by the Labor establishment, so many have traditionally voted for Likud or other right-wing or religious parties. Though Mizrahim make up roughly

half of Israel’s Jewish population, and about a third of Israeli children are now born into mixed Mizrahi/Ashkenazic families, economic and educational gaps remain.

Despite hopes in Labor that Mr. Gabbay will be able to bring in new voters from sectors of the public that have long shunned the party, Mitchell Barak, an Israeli pollster and political commentator, said his surveys over the years showed that the Mizrahim consistently preferred Ashkenazic candidates for prime minister.

“There has not yet been a Sephardi prime minister,” Mr. Barak said, “and I don’t see one on the horizon.”

The next elections are scheduled for late 2019, though many Israeli governments do not last their full four-year terms.

Ron Cahlili, a Mizrahi documentary director and left-wing activist, said in a radio interview this week: “The role of a Mizrahi leader is not to be Mizrahi and to say I’m Mizrahi and I live in Sderot. The role of a Mizrahi leader is to reduce gaps between Mizrahim and Ashkenazim. Period.”

**Correction: July 11, 2017**

## THE WALL STREET JOURNAL

### U.S. Prepares to Act Alone Against North Korea (UNE)

Ian Talley

WASHINGTON—

The Trump administration is moving toward unilaterally tightening sanctions on North Korea, targeting Chinese companies and banks the U.S. says are funneling cash into Pyongyang’s weapons program.

Sharper rhetoric from high-ranking U.S. officials since North Korea’s July 4 ballistic missile test and recently unsealed court filings offer clues that the White House is ready to use its own powers to constrict the flow of cash to Kim Jung Un’s regime. U.S. officials have expressed a preference for collective action through the United Nations and support from China.

The Justice Department, in a federal-court case that was partly unsealed last week, pointed to “offshore U.S. dollar accounts” associated with a network of five companies linked to Chinese national Chi Yupeng. That included one of the largest importers of North Korean goods into China, Dandong Zhicheng Metallic Material Co.

Citing sources that included two North Korean defectors, the Justice Department said the so-called Chi Yupeng network hid transactions

which helped finance North Korea’s military and arms programs.

That network isn’t under U.S. sanctions but analysts say it is a vital source of funds that can be choked off, in the same way the U.S. targeted another Chinese firm late last year, Dandong Hongxiang Industrial Development Co. Ltd. Some of the nearly two dozen Chinese banks that handled allegedly laundered money from Dandong Hongxiang also could be targeted, analysts said. The company declined to comment at the time.

China’s Foreign Ministry didn’t respond to a request to comment and Mr. Chi and Dandong Zhicheng couldn’t be reached.

North Korea has resisted pressure for years and many experts question whether this time would be any different. Pyongyang has become proficient at evading sanctions, U.S. officials say, including by disguising its international trade and financial entities through firms in China.

The U.S. itself has almost no direct ties to North Korea after imposing wide-ranging bilateral sanctions in response to previous missile and nuclear tests.

China, North Korea’s chief trade partner, has resisted tightening the screws against its neighbor, concerned that it could provoke Pyongyang to lash out against America’s allies in the region or precipitate a collapse of the regime that sparks a flood of refugees, analysts say. The status quo has also provided China a buffer against U.S. power in Asia.

Since raising the pressure on North Korea requires targeting more Chinese firms, unilateral action risks fueling already strained tensions between Washington and Beijing. It could complicate Washington’s efforts to expand access for U.S. companies into the world’s most populous country and win Beijing’s support on other international issues, such as on cyber security and resolving conflicts in the Middle East.

The George W. Bush administration brought North Korea back to the negotiating table in 2007 after escalating sanctions but the administration then softened pressure and Pyongyang resumed its nuclear-weapons program. The Obama administration sanctioned North Korea but the effort failed to halt the program.

U.S. officials say the stakes are greater after last week’s missile launch revealed Pyongyang’s ability to put Alaska within reach and that current efforts will be more stringent than in the past.

Even before the July 4 launch, the Trump administration began trying to tighten sanctions to cut off “all illegal funds going to North Korea,” Treasury Secretary Steven Mnuchin said just days before the test. “We will continue to look at these actions and continue to roll out sanctions.”

Late last month the U.S. Treasury said it would cut off China’s Bank of Dandong from U.S. financial markets, saying North Korea was using bank accounts under false names and conducting transactions through banks in China, Hong Kong and Southeast Asia. Neither the Chinese Embassy in Washington nor the Bank of Dandong responded to requests for comment. The Treasury also added to its North Korea sanctions list two Chinese citizens accused of working for front companies designed to evade existing sanctions.

Trump administration officials have warned that North Korea’s latest missile test warranted an escalation in international pressure, seeking first collective action through the

U.N. Security Council and urging Beijing to use its own powers as a close Pyongyang ally to stem cash flows there.

"The United States is prepared to use the full range of our capabilities to defend ourselves and our allies," Nikki Haley, U.S. ambassador to the U.N., told the Security Council last week. Ms. Haley said past sanctions have proved insufficient.

U.S. Secretary of State Rex Tillerson said Friday that sanctions issued last week against Chinese entities are a measure of the administration's resolve but that he preferred that Beijing act on its own to curb North Korea financing.

Mr. Tillerson said the U.S. would apply "calculated increases in pressure," but that there was a limit to the administration's "strategic patience."

The Trump administration asked China to take action against a list of nearly 10 Chinese companies and individuals to curb their trading with North Korea following President Donald Trump's Mar-a-Lago summit with Chinese leader Xi Jinping in April, senior U.S. officials said.

But U.S. officials say they have been disappointed by Beijing's response. The topic will be a focus of high-level U.S.-China talks next week in Washington, Mr. Mnuchin said, adding that the two leaders discussed the issue in Germany this past weekend.

Failure to act more aggressively could not only embolden Pyongyang, but also the entities that help finance the regime, said Bruce Klingner, a former Central Intelligence Agency deputy division chief covering North Korea now at the Heritage Foundation think tank.

Many former U.S. diplomats, including Juan Zarate, the top sanctions diplomat in the Bush administration, say Washington must ratchet up the pressure on Chinese firms and banks. The U.S. has so far been wary of prodding Beijing too hard, given the wealth of other vital geopolitical issues on which the two powers cooperate, former U.S. officials and analysts said.

North Korea's latest missile test changes the administration's calculus, said Nicholas Eberstadt, a

North Korea security expert at the American Enterprise Institute. He expects the White House to accelerate its sanctions against Chinese firms.

Sanctions experts say the Trump administration is looking to emulate the success of Iranian sanctions, which forced Tehran to the negotiating table and halt its nuclear weapons program.

Analysts and senior officials from two previous administrations say existing sanctions against North Korea have been elementary compared with the thicket of actions applied against Iran by the Obama administration. That pushed Iran into recession and persuaded it to negotiate, although many foreign-policy experts question the effectiveness of the subsequent deal the U.S. reached with Iran.

A central aim of the new strategy of freezing out a Chinese bank from the U.S. financial system is to chill transactions by other Chinese institutions. Access to U.S. financial markets and the dollar are critical for trade and finance around the globe. But for that effort to be perceived as

credible, said Mr. Eberstadt, the administration will have to list other Chinese banks to instill broader fear.

"If I wanted to send a message, I'd probably send several postcards," Mr. Eberstadt said.

But while enhanced pressure could complicate Washington's already difficult diplomatic relationship with Beijing, the administration can moderate the potential political fallout, analysts say. Many of the banks facilitating financing for North Korea are smaller Chinese banks. By carefully documenting how those firms are breaking U.S. money-laundering and other illicit finance laws, the administration can show China it is not going after the government, but criminal organizations, analysts said.

"Nobody's sanctioning Bank of China, the overwhelming majority are smaller banks," said Bruce Bechtol, a former senior Defense Intelligence Agency officer specializing in northeast Asia. "It's not going to break the Chinese and it's not going to ruin economic ties with the U.S."

## The Washington Post

### North Korea's surprising, lucrative relationship with Africa (UNE)

WINDHOEK, Namibia — Near the southern tip of Africa, 8,000 miles from Pyongyang, this capital city is an unlikely testament to North Korean industry.

There's the futuristic national history museum, the sleek presidential palace, the sprawling defense headquarters and the shadowy munitions factory. They were built — or are still being constructed — by North Korea, for a profit.

For years, North Korea has used African nations like this one as financial lifelines, building infrastructure and selling weapons and other military equipment as sanctions mounted against its authoritarian regime. Although China is by far North Korea's largest trading partner, the smaller African revenue streams have helped support the impoverished Hermit Kingdom, even as its leaders develop an ambitious nuclear weapons program in defiance of the international community.

Those ambitions led last week to the launch of the country's first intercontinental ballistic missile. Secretary of State Rex Tillerson subsequently warned that any nation with military or economic ties to North Korea "is aiding and abetting a dangerous regime," and the Trump administration threatened a cutoff in trade with countries that

were doing business with the pariah nation.

But Namibian officials describe a different North Korea — a longtime ally, a partner in development and an affordable contractor. Since the 1960s, when North Korea began providing support for African nations during their independence struggles with European colonial powers, the regime has fostered political ties on the continent that have turned into commercial relationships.

"We've relied on them for help to develop our infrastructure, and their work has been unparalleled," said Frans Kapofi, Namibia's minister of presidential affairs.

Across Africa, such relationships have been common.

A United Nations investigation this year described North Korean military radio equipment headed to Eritrea, automatic weapons arriving in Congo and military trainers landing in Angola and Uganda.

"The Democratic People's Republic of Korea is flouting sanctions through trade in prohibited goods, with evasion techniques that are increasing in scale, scope and sophistication," the report said. It went on to describe how "the country also uses its construction companies that are active in Africa to build arms-related, military and security facilities."

North Korea's commercial relationships are only one sign of the surprisingly close ties many African leaders have with the secretive, highly repressive Asian country.

Yoweri Museveni, Uganda's longtime president, said he learned basic Korean from Kim Il Sung, the former leader of North Korea and grandfather of current leader Kim Jong Un, during various visits to that country. Zimbabwean leader Robert Mugabe sent two rhinos to Pyongyang, the North Korean capital, as a show of solidarity in the 1980s (both died shortly after arriving). In Maputo, Mozambique's capital, a street named Avenida Kim Il Sung runs through the heart of downtown. In Namibia's national museum, a black-and-white picture of a North Korean soldier leading a group of local soldiers hangs in the foyer.

"Our world outlook was determined by who was on our side during the most crucial time of our struggle, and North Korea was there for us," said Tuliameni Kalomoh, a senior adviser in the Namibian Ministry of Foreign Affairs and the country's former ambassador to Washington.

In recent years, African countries have struggled to maintain their ties to North Korea without alienating the United States, the largest aid donor on the continent, or publicly violating

U.N. sanctions aimed at curbing the country's nuclear-weapons program. In measures going back a decade, the United Nations has barred countries from contracting with North Korea for military training or services or arms manufacturing.

"Pyongyang's ties to Africa allow it to show it still has friends abroad and benefit from their political support. They also represent a source of revenue, new entry points into the international financial system, and a haven in which to base North Korean representatives and front companies," said Andrea Berger, a North Korea expert at the Middlebury Institute of International Studies at Monterey.

The Namibian government has spent about \$100 million on North Korean projects since 2002, according to officials here — a sum that goes a long way in an Asian nation where per capita income is about \$1,000 per year. But in comparison, China imports about \$3 billion in North Korean goods per year.

Last year, the United Nations said that Namibia had violated U.N. sanctions by maintaining its commercial ties to North Korea.

Among other activities, Namibia had contracted with a North Korean company called Mansudae Overseas Projects to construct a munitions factory as well as a new

military academy. A company with links to Mansudae, called the Korea Mining Development Trading Corporation (known as KOMID) also worked on the munitions factory, according to the U.N. report. The Treasury Department last year called KOMID North Korea's "primary arms dealer" and sanctioned two North Korean officials based in Windhoek. The department also sanctioned Mansudae, calling it one of a number of companies that sent workers abroad in part to earn money for the government or ruling party.

After being accused of violating sanctions, Namibian officials pledged to cut commercial ties with North Korea, which is formally known as the Democratic People's Republic of Korea, or DPRK. The Namibian government said in a statement in 2016 that it "remains committed to the implementation of all U.N. sanctions resolutions," but added that "the warm diplomatic relations with the DPRK will be maintained."

Over a year later, it appears that North Korean guest workers are still laboring on Namibia's new Ministry of Defense, a large concrete building just outside of Windhoek's city center, according to several residents who live nearby.

"We see them every day or two," said one resident who spoke on the

**THE WALL  
STREET  
JOURNAL.**

## McGurn : How to Squeeze China

William McGurn

If the first Duke of Wellington were alive today, he might advise that the battle for North Korea will be won or lost on Harvard Yard.

Add Stanford, Yale, Dartmouth, Chicago and other top-tier private American universities so popular with China's "red nobility" i.e., the children and grandchildren of Communist Chinese elites. For if the Trump administration hopes to enlist an unwilling Beijing to check North Korea's nuclear ambitions, visas for the children of China's ruling class to attend these universities offer an excellent pressure point.

Beijing has been Pyongyang's closest ally ever since the Cold War split the peninsula after World War II. According to the Council on Foreign Relations, China provides North Korea with "most of its food and energy." Though China has warned Kim Jong Un about his nuclear testing (which Mr. Kim has ignored), plainly it fears a free and united Korean peninsula more than a nuclear-armed North.

condition of anonymity because he didn't want to be seen as criticizing the government. "They never left."

In interviews, government officials said they were hoping to complete the current projects before expelling the workers — even though allowing the North Korean contractors to linger would probably be a violation of U.N. sanctions if they are still affiliated with KOMID.

"We are definitely towards the end of phasing them out," said Kapofi, who added that he could not confirm the presence of the guest workers at the defense ministry.

Nikki Haley, the U.S. ambassador to the United Nations, recently warned that the United States might cut off trade with countries that were violating U.N. sanctions by doing business with North Korea.

Namibia did \$469 million of trade with the United States in 2013, according to the most recent figures released by the Office of the U.S. Trade Representative. The U.S. government also contributes to Namibian health-care initiatives, particularly related to HIV/AIDS.

"As a part of our maximum pressure campaign, we are committed to ensuring that DPRK's arms-related exports, assistance, training, and support activities are terminated, including in Africa," said State Department spokeswoman Heather Nauert, in response to a question

Revoking visas for Chinese students, of course, would not alone resolve the North Korea problem even if it did force Beijing to act. But Beijing could make life for North Korea difficult if it chose to.

Thus far most talk about U.S. options regarding North Korea has focused on economic sanctions or military action against the Pyongyang regime. The dilemma is that every meaningful option comes with big risks, including the devastation of Seoul, retaliation against U.S. troops and more suffering for innocent North Koreans. The advantage of starting with student visas is twofold: The unintended harm done would be more limited than any military strike, and visas are likely a more effective lever than sanctions.

Today 328,547 Chinese students attend American universities, according to the Institute for International Education. The Chinese represent the largest group of foreign students in America.

How many of these students are children of Chinese leaders is unclear. American universities are

about Namibia's ties with North Korea.

Other African countries were also supposed to end their economic and military relationships with North Korea after the U.N. sanctions were imposed. But it remains unclear whether some have done so.

U.N. member states are obliged to issue reports describing their efforts to enforce sanctions. But the U.N. panel of experts report in 2016 noted "an extremely high number of non-reporting and late-reporting States" and the "poor quality and lack of detail of the reports received."

Some African nations have appeared to distance themselves from North Korea. After photos appeared showing North Korean military trainers wearing Ugandan military uniforms last year, Uganda's foreign minister, Sam Kutesa, said on state television, "We are disengaging the cooperation we are having with North Korea, as a result of U.N. sanctions."

Even if North Korea's commercial ties to Africa do eventually fade, relics of the engagement will endure.

National News Alerts

disinclined to provide this information. In addition, the children of Chinese government officials sometimes attend U.S. universities under assumed names.

The Chinese taste for prestigious American universities goes right to the top. Although President Xi Jinping rails against the corruption of Western values, his daughter went to Harvard, which Mr. Xi managed to swing on an official annual salary of roughly \$20,000. A few years back, the Washington Post noted that of the nine members of the standing committee of China's Politburo, at least five had children or grandchildren studying in the U.S. There are many, many more.

Officially, of course, China is an egalitarian society. In reality, hereditary favors, which now include access to top U.S. universities, are a fixed perk of Communist Chinese culture.

Put it this way: If China's ruling elite were forced to choose between supporting North Korea and their children's access to American universities, is it all that hard to see where they would come down? This

Major national and political news as it breaks.

In Dakar, Senegal's capital, a soaring, North Korea-built statue — larger than the Statue of Liberty — rises from a hilltop, depicting a man holding a baby in one arm and embracing a woman with the other. When the statue was unveiled, it angered many people in the Muslim-majority nation, as the woman was scarcely clad. Other North Korean statues, mostly of African revolutionary leaders, were sold to Mozambique, Zimbabwe, Botswana, Benin and Congo. U.N. sanctions introduced in 2016 barred countries from buying any more such statues.

One of the biggest projects is the war memorial outside of Windhoek, where a towering bronze statue of an unknown soldier carrying a rifle stands in front of a slim obelisk. On a recent sunny afternoon, there were no visitors at the park, and one guard slept on the steps.

But from the top of the monument, the view was clear: the city and the rolling hills in the distance, and in the foreground a North Korean-built military base.

Paul Schemm in Addis Ababa, Ethiopia, contributed to this report.

might be especially true if we continued to allow ordinary Chinese citizens with no family connections to the party or government to come study here.

Would China retaliate? Probably. Would our universities scream? Without doubt. Would there be unfairness? Absolutely.

But if the U.S. does not act quickly, a despot who executes people with anti-aircraft guns will soon have the capability to strike Seattle or Chicago with a nuclear-tipped intercontinental ballistic missile. A White House unwilling to consider Chinese student visas as leverage to prevent this would signal Pyongyang and Beijing alike that America is not serious.

U.S. visas are the one thing we know people want. Before Ray Mabus served as Barack Obama's secretary of the Navy, he was Bill Clinton's ambassador to Saudi Arabia. There he championed the cause of two American women who had been kidnapped as children and taken to Saudi Arabia by their father, after he'd been divorced in the U.S. by his American wife.

To make the pressure real, Ambassador Mabus cut off all American visas for the father and his Saudi relatives. That got their attention. Unfortunately the deal for the girls' freedom collapsed after Mr. Mabus left Riyadh and his successor lifted the hold on the visas.

**Bloomberg**

## Cowen : Why China May Never Democratize

Tyler Cowen

Will China ever become democratic? That question has been a staple of geopolitical discussion since the 1990s, and at times many commentators thought a democratic China was not so far away.

Today, as restrictions on political speech and opposition increase, hardly anyone thinks this is a realistic scenario. Yet it's still worth asking why China might never democratize, and what that can teach us about our own political dilemmas.

The argument that China will become democratic rested on observations of Japan, Taiwan and South Korea, all nearby countries that became democratic or sustained a democracy once they were sufficiently wealthy. The middle classes in these countries wanted accountable government, and ultimately the autocracies were willing to step aside and support democratic transitions, albeit with the Japanese path being more closely linked to the American postwar settlement and occupation. Much of Eastern Europe and Latin America became democratic too, and so it seemed plausible that China might be next in line.

Conversely, there are two powerful arguments that China will not become democratic. First, China never has been democratic in thousands of years of history, and perhaps that history simply will continue.

Second, the middle to upper middle class is still a

China is even more vulnerable to such pressure. Perry Link, a China scholar at the University of California, notes that the family connections that lie just below the surface in Chinese Communist culture are more powerful than outsiders realize. He likens it to the Mafia.

minority in China, and will stay so for a long time. A smaller country can build up in percentage terms a larger middle class, by exporting, than can a very large and populous country. There's just not enough demand in global markets to elevate all or even most of the Chinese people, and so Chinese inequality likely will stay high, to the detriment of democratic forces.

In essence, many of the wealthier Chinese trust the Communist Party to look after their interests more than they trust elections. Furthermore, the current political performance of the West is not in every way the ideal exemplar for democracy.

Those who predict Chinese democratization typically reply that the regime will need some new source of legitimization as economic growth slows down, as it inevitably must. Winning a democratic election is one way a government can show to a people that it represents their interests.

Yet this argument now looks weaker, in part because of what we are learning about countries other than China, namely that nationalism is often a stronger political motivator than democracy; just look at either Turkey or Brexit or some of the currents within the Trump administration.

So China will grow richer, as the number of democracies in the world (sadly) declines. With global growth continuing at roughly 4 percent a year, the link between income and democracy isn't actually so strong these days.

Imposing sanctions on the offspring of China's rulers "might raise howls in the U.S. but would be perfectly normal and rational—unexceptional—inside the culture of the people we would be sanctioning," says Mr. Link. "They would 'get it,' and the pinch would be felt.

Indeed, nationalistic currents in China are strong. Whether we like it or not, the Han Chinese often see themselves as an ethnically special group of people who have a destiny to "make China great again."

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Before judging this too harshly, keep in mind that truly cosmopolitan attitudes are not common in history, and a lot of observed cosmopolitanism is often faux cosmopolitanism, serving as a veil for particular cultural or economic interests on trade or immigration. The common American belief in American exceptionalism seems self-aggrandizing to many Chinese, just as we might object to their philosophy.

On top of all that, Chinese nationalism, whatever its drawbacks, has in fact served as an ideology to ... make China great again.

Another argument for predicting Chinese democratization is the claim that autocratic rule is highly unstable and tends to move to either tyranny or democracy. Even if that is true, these days it hardly seems a surprising insight that stability is never guaranteed.

Studying Chinese history, with its ongoing struggles between central rule and chaos in the peripheries, might be a better predictive guide to global futures than the philosophy of Western liberal triumphalism,

"Whether or not it would be enough to budge them from their 30-year-old position on North Korea is a different question. But I support making the try."

however dear the latter may be to our hearts. In other words, the Chinese notion of cyclical history might apply to much of the rest of the world.

The best argument for the possibility of Chinese democratization is that China has served up big surprises in the past, including conquest by the various external parties (for example, the Manchus), the Taiping rebellion, and the Communist revolution and subsequent Cultural Revolution, as well as the reforms starting in 1979.

The chance of Chinese democratization may be a somewhat underrated prospect for this reason, even if the short-run signs appear to be pointing in the opposite direction.

Still, the best bet is that China will remain non-democratic for the foreseeable future and that political history does not consist of a series of linear improvements.

It is again time for the West to learn from China. The emotional force of nationalism is stronger than we had thought, stability is not guaranteed, and the Western democratic status quo ex ante is less of a strong attractor than many of us had believed or at least hoped for.

In other words, we have our work cut out for us.

## The New York Times Editorial : Hong Kong's Future in Doubt

Hong Kong has long been considered an Asian jewel, a vibrant free-market economy and global financial center known for its rule of law and democracy. Yet now, after 20 years as a semiautonomous Chinese city, there are more reasons than ever to worry whether it will be able to retain the special character that has been central to its success.

In July 1997, when Britain gave its former colony back to China, there were high hopes that Hong Kong

would eventually expand its freedoms and prosperity under Beijing's "one country, two systems" rubric, perhaps inspiring reforms across the authoritarian mainland.

China promised Hong Kong a high degree of autonomy when it negotiated the transfer of sovereignty from Britain and agreed that the economic and political systems would not be changed for 50 years. At that time, the stock market, property prices and foreign investment were rising, and more people were staying in Hong Kong

than were leaving. The Hong Kong "of tomorrow must look like the Hong Kong of today," Secretary of State Madeleine Albright said on the eve of the handover. "That is, a Hong Kong that is free and a Hong Kong in which personal freedoms exist and will not be squeezed out."

Yet, there were disquieting signs from the start, as when Beijing replaced Hong Kong's elected Legislative Council with an appointed one, prompting a protest by Britain and the United States. Since then, critical institutions that

Britain nurtured, including a vigorous press, independent courts and a respected civil service, have been weakened as the Chinese Communist Party interfered in the city's affairs.

The situation has worsened under President Xi Jinping, who has also intensified efforts to reduce international acceptance of Taiwan, which Beijing considers a renegade province that one day, like Hong Kong, must be brought under its control. Disputes between Hong Kong's Beijing-backed leadership

and the pro-democracy opposition have impeded the ability of the city's government to make hard decisions and complete major construction projects. Affordable housing is scarce, the education system is troubled and a high-speed rail line is delayed.

In an attempt to silence critics, local booksellers and a politically connected billionaire were apparently abducted by mainland security officials, reflecting further erosion of Hong Kong's legal, economic and political system. The result is that the city's future is up for

grabs. "More and more, there is a sense of futility," Anson Chan, who for years was the city's second-ranking government official, told The Times's Keith Bradsher.

That is a cruel fate for a city with a storied past, especially since Britain and the United States guaranteed that its freedoms would be preserved. "America cares about Hong Kong and will continue to care long after this week's fireworks are finished, the cameras are turned off and the partying is done," Mrs. Albright said during the handover festivities. And she stressed the

extent of America's commercial interests there, law enforcement cooperation, United States Navy port calls, and the fact that thousands of Americans lived there.

Britain and the United States have not made Hong Kong enough of a priority in recent years. Meanwhile, China and Mr. Xi, who at last week's Group of 20 meeting in Germany was angling to replace America as a global leader, have grown more economically and militarily powerful, more committed to repressive ways and less tolerant of places like Hong Kong that aim to set their own path.

Mr. Xi drove home that point at the 20th anniversary celebration this month when he visited the Chinese military garrison and delivered a tough speech warning against resistance to Beijing's control and influence. That didn't stop Hong Kong's citizens from staging their annual pro-democracy demonstration after he left the city. It was a reminder that Chinese leaders would be wiser to find ways to accommodate demands for freedom than to try to fight them.

## **The New York Times** India, U.S. and Japan Begin War Games, and China Hears a Message

Hari Kumar and Ellen Barry

NEW DELHI — The navies of India, Japan and the United States began a set of war games on Monday with a particular target: submarines capable of sliding unannounced into the deep waters of the Indian Ocean, silently taking positions near the Indian coastline.

It is not a mystery whose submarines are at issue. Last month, the Indian Navy announced a plan to permanently station warships to monitor movement through the Strait of Malacca, where many Chinese vessels enter from the South China Sea. And in recent weeks, navy officials here have reported a "surge" of Chinese military vessels entering the Indian Ocean.

Routine maritime exercises have long served as a gauge of India's uneasy relationship with China, prompting a shrug or a blast of condemnation, depending on the circumstances.

The annual series of naval exercises, known as the Malabar series, began in 1992. This year's event was the largest to date, and the first to feature carriers from all three navies. The games are unfolding under tense circumstances, nearly a month into an aggressive standoff between Chinese and Indian border forces in the Himalayas.

On Sunday, the Chinese Embassy in New Delhi took the unusual step of warning its citizens to be especially cautious traveling in India for the next month.

Against that backdrop, the influx of Chinese warships into the Indian Ocean is another indicator of Beijing's displeasure, said retired Adm. Anup Singh, who has overseen the exercises in the past.

"They are deliberately upping the ante in order to flag their posture to people who are concerned," Admiral Singh said. "The Indians, the Japanese and the Americans. So they deliberately do it as a pinprick."

Though India's Navy is dwarfed by China's, India holds a strategic advantage in the Andaman and Nicobar archipelago, which stretches 470 miles to the northwest of the Strait of Malacca, a "choke point" connecting the South China Sea to the Indian Ocean.

This position, which could be used to put pressure on Chinese supply lines, is an increasing focus of cooperation between India, the United States and Japan. Monday's China Daily, an English-language government newspaper, referred apprehensively to the maritime exercises in an editorial, noting that the Indian Ocean is one of China's main conduits for trade and oil imports.

"It is China that should feel 'security concerns,'" it concluded.

China's submarine fleet has expanded rapidly in recent years. The country has assumed control of Pakistan's Gwadar Port, finalizing plans to sell eight submarines to Pakistan, and opening its first overseas military logistics supply facility in Djibouti.

For Indian leaders, who for centuries have focused on contested northern borders, this has required a sudden shift in attention to 4,700 miles of southern coastline, along which much of the country's security and energy infrastructure is concentrated.

"This is a tectonic shift in India's security calculus, that it has to protect its southern flank," said Brahma Chellaney, a professor of strategic studies at the Center for Policy Research. One response, he said, would be "a concert of democracies to rein in these muscular activities."

Both Japan and the United States have expressed eagerness to team up with India on its maritime frontier. Last month, the United States agreed to sell India 22 advanced surveillance drones, which could be deployed to the Strait of Malacca and used to track Chinese naval movements. The drones can be used in concert with the American-made P-8I Poseidon surveillance aircraft, which are already staged on the Andaman and Nicobar Islands.

The Indian government has signaled that it is willing, after many years of

resistance, to expand security infrastructure on the archipelago. In May, a wildlife board approved the creation of missile testing and surveillance facilities on Rutland Island, a project first proposed in 2013.

Last year, Japan became the first foreign government allowed to build infrastructure on the archipelago — a 15-megawatt power plant. But it is eager to break ground on a range of other connectivity projects, said Darshana M. Baruah, a research analyst at Carnegie India. When Mr. Modi visited Japan last year, the two leaders agreed on a plan to develop "smart islands," as part of a set of projects in sensitive frontier areas.

This week's naval exercises will involve the United States' Nimitz, a nuclear-powered aircraft carrier; India's I.N.S. Vikramaditya, a Russian-made aircraft carrier; and Japan's JS Izumo, a helicopter carrier, as well as 13 other warships and submarines. Japan is participating for the second year in a row. A decade ago, China was infuriated when the three countries teamed up with Australia for naval exercises, applying immediate diplomatic pressure that prompted Australia to withdraw.

This year, Australian military officials asked for their country to take part as an "observer," but India rejected the idea.

## **THE WALL STREET JOURNAL.**

## **Japan's Trust in Shinzo Abe Dwindles as Scandals Beset Prime Minister**

Alastair Gale

TOKYO—Japan's leader has fallen into his biggest political trouble since taking power almost five years ago, with public support at a record low after allegations surfaced that he helped friends get favorable government treatment.

Prime Minister Shinzo Abe is likely to retain his position, many analysts say, but he could have trouble pushing through economic policies to open Japan to more foreign competition and keep the yen weak. And he could face a strong challenge in a party-leadership election next year, these people say.

A few months ago, Mr. Abe, one of the longest-serving global leaders, appeared to be in a strong position to lead Japan for several more years. But the accusations by rival politicians—in particular, one involving alleged favoritism toward a school of veterinary medicine that a longtime friend of Mr. Abe wishes to

open—have undermined public trust.

Mr. Abe has denied all allegations of favoritism and said earlier this year he would leave politics if proven to have helped friends.

The toll of the accusations was apparent in public-opinion polls that

media organizations released on Monday. The Yomiuri newspaper, Japan's largest-circulation daily, said 36% of respondents to a poll conducted over the weekend supported Mr. Abe's cabinet, down 13 percentage points from the previous poll in mid-June and the worst reading since Mr. Abe became prime minister for the second time at the end of 2012.

Fifty-two percent of respondents didn't support the cabinet, and 68% agreed with the statement that Mr. Abe's cabinet had become arrogant because of its long period in power.

An Asahi newspaper poll found that 74% of respondents didn't approve of how Mr. Abe has handled the veterinary-school issue—a key factor, the newspaper said, in dragging down his overall poll ratings.

Asked about the polls, Chief Cabinet Secretary Yoshihide Suga said at a news conference: "We take the recent fall in public support seriously."

The poll results followed a heavy defeat for his Liberal Democratic Party in July 2 elections for the Tokyo metropolitan assembly.

Over the weekend, Mr. Abe indicated he would replace some unpopular cabinet ministers next month to bolster public support.

Mr. Abe's public-approval ratings fell sharply in 2015 after the introduction of legislation expanding the role of the nation's military but soon recovered. The latest decline could be longer lasting, said Gerald Curtis, an expert in Japanese politics and professor emeritus at Columbia University.

"This time it's about excessive concentration of power and the democratic process. It's much more serious," Mr. Curtis said.

Last month, the government took the unusual step of skipping a vote in a parliamentary committee before passing antiterrorism legislation that has divided public opinion. Opposition parties slammed the move as a violation of the democratic process.

The government said the law was an urgent priority to allow Japan to ratify a United Nations convention against organized crime and to prepare for the 2020 Tokyo Olympics.

In other controversies, Mr. Abe's defense minister, Tomomi Inada, said the nation's Self-Defense Forces and the Defense Ministry wanted voters to support Mr. Abe's party in the recent Tokyo election, a breach of the military tradition of political neutrality. She later retracted the remark.

Mr. Abe, who is visiting Europe, told reporters on Sunday that he would "rejuvenate" his cabinet, a move that is widely expected to include replacing the defense minister. He has also defended his economic accomplishments after the country recorded its longest growth period in 11 years and reached a free-trade deal with the European Union.

On Monday, a former vice minister of education who has emerged as one of Mr. Abe's sharpest critics told parliament that top officials

intervened to approve the permit for the school of veterinary medicine.

"The decision was predetermined. The process was unclear and unfair," said the former vice minister, Kihei Maekawa, in a nationally televised parliamentary committee session.

The prime minister has said that he had nothing to do with the decision to issue a permit to the veterinary college and that the process was fair.

Mr. Abe's term as leader of the ruling party expires in September 2018. Traditionally, the ruling-party leader serves as prime minister.

"We're not on Abe death watch yet, but the odds of him winning another term without a major contest have fallen dramatically," said Tobias Harris, a Japanese-politics analyst at Teneo Intelligence, the political-risk arm of the strategic consultancy Teneo.

## THE WALL STREET JOURNAL

### Editorial : Venezuela's Symbol of Hope

The mayhem in Venezuela is rising and dictator Nicolás Maduro knows he's in trouble because on Saturday his security services moved opposition leader Leopoldo López to house arrest from Ramo Verde military prison.

Mr. López's release is a victory for a weary opposition that has been protesting in the streets since April, demanding new elections and freedom for political prisoners. The National Guard and police have responded with violent crackdowns, and last week Mr. Maduro's goons

stormed the national assembly and beat two opposition congressmen bloody. The death toll now exceeds 90 and there are still more than 400 political prisoners.

Mr. Maduro called Mr. López's release a humanitarian gesture, and at least the 46-year-old opposition leader is reunited with his wife and two young children. But he was fitted with an electronic bracelet and continues to serve what remains of his nearly 14-year sentence on trumped up charges of inciting violence during protests in 2014.

Mr. Maduro fears that if Mr. López were free to campaign he would galvanize the opposition and force an election Mr. Maduro would lose. (See Vanessa Neumann nearby.) Mr. Maduro has instead decided to throw out the constitution written under Hugo Chávez and have his followers draft a new one that will make the dictatorship official by shutting down the opposition-controlled legislature. The election for the assembly that will rewrite the constitution is scheduled for July 30. The opposition is vowing to abstain from what is certain to be a rigged vote.

Venezuelans will have to liberate themselves, but international attention on Mr. López may have played a role in his release. The Obama Administration did nothing to highlight Venezuela's slide to authoritarian chaos, and the U.S. and Latin American countries can do more to call out Mr. Maduro's constitution gambit. Meanwhile, even under house arrest the courageous Mr. López remains a symbol of Venezuelan hope.

## THE WALL STREET JOURNAL

### Neumann : The Venezuelan Regime Is Coming Apart

Vanessa Neumann  
Venezuelans got a surprise Saturday morning when the country's Supreme Court released opposition leader Leopoldo López from prison to house arrest, citing "health problems." Why now? Americans may recall President Trump's February tweet demanding Mr. López be freed. Has the regime of President Nicolás Maduro at last yielded to international pressure?

Not likely. Mr. Maduro's objective—for he controls the Supreme Court, whose justices are party appointments—seems to have been to quiet street protests by making the opposition look co-opted, thereby discrediting it. But Mr. López announced he would keep fighting

the regime and supported this past Sunday's 100 Day March—although he abided by the terms of his house arrest and stayed off the street.

The march commemorated the 100th day of the street demonstrations that began March 30, when the Supreme Court effectively stripped the National Assembly of its legislative power. The Assembly has been controlled by the opposition since elections in late 2015, and the court's decision—although reversed the next day amid a public outcry—removed any doubt that Venezuela has become a dictatorship.

Since then, things have gotten even worse. Mr. Maduro announced May 1—May Day—that an appointed "constituent assembly" would meet

July 30 to draft a new Cuban-style constitution. Adding insult to injury, the drafters are to meet at the Legislative Palace, seat of the democratically elected National Assembly.

A taste of the clash to come came on July 5, Venezuela's independence day. Armed plainclothes gangs called *colectivos* invaded the National Assembly and attacked lawmakers, leaving five badly injured, as the National Guard stood and watched. The *colectivos* were set up over a decade ago, allegedly on the model of Iran's *basij* militia.

But the ruling regime is far from united. On the evening of July 5, Mr. Maduro publicly stated that "something strange has happened

at the National Assembly" and announced he would launch an investigation. His plan for a new constitution even has drawn opposition from some die-hard *Chavistas*, who view the current constitution, adopted in 1999, as the crowning achievement of the Bolivarian Revolution under Hugo Chávez, Mr. Maduro's predecessor.

On April 1—the day after the Supreme Court backed down from its decision on the National Assembly—Attorney General Luisa Ortega Díaz, a career *Chavista*, proclaimed that "the constitutional order has been broken." Last week the Supreme Court attempted to usurp *her* power by appointing a new deputy attorney general, an office that is legally Ms. Ortega's to

fill. The illicitly appointed deputy was then smuggled into the Public Ministry in the trunk of a car. When she was discovered and thrown out, the episode became the stuff of comical internet memes.

The military is also jockeying for position. A year ago the commanding general or admiral of all four branches of the Venezuelan military sent a letter to Luis Almagro, secretary-general of the Organization of American States. The OAS had just issued a report condemning Caracas's violations of human rights and the country's constitution. The generals promised to defend the nation against human-rights violations and subversion of the constitution—meaning they would abide by the will of the people, reflected in the National Assembly.

The letter was made public only last Friday. Its release signals that the military, which has long viewed Mr.

Maduro as a Cuban puppet, will not stand for Mr. Maduro's attempt to rewrite the constitution. It also further reveals the fissures within the country's Chavismo elite.

Diosdado Cabello, a military man who helped restore Chávez to power after a 2002 coup attempt, has been arguing that he should be Mr. Maduro's successor. On his nationally broadcast TV show, "Aquí No Se Habla Mal de Chávez" (also a Twitter hashtag), he shows footage of himself by Chávez's side stretching back to their 1992 coup attempt and claims Chávez was like a father to him. As president of the National Assembly before the opposition took it over, Mr. Cabello made a show of personally driving Mr. López to prison, purportedly to protect him from "ultraright" assassins seeking "to lead us to a civil war in Venezuela." The commutation of that sentence is a slap in Mr. Cabello's face, a further

reason for even Chavista generals not to be loyal to Mr. Maduro.

Sources with relatives in the regime who are closely tied to Mr. Cabello tell me that he was not consulted before Mr. Maduro decided to free Mr. López. These sources speculate Mr. Maduro authorized the release on advice from former Spanish prime minister José Luis Rodríguez Zapatero, who visited Mr. López in prison last month. One theory is that Mr. Maduro hopes Spain will grant him asylum if he is forced from power.

What comes next? The opposition plans an unofficial, and therefore nonbinding, plebiscite Sunday on Mr. Maduro's constituent-assembly plan, and the message is likely to be clear. Domestic polling puts the president's approval rating in single digits. Although the regime does not renew opponents' passports, the plebiscite will accept expired passports as identification. The

military is fracturing and overtly abandoning its commander in chief. The regime is fighting to stay in power but divided into warring factions.

This is not a coup d'état; it is instead a transition back to democratic order under the constitution the Chavistas themselves drafted. The release of Mr. López, while intended to prolong the life of the regime, will likely accelerate the ouster of Mr. Maduro and his cohorts who have ruled by decree. Only then can Venezuela begin the process of reconciliation and development.

*Ms. Neumann, a Venezuela native, is president of the political risk consultancy Asymmetrica and a contracted consultant to the U.S. government on Venezuela. She is author of "Blood Profits: How American Consumers Unwittingly Fund Terrorists," to be published by St. Martin's in December.*



## Editorial : A Russia Sanctions Trap

Congress wants to increase sanctions on Russia for meddling in the 2016 election, and please go for it. But the bill that recently passed the Senate 98-2 contains a hastily written provision that could boomerang on U.S. interests, and the House can fix the potential damage.

The problem is a provision that expands restrictions on how U.S. energy firms can interact with Russian counterparts. U.S. companies are already prohibited from investing in or advising on oil and gas projects in Russia. But the bill would also bar them from taking part in any project anywhere with sanctioned Russian firms. In practice this could bar U.S. companies from some of the biggest deepwater drilling projects around the world and

thus help Russia and China.

At issue is a quirk of the oil and gas industry known as "unitization"—a technical term for operating efficiency. Governments (say, Brazil) will grant leases to many industry players for different blocks of the same oil field. While the leases are stand-alone deals, the host government will nonetheless require all players to jointly create the infrastructure (pipelines, etc.) to efficiently develop the field.

Under the Senate language, U.S. companies would be barred from any project where sanctioned Russian firms were also granted exploration rights. Those blocks would instead be snapped up by European or Chinese firms that aren't bound by similar restrictions. Russia could even exploit the rules to hurt U.S. companies by bidding

on projects solely to drive American energy firms out of deals.

Richard Sawaya, vice president of the National Foreign Trade Council, estimates that the Senate provision could bar U.S. oil and gas firms from some \$100 billion in exploration projects over 10 years—with commensurate damage to American jobs, shareholders and tax revenue. The provision might even help Russian companies get much of that business.

The oil and gas industry supports the overall sanctions bill but wants to correct the boomerang provision. Texas Rep. Pete Sessions may be able to force some changes as head of the House Rules Committee, but he could use a hand from the Trump Administration. Secretary of State Rex Tillerson may be reticent given his former Exxon ties, but this bill

should transcend political appearances.

The White House dislikes the sanctions bill because it limits President Trump's discretion to lift sanctions without Congressional approval. So it may be staying silent in hopes that the oil provision takes down the entire bill in the House. Republicans who want to act against Russia shouldn't let that happen.

Mr. Trump wants to unleash U.S. oil and gas production, which properly deployed can undercut Vladimir Putin's petro-dollar revenue at home and his political leverage over European energy markets. It makes no sense to kneecap U.S. energy production in the rest of the world in a bill aimed at sanctioning Russia.



## Zeldin : Why Russia-probe investigators are looking at anti-money laundering database

Michael Zeldin

(CNN)It has been reported that the Senate and House Intelligence committees investigating possible ties between Trump campaign officials and the Russians have begun to receive access to financial data from the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

FinCEN's mission

is to safeguard the financial system from illicit use and to combat money

laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and the strategic use of the government's enforcement authority.

It does this, in part, by maintaining a database

of over 200 million reports of financial transactions.

These reports come from more than 80,000 financial institutions and

500,000 individuals who maintain foreign bank accounts.

FinCEN makes this information available to law enforcement and other government authorities for use in criminal, tax and regulatory investigations and proceedings and in intelligence and counterintelligence activities to protect against international terrorism.

At first glance, the FinCEN data would appear to be unrelated to the central question of whether there was collusion to influence the

outcome of the 2016 presidential election.

While no evidence has been released to date that bears on this question, there are good reasons to think that House investigators and Special Counsel Robert Mueller will look closely at the FinCEN data to determine its relevance to their investigations.

**How might FinCEN data be relevant?**

The House Committee on Financial Services in its



request

to FinCEN for documents indicated that it is interested in the FinCEN data to assist in determining the extent of any undue influence on the President and his administration from Russian government officials, oligarchs and organized crime leaders, in connection with the 2016 presidential election.

The committee asked for certain records that may shed light on President Trump's financial transactions with, and business ties to, Russia. That includes information about the financial accounts of President Trump, his family members, and his business associates, and any suspicious transactions relating to the Trump Organization, including the

Taj Mahal Casino Resort

, in which Trump retained an ownership or other financial interest from 1990 through 2014, when the casino resort was purchased by Carl Icahn.

(The Trump Taj Mahal Casino was assessed a civil money penalty by FinCEN in 2015 for willfully violating the Bank Secrecy Act's program, reporting, and recordkeeping requirements from 2010 through 2012. Many of these violations were cited by the Internal Revenue Service in previous examinations of Trump Taj Mahal dating back to 2003. It is not publicly known whether any of the activity related in any way to the subject of the current investigation.)

### US money laundering laws

There are two primary types of money laundering laws in the United States: (1) laws that make money laundering itself a crime, found in title 18 United State Code Sections 1956 and 1957; and (2) laws that assist in the investigation and prosecution of money laundering, terrorist financing, and other criminal activity, found in Title 31 United States Code Section 5311 and implementing regulations (also known as The Bank Secrecy Act or BSA), including requirements to report large currency transactions, suspicious activity, foreign financial accounts, and high-end residential real estate transactions.

*The Money Laundering Statutes*

Broadly speaking, under the criminal money laundering statutes, it is a crime for any person to engage knowingly in a financial transaction with knowledge that the transaction involves the proceeds of criminal activity. The courts have interpreted *knowledge* to include actual knowledge and willful blindness -- deliberately avoiding gaining knowledge when faced with a high likelihood of criminal activity, *i.e.*, ignoring red flags of suspicious activity.

For example, if a US person were to accept payment for a condominium with *knowledge* that the source of the funds used in the transaction was derived from some form of criminal activity, then that person potentially could be charged with violating the money laundering statutes.

### *The Bank Secrecy Act*

The Bank Secrecy Act requires certain financial institutions (for example, banks, broker dealers, and casinos) to develop, implement and maintain anti-money laundering compliance programs. Financial institutions also are required to file a number of reports and maintain a variety of records, including currency transactions reports on cash transactions over \$10,000 (CTRs) and suspicious activity reports (SARs).

SARs generally must be filed when a financial institution knows, suspects or has reason to suspect that a transaction: (1) involves money laundering activity or a violation of the Bank Secrecy Act, including structuring of transactions to evade the CTR requirement; (2) has no business or apparent lawful purpose or is not the sort of transaction in which the particular customer would normally be expected to engage; or (3) involves the use of the financial institution to facilitate criminal activity.

All persons, including financial institutions, other legal entities, and individuals, are required to file an annual report of their foreign financial accounts if the aggregate value in the accounts at any time during the calendar year exceeded \$10,000 (FBARs).

Therefore, if any CTRs, SARs or FBARs were filed

relating to Trump

, his family members, his associates, or the Trump organization, these reports would be included in the FinCEN data. This, in turn, could provide insights into the transactions and investigative leads in furtherance of Congress' and/or Mueller's investigations.

### Reporting of high-end real estate purchases

Law enforcement agencies and congressional oversight committees have long warned of the money laundering and

terrorist financing threat

posed by the infusion of

illicit foreign sourced money into high-end real estate

in the United States.

As one of the responses taken by law enforcement to address this threat, FinCEN, in 2016, issued

### Geographic Targeting Orders

(GTOs) which temporarily require certain U.S. title insurance companies in a number of major geographic areas to identify the people behind legal entities used to pay "all cash" for high-end residential real estate.

These areas include all of the boroughs of New York City; the counties of Miami-Dade, Broward, and Palm Beach in Florida; the counties of Los Angeles, San Diego, San Francisco, San Mateo, and Santa Clara in California, and the Texas county of Bexar (San Antonio).

FinCEN's

concern

is that all-cash purchases -- *i.e.*, those without bank financing -- may be conducted by individuals attempting to hide their identity and assets by purchasing residential properties through limited liability companies (LLCs) or other opaque structures.

Donald Trump, Jr., executive vice president of development and acquisitions for the Trump real estate businesses,

told the "Bridging U.S. and Emerging Markets Real Estate" conference

in Manhattan in September 2008:

"[I]n terms of high-end product influx into the United States, Russians make up a pretty disproportionate cross-section of a lot of our assets; say in Dubai, and certainly with our project in SoHo and anywhere in New York. We see a lot of money pouring in from Russia."

The FinCEN data might shed light on the sources of these investment dollars and the identities of the people involved in the

real estate purchases

Beyond the inquiry into the direct investment by Russians in Trump properties, there is interest in the relationship between Trump business interests and Deutsche Bank. As has been reported by Donna Borak for CNN Money,

Deutsche Bank

, which recently paid significant penalties relating to its involvement in an alleged Russian money-laundering scheme, is "in the crosshairs of Democrats looking into the bank's ties to President Trump."

Specifically, in the House committee's May 23, 2017

letter

seeking access to FinCEN data, the committee raised with Treasury the need for information relating to President Trump and his alleged financial ties to Russia, and information pertaining to "President Trump's biggest lender and the only bank known to lend to the President after his bankruptcies, Deutsche Bank."

### Conclusion

How these aspects of the overall investigation will roll out in the hands of congressional investigators and, perhaps,

Special Counsel Mueller

, are as-yet unknown, but looking at the level of interest by Congress and the expertise of the team of lawyers Mueller has assembled, one can expect a careful and through review of the FinCEN data. To the extent that any suspicious transactions are identified, one can be sure that the investigators will follow the money to see where the trail leads.

## ETATS-UNIS

## White House tries to play down meeting of Trump Jr., Russian lawyer as new details emerge (UNE)

The White House on Monday was forced to shift from denying contact between the Trump campaign and Russia to defending a meeting that President Trump's eldest son had in the midst of the presidential race with a Russian lawyer purportedly offering damaging information about Hillary Clinton.

The White House sought to play down the significance of that encounter even as new details emerged indicating that it had been arranged at the behest of a Russian family that has ties to the Kremlin and a history of pursuing business deals with President Trump — including preliminary plans for a Trump Tower in Moscow.

The controversy deepened late Monday with a new report that Donald Trump Jr. had been informed via email that the information on Clinton was part of a Russian government plan to help his father's campaign. The New York Times, which broke the story, cited three unnamed people who had seen the email.

The revelations put the Trump administration again on the defensive about its relationship with Moscow, and they seemed to add to a pattern of not disclosing Kremlin contacts or providing false information about them.

The latest information centers on Trump Jr., whose concession this week that he took part in the June 9, 2016, meeting contradicted statements he had made in recent months. It comes as investigators in Congress and the special counsel's office probe the Trump campaign's interactions with Russia.

Donald Trump Jr. admitted on June 9 that he met with a Russian lawyer who promised damaging information on Hillary Clinton during the 2016 presidential election. Donald Trump Jr. admitted on June 9 that he met with a Russian lawyer who promised damaging information on Hillary Clinton during the 2016 presidential election (Elyse Samuels, Jenny Starrs/The Washington Post)

(Elyse Samuels, Jenny Starrs/The Washington Post)

White House spokeswoman Sarah Huckabee Sanders said Monday that the president had learned of his son's meeting with Russian lawyer Natalia Veselnitskaya only "in the last couple of days" and sought to play down its significance.

"The only thing I see inappropriate about the meeting is the people that leaked the information about the meeting after it was voluntarily disclosed," she said.

She appeared to be referring to updated federal disclosures filed by Trump's son-in-law and close adviser, Jared Kushner, acknowledging that he had attended the meeting with Veselnitskaya in Trump Tower.

Asked whether the president was concerned about the encounter, Sanders said no and described such meetings as routine occurrences during campaigns. "Don Jr. didn't collude with anybody to influence the election," she said.

But Sanders offered no explanation for why Trump officials had not previously disclosed the meeting publicly or why their account of the meeting's purpose had shifted so dramatically in the past several days.

Trump Jr. said in an interview earlier this year with the New York Times that he had not participated in any "set up" meeting with a Russian individual. Then, after learning that the Times planned to publish an article about his meeting with Veselnitskaya, Trump Jr. provided evolving explanations for what had been discussed.

At first he said the talk centered on policies restricting the ability of U.S. families to adopt Russian children. Then, on Sunday, he issued a statement acknowledging that the premise of the meeting was that Veselnitskaya claimed to have potentially damaging information about Clinton.

Team Trump's ties to Russian interests

Trump Jr. said that Veselnitskaya failed to deliver and that "it quickly became clear that she had no meaningful information." But his participation on those terms, as well as the attendance of Kushner and then-Trump campaign aide Paul Manafort, amount to fresh evidence that the Trump campaign was willing to consider accepting help from a Russian source tarnishing Clinton.

Emails hacked from the Democratic National Committee were posted online shortly after the meeting. U.S. intelligence agencies have concluded that Russia orchestrated the hacks with the intention of helping to elect Trump.

On Monday, New York lawyer Alan Futerfas confirmed that he had been hired to represent Trump Jr. in the Russia probes.

The Trump Tower meeting drew the attention Monday of members of the Senate Intelligence Committee. Sen. Susan Collins (R-Maine) told reporters that the panel "needs to interview" Trump Jr. and others who attended the meeting. Her point was echoed later in the day by the senior Democrat on that committee, Sen. Mark R. Warner (Va.). "This is the first time the public has seen clear evidence that senior-level officials of the Trump campaign met with potentially an agent of a foreign government to try to obtain information that would discredit Hillary Clinton," he said. "I think that's pretty significant."

New details from others involved in arranging the meeting point to other Trump links to Moscow. The session was set up at the request of Emin Agalarov, a Russian pop star whose Kremlin-connected family has done business with Trump in the past, according to the person who arranged the meeting.

Rob Goldstone, a music publicist who represents Agalarov, confirmed Monday that he requested the Trump Tower meeting at Agalarov's request. Emin Agalarov and his father, Aras Agalarov, a wealthy Moscow real estate developer, helped sponsor the Miss Universe pageant, then owned by Trump, in Russia in 2013.

After the pageant, the Agalarovs signed a preliminary deal with Trump to build a tower bearing his name in Moscow, though the deal has been on hold since Trump started his campaign for president.

*[Inside Trump's financial ties to Russia and his unusual flattery of Vladimir Putin]*

Goldstone previously told The Washington Post that he set up and attended the meeting so Veselnitskaya could discuss the adoption of Russian children by Americans.

In a new statement, Goldstone confirmed what Trump Jr. said Sunday: that he enticed the then-candidate's son by indicating that Veselnitskaya could provide damaging information about Democrats.

"The lawyer had apparently stated she had some information regarding illegal campaign contributions to the

DNC which she believed Mr. Trump Jr. might find important," he said.

At the meeting, the Russian lawyer offered "a few very general remarks" about campaign funding, Goldstone said.

She then proceeded to discuss the Magnitsky Act, a 2012 U.S. law that imposed sanctions on Russia for its alleged human rights abuses. Angered by the law, Russia retaliated by halting U.S. adoptions of Russian children.

Trump Jr. has said his father was unaware of the meeting, and both he and Goldstone said there was no additional follow-up after the brief June 2016 session.

The New York Times reported late Monday that it was Goldstone who had emailed Trump Jr. before the meeting indicating that the negative material about Clinton was related to a Russian government effort to assist the Trump presidential campaign. On Sunday, Goldstone had told The Washington Post that he did not believe the Russian government was involved with seeking the meeting and that he could not recall if he had told Trump Jr. if Russians would participate in the discussion. Goldstone did not respond to requests for comment regarding the Times report late Monday.

Futerfas, Trump Jr.'s attorney, issued a statement late Monday that neither confirmed nor denied the Times report about the email. He called the June meeting "much ado about nothing" and said Trump Jr. believed he was being offered information about "alleged wrongdoing" by Clinton in her dealings with Russia. "Don Jr.'s takeaway from this communication was that someone had information potentially helpful to the campaign and it was coming from someone he knew," he said.

The involvement of the Agalarovs brings the meeting closer to Trump's past business interests and to the Kremlin. Trump has spent time with both Emin Agalarov and his father — appearing in a music video for the pop singer that was filmed at the Moscow Ritz-Carlton hotel in 2013.

The Agalarovs are also close to Russian President Vladimir Putin. Aras Agalarov's company has been awarded several large state building contracts, and shortly after the 2013 pageant, Putin awarded the elder Agalarov the "Order of Honor of the

Russian Federation," a prestigious designation.

A spokesman for the Agalarovs declined to comment Monday.

Emin Agalarov told The Post in an interview in April 2016 that he had spoken with Trump numerous times about the need to build stronger ties between Russia and the United States.

"He kept saying: 'Every time there is friction between United States and Russia, it's bad for both countries. For the people to benefit, this should be fixed. We should be friends,'" Agalarov said about his conversations with Trump.

Agalarov said then that he and his father had met Trump after reaching out to the Miss Universe company to hire models for

one of his music videos. Later, they decided to bid to bring the pageant to Moscow, ultimately paying about \$14 million to host the event.

He said they continued to be friendly with Trump, including sending him a note to wish him good luck on Super Tuesday on March 1, 2016.

"I wish he's going to become president of the United States, not because I have a personal interest, but I think he's going to be actually good for the Americans and Russians," Agalarov said in the 2016 interview.

In March, Emin Agalarov told Forbes that Trump wrote him a note in November after he congratulated him on his election win and that he

and Trump Jr. had exchanged messages as recently as January.

"Now that he ran and was elected, he does not forget his friends," Agalarov told Forbes.

On Monday, the Kremlin said it was unaware of the meeting between Trump Jr. and the Russian lawyer.

Asked about the meeting, Putin's spokesman, Dmitry Peskov, told reporters that the Kremlin does not know the lawyer and that the Kremlin "cannot keep track of every Russian lawyer and their meetings domestically or abroad."

The day's most important stories.

"We do not know who that is," Peskov said of Veselnitskaya.

Veselnitskaya has for the past several years been a leading advocate around the world to fight policies imposed on Russia for alleged human rights abuses, policies that Putin and other leading Russian officials have vehemently opposed.

Trump officials have vigorously denied that they colluded with Russia in any way.

David Filipov and Natalya Abbakumova in Moscow and Philip Rucker, Ashley Parker and Brian Murphy in Washington contributed to this report.

**The  
Washington  
Post**

## Trump Jr. is now at the center of the Russia controversy — and always ready to fight (UNE)

Donald Trump Jr., the eldest of the president's five children, played a familiar role on his father's behalf last July, vociferously dismissing as "disgusting" and "phony" any suggestion that the Russians were attempting to aid his father's presidential campaign.

The month before that CNN interview, however, Trump Jr. himself had convened a meeting in Trump Tower with a Russian lawyer who promised to provide damaging information about Democratic challenger Hillary Clinton.

Trump Jr.'s new acknowledgment that the meeting occurred and his shifting explanations of what it entailed have thrust him into the spotlight of the biggest controversy surrounding his father's presidency: investigations of possible collusion during last year's election between the Trump campaign and Russia.

The centrality of his role was underscored Monday afternoon with word that Trump Jr., 39, had retained a criminal defense lawyer, New York-based Alan S. Futerfas, whose past clients have included embattled politicians, computer hackers and alleged organized-crime associates.

The stakes grew higher still with a New York Times report Monday night that Trump Jr. was informed in an email that the promised material was part of a Russian government effort to aid his father's candidacy.

President Trump's eldest son admitted on July 9 to meeting with a Russian lawyer during the 2016 presidential campaign, after she promised him damaging information about Hillary Clinton. The revelation comes after months of the White

House denying campaign contacts with Russians. President Trump's eldest son met with a Russian lawyer during the 2016 presidential campaign after being promised damaging information about Hillary Clinton. (Jenny Starrs/The Washington Post)

(Jenny Starrs/The Washington Post)

Unlike his sister Ivanka Trump and her husband, Jared Kushner — both of whom have top White House jobs — Trump Jr. chose to stay behind in Manhattan after the election, taking control with his brother Eric Trump of the president's business interests. He has been a relatively infrequent visitor to Washington, appearing only at select events, including the nomination of Judge Neil M. Gorsuch to the Supreme Court and the White House Easter Egg Roll.

*[Trump Jr.'s meeting with Russian lawyer said to have been set up by family with Kremlin ties]*

But that has hardly diminished Trump Jr.'s fierce loyalty and outspoken advocacy for his father's political interests. On talk radio and Twitter, he has become omnipresent — taking on Democrats, the media and anyone else perceived to be standing in his father's way, often in terms at least as provocative as those of the president himself.

"He can say basically what everyone's thinking but may feel constrained about saying because of their official positions," said one adviser to President Trump who spoke on the condition of anonymity to talk more freely.

Over the weekend, as the president took flak for briefly turning over his chair at the Group of 20 summit in Hamburg to Ivanka Trump, Trump Jr. took aim at critics of his father and his sister.

"She is VERY smart & eloquent. You can belittle her all you want w your snark, but we all know 1 on 1 she way out of your league," Trump Jr. said on Twitter in response to Republican consultant Ana Navarro, who had mocked his sister's time in the chair.

Trump Jr. took to Twitter several times again Monday in his own defense.

He started the day on a sarcastic note, responding to the news, first reported by the New York Times, that he had arranged a meeting with a Russian lawyer with ties to the Kremlin claiming to have dirt on Clinton.

"Obviously I'm the first person on a campaign to ever take a meeting to hear info about an opponent," Trump Jr. wrote, adding, "Went nowhere but had to listen."

Later, he sought to rebut the notion that his explanation for the meeting had changed.

Trump Jr. initially said Saturday that the meeting was about an adoption program that the Kremlin had cut off in retaliation for a U.S. law that targeted Russian human rights abusers. But in a statement Sunday, Trump Jr. said an acquaintance asked him to meet with lawyer Natalia Veselnitskaya because she claimed to have information about Clinton.

"No inconsistency in statements, meeting ended up being primarily about adoptions," Trump Jr. said. "In response to further Q's I simply provided more details."

*[The Fix: Trump Jr. contradicted previous White House denials of Russian contacts]*

Still later Monday, he responded to a report that the Senate Intelligence Committee wants to interview him, tweeting, "Happy to work with the committee to pass on what I know."

Trump Jr. grew up in Trump Tower and graduated from his father's alma mater, the Wharton School at the University of Pennsylvania, before rising through the ranks of the Trump Organization. He appeared as a boardroom adviser on "The Apprentice," his father's hit reality show on NBC.

Trump Jr. was introduced to his wife, Vanessa Haydon, by his father, and the couple were married at Trump's Mar-a-Lago Club in Palm Beach, Fla.

But he has also carved out an identity independent of his father. Growing up, he spent summers hunting with his grandfather in what was then Czechoslovakia. He remains an avid hunter, as comfortable in the halls of a National Rifle Association convention as with the Manhattanites with whom his father surrounded himself in business.

During the campaign, Trump Jr. was frequently dispatched to gun-loving and flag-waving areas in red states, while Ivanka Trump was sent to woo suburbanites.

Barry Bennett, a Republican operative who advised Donald Trump during the general election campaign, said his eldest child was particularly effective because “he wasn’t worried about what his father’s campaign would mean to him or his brand.”

Trump Jr.’s speech at the Republican National Convention in Cleveland provided a breakout moment of sorts as he praised his father’s “unrelenting determination” and prompted speculation about a career ahead for him in politics — a notion he played down.

Besides political commentary, Trump Jr.’s Twitter feed has also featured windows into other aspects of his life. In February, he relayed that his wife had “dragged” him to the movie “Fifty Shades Darker” and he noted that he was “the only guy in an otherwise packed theater.”

“It’s two hours of my life I’ll never get back,” Trump Jr. wrote.

*[Inside Trump’s financial ties to Russia and his unusual flattery of Putin]*

His father’s campaign was Trump Jr.’s first real foray into politics, and an adviser to President Trump on Monday characterized the meeting on June 9, 2016, with the Russian lawyer as a “rookie mistake.”

“It’s something that someone who’s never been around politics, particularly at the presidential level, might do but the rest of us would not,” said the

adviser, who spoke on the condition of anonymity to more candidly discuss the episode.

The meeting was also attended by Kushner and the campaign’s chairman at the time, Paul Manafort. The adviser said it was particularly unwise to expose Manafort to a meeting with someone whom Trump Jr. claims not to have known.

Another Trump adviser described Trump Jr.’s actions as “well-meaning but naive.”

“You have to remember, the campaign was very unsophisticated at that point,” said the second adviser, who spoke on the condition of anonymity to talk more candidly. “It wasn’t that surprising that someone would be able to get a meeting. There wasn’t the kind of vetting going on that should have been.”

The meeting was the latest involving Russians that Trump associates initially failed to disclose. It also stood out because of the involvement of key players in the president’s inner circle.

As an executive in his father’s company, Trump Jr. was active in pursuing Trump Organization business prospects in Russia. He traveled to Moscow along with Ivanka Trump in 2006 and also helped pitch Trump-branded real estate to Russians.

“Russians make up a pretty disproportionate cross-section of a

lot of our assets,” Trump Jr. told a real estate conference in 2008, according to a trade publication. “We see a lot of money pouring in from Russia.”

In the speech, he said he had traveled to Russia half a dozen times in the previous 18 months.

In October 2016, just weeks before his father’s election, Trump Jr. delivered a paid speech in Paris to a group whose leaders are close to Russia.

*[Analysis: Trump Jr. digs himself deeper]*

The speech was in front of the Center of Political and Foreign Affairs, an advocacy group founded by a French businessman and his partner who are known in France to work closely with Russian business interests.

The partner, Randa Kassis, told the Wall Street Journal in November that shortly after the election, she traveled to Moscow and held the dinner with Trump Jr. and an official in the Russian foreign ministry.

A spokeswoman for the president’s son has previously responded to questions about the event by noting that Trump Jr. has been giving paid speeches for over a decade, discussing a “range of topics.”

In an interview with the New York Times in March, Trump Jr. denied participating in any campaign-related meetings with Russian nationals.

“Did I meet with people that were Russian? I’m sure, I’m sure I did,” he said. “But none that were set up. None that I can think of at the moment. And certainly none that I was representing the campaign in any way, shape or form.”

Trump Jr.’s responses to news reports of recent days about his meeting with Veselnitskaya were notable for his protection of those around him.

The day’s most important stories.

By Sunday, Trump Jr. was acknowledging the meeting with Veselnitskaya — but also said that his father knew nothing about it and that he had asked Kushner and Manafort to attend without telling them what it was about.

In a tweetstorm of his own on Monday morning, President Trump went on the attack against a range of targets — from Chelsea Clinton to former FBI director James B. Comey — but made no mention of his son’s plight.

On Saturday, as the story was still evolving, Trump Jr. showed some of the combativeness he has often exhibited on Twitter.

“I love being attacked by pundits who somehow make a living in politics but haven’t been right about anything in 2 years,” he wrote. “So out of touch!”

## The New York Times Editorial : The Culture of Dishonesty

At a critical juncture in Donald Trump’s presidential campaign last year, his son Donald Trump Jr. met with Natalia Veselnitskaya, a Kremlin-connected Russian lawyer who promised to share political dirt on Hillary Clinton. Paul Manafort, Mr. Trump’s campaign chairman at the time, and Jared Kushner, Mr. Trump’s son-in-law and a key strategist, also attended.

The June 9, 2016, meeting is of obvious interest to Robert Mueller III, the Justice Department special counsel investigating the Trump team’s potential involvement in Russia’s effort to influence the presidential election. In two clumsy statements over the weekend, the younger Mr. Trump on Saturday said the meeting was related to Russia’s freezing of an adoption program popular with Americans. When confronted a day later with a Times story citing authoritative sources that Ms. Veselnitskaya had promised damaging material on

Mrs. Clinton, he said that the information she supplied was essentially meaningless and merely a “pretext” for discussing the adoption issue.

On the face of it, this seemed a clear though perhaps unintended admission by Donald Trump Jr. that he had gone into the meeting expecting damaging information, and the episode is clearly grist for Mr. Mueller’s mill. As is a report Monday night by The Times that the president’s son had received an email saying Ms. Veselnitskaya’s information came from Moscow. But his shifty statements are also further evidence of how freely his father and the people around the president contort the truth. Only six months in, President Trump has compiled a record of dishonesty — ranging from casual misstatements to flat-out lies — without precedent in the modern presidency. Equally disheartening is his team’s willingness to share in his mendacity.

On Sunday, before Donald Trump Jr. acknowledged that there was a Clinton-related aspect to the meeting, Reince Priebus, the White House chief of staff, was on Fox News suggesting that the Veselnitskaya episode was “a big nothingburger” for the Trump campaign.

If a culture of dishonesty takes root in an administration, how can Americans believe anything its officials say? Take, for instance, the matter of whether President Vladimir Putin of Russia personally directed Moscow’s hacking of the 2016 presidential election. In statements dating from his first days in office until the eve of his meeting with Mr. Putin in Germany last week, when he said “nobody really knows,” Mr. Trump has deflected and sought to discredit his own intelligence agencies’ finding that Moscow, at Mr. Putin’s direction, tried to disrupt the election to help him win. Rex Tillerson, the secretary of state, said after the American and Russian presidents

met in Hamburg that they “had a very robust and lengthy exchange on the subject” and that Mr. Trump had “pressed” Mr. Putin on the issue. Later, Mr. Trump made much the same claim on Twitter. The Russian foreign minister, Sergey Lavrov, had quite a different version of the facts, suggesting that Mr. Trump had characterized the hacking controversy as a “campaign” against Russia in which “not a single fact has been produced.” So whom should Americans believe? In a more credible administration, who would ever ask?

On Monday, Donald Trump Jr. hired a lawyer, while maintaining on Twitter that he’d been forthright in answering questions about the meeting last year. Meanwhile, Sarah Huckabee Sanders, deputy press secretary, blew more smoke: The “only thing I see inappropriate” about the meeting, she said, is that it was leaked to the media.

## Trump Jr. Was Told in Email of Russian Effort to Aid Campaign (UNE)

Matt Apuzzo, Jo Becker, Adam Goldman and Maggie Haberman

WASHINGTON — Before arranging a meeting with a Kremlin-connected Russian lawyer he believed would offer him compromising information about Hillary Clinton, Donald Trump Jr. was informed in an email that the material was part of a Russian government effort to aid his father's candidacy, according to three people with knowledge of the email.

The email to the younger Mr. Trump was sent by Rob Goldstone, a publicist and former British tabloid reporter who helped broker the June 2016 meeting. In a statement on Sunday, Mr. Trump acknowledged that he was interested in receiving damaging information about Mrs. Clinton, but gave no indication that he thought the lawyer might have been a Kremlin proxy.

Mr. Goldstone's message, as described to The New York Times by the three people, indicates that the Russian government was the source of the potentially damaging information. It does not elaborate on the wider effort by Moscow to help the Trump campaign.

There is no evidence to suggest that the promised damaging information was related to Russian government computer hacking that led to the release of thousands of Democratic National Committee emails. The meeting took place less than a week before it was widely reported that Russian hackers had infiltrated the committee's servers.

But the email is likely to be of keen interest to the Justice Department and congressional investigators, who are examining whether any of President Trump's associates colluded with the Russian government to disrupt last year's election. American intelligence agencies have determined that the Russian government tried to sway the election in favor of Mr. Trump.

The Times first reported on the existence of the meeting on Saturday, and a fuller picture has emerged in subsequent days.

Alan Futerfas, the lawyer for the younger Mr. Trump, said his client had done nothing wrong but pledged to work with investigators if contacted.

"In my view, this is much ado about nothing. During this busy period, Robert Goldstone contacted Don Jr. in an email and suggested that people had information concerning alleged wrongdoing by Democratic

Party front-runner, Hillary Clinton, in her dealings with Russia," he told The Times in an email on Monday. "Don Jr.'s takeaway from this communication was that someone had information potentially helpful to the campaign and it was coming from someone he knew. Don Jr. had no knowledge as to what specific information, if any, would be discussed."

It is unclear whether Mr. Goldstone had direct knowledge of the origin of the damaging material. One person who was briefed on the emails said it appeared that he was passing along information that had been passed through several others.

Jared Kushner, Mr. Trump's son-in-law, and Paul J. Manafort, the campaign chairman at the time, also attended the June 2016 meeting in New York. Representatives for Mr. Kushner referred requests for comments back to an earlier statement, which said he had voluntarily disclosed the meeting to the federal government. He has deferred questions on the content of the meeting to Donald Trump Jr.

A spokesman for Mr. Manafort declined to comment.

But at the White House, the deputy press secretary, Sarah Huckabee Sanders, was adamant from the briefing room lectern that "the president's campaign did not collude in any way. Don Jr. did not collude with anybody to influence the election. No one within the Trump campaign colluded in order to influence the election."

The president, a prolific Twitter user, did not address his son's controversy on Monday, and instead sought to highlight other issues throughout the morning.

In a series of tweets, the president's son insisted he had done what anyone connected to a political campaign would have done — hear out potentially damaging information about an opponent. He maintained that his various statements about the meeting were not in conflict.

"Obviously I'm the first person on a campaign to ever take a meeting to hear info about an opponent... went nowhere but had to listen," he wrote in one tweet. In another, he added, "No inconsistency in statements, meeting ended up being primarily about adoptions. In response to further Q's I simply provided more details."

The younger Mr. Trump, who had a reputation during the campaign for having meetings with a wide range of people eager to speak to him, did

not join his father's administration. He runs the family business, the Trump Organization, with his brother Eric.

On Monday, after news reports that he had hired a lawyer, he indicated in a tweet that he would be open to speaking to the Senate Intelligence Committee, one of the congressional panels investigating Russian meddling in the election. "Happy to work with the committee to pass on what I know," the younger Mr. Trump wrote.

Mr. Goldstone represents the Russian pop star Emin Agalarov, whose father was President Trump's business partner in bringing the Miss Universe pageant to Moscow in 2013. In an interview Monday, Mr. Goldstone said he was asked by Mr. Agalarov to set up the meeting with Donald Trump Jr. and the Russian lawyer, Natalia Veselnitskaya.

"He said, 'I'm told she has information about illegal campaign contributions to the D.N.C.,'" Mr. Goldstone recalled, referring to the Democratic National Committee. He said he then emailed Donald Trump Jr., outlining what the lawyer purported to have.

But Mr. Goldstone, who wrote the email over a year ago, denied any knowledge of involvement by the Russian government in the matter, saying that never dawned on him. "Never, never ever," he said. Later, after the email was described to The Times, efforts to reach him for further comment were unsuccessful.

In the interview, he said it was his understanding that Ms. Veselnitskaya was simply a "private citizen" for whom Mr. Agalarov wanted to do a favor. He also said he did not know whether Mr. Agalarov's father, Aras Agalarov, a Moscow real estate tycoon known to be close to President Vladimir V. Putin of Russia, was involved. The elder Mr. Agalarov and the younger Mr. Trump worked together to bring a Trump Tower to Moscow, but the project never got off the ground.

Mr. Goldstone also said his recollection of the meeting largely tracked with the account given by the president's son, as outlined in the Sunday statement Mr. Trump issued in response to a Times article on the June 2016 meeting. Mr. Goldstone said the last time he had communicated with the younger Mr. Trump was to send him a congratulatory text after the November election, but he added that he did speak to the Trump Organization over the past

weekend, before giving his account to the news media.

Donald Trump Jr., who initially told The Times that Ms. Veselnitskaya wanted to talk about the resumption of adoption of Russian children by American families, acknowledged in the Sunday statement that one subject of the meeting was possibly compromising information about Mrs. Clinton. His decision to move ahead with such a meeting was unusual for a political campaign, but it was consistent with the haphazard approach the Trump operation, and the White House, have taken in vetting people they deal with ahead of time.

But he said that the Russian lawyer produced nothing of consequence, and that the meeting ended after she began talking about the Magnitsky Act — an American law that blacklists Russians suspected of human rights abuses. The 2012 law so enraged Mr. Putin that he halted American adoptions of Russian children.

Mr. Goldstone said Ms. Veselnitskaya offered "just a vague, generic statement about the campaign's funding and how people, including Russian people, living all over the world donate when they shouldn't donate" before turning to her anti-Magnitsky Act arguments.

"It was the most inane nonsense I've ever heard," he said. "And I was actually feeling agitated by it. Had I, you know, actually taken up what is a huge amount of their busy time with this nonsense?"

Ms. Veselnitskaya, for her part, denied that the campaign or compromising material about Mrs. Clinton ever came up. She said she had never acted on behalf of the Russian government. A representative for Mr. Putin said on Monday that he did not know Ms. Veselnitskaya, and that he had no knowledge of the June 2016 meeting.

Ms. Sanders said at a news briefing that the American president had learned of the meeting recently, but she declined to discuss details.

The White House press office, however, accused Mrs. Clinton's team of hypocrisy. The office circulated a January 2017 article published in Politico, detailing how officials from the Ukrainian government tried to help the Democratic candidate conduct opposition research on Mr. Trump and some of his aides.

News of the meeting involving the younger Mr. Trump, Mr. Kushner and Mr. Manafort blunted whatever good feeling the president's team had after his trip to Europe for the Group of 20 economic summit meeting.

The president learned from his aides about the 2016 meeting at the end of the trip, according to a White House official. But some people in the White House had known for several days that it had occurred, because Mr. Kushner had revised

his foreign contact disclosure document to include it.

about Russia that had swamped the news cycle.

The president was frustrated by the news of the meeting, according to a person close to him — less over the fact that it had happened, and more because it was yet another story

**The  
Washington  
Post**

## Robinson : Donald Jr.'s meeting is a legal game-changer

From now on, ignore the conventional

National News Alerts

Major national and political news as it breaks.

wisdom about how the Russia scandal is not "resonating" with President Trump's still-loyal base. The question at this point is what strikes a chord with special counsel Robert S. Mueller III — and what kind of legal jeopardy Trump's closest associates, including his eldest son and son-in-law, might eventually face.

The meeting with Natalia Veselnitskaya was first reported Saturday by the New York Times. Initially, Trump Jr. told the newspaper that the "short" meeting was to discuss "a program about the adoption of Russian children." On Sunday, however, he acknowledged that he had agreed to the meeting because he had been told that Veselnitskaya "might have information helpful to the campaign." The lawyer's dirt about Clinton was "vague, ambiguous and made no sense," however, and Trump Jr. ended the meeting after "20 to 30 minutes."

Trump spent Monday morning live-tweeting fawning segments from his favorite cable news show, "Fox & Friends." Within the cozy confines of that alternate universe, the story "everyone is still talking about" was said to be video of the president, before boarding his helicopter at Andrews Air Force Base, retrieving a Marine's wind-blown hat.

The meeting came amid what U.S. officials describe as a Russian campaign of hacks, leaks and disinformation designed to help Trump win the election. After months of categorical denials, we now have an admission of attempted collusion, at least, involving three top-ranking figures in the Trump campaign.

In Mueller's office suite, though, I'm confident there was much more talk about Donald Trump Jr.'s stunning admission over the weekend: In June of last year, he summoned Trump's then-campaign chairman, Paul Manafort, and Trump's son-in-law, Jared Kushner, to a meeting at Trump Tower with a Russian lawyer — described as having close connections with the Kremlin — in hopes of receiving derogatory information about Hillary Clinton.

Despite what Trump apologists may say, it is not normal practice for a campaign to welcome information undermining an opponent, regardless of the source. In 2000, the Al Gore campaign was anonymously sent briefing books and a video that George W. Bush had used to prepare for an

upcoming debate. Gore campaign officials immediately turned the material over to the FBI — which opened a criminal investigation.

Veselnitskaya is best known as a tireless crusader for repeal of the Magnitsky Act, a 2012 law blacklisting Russian officials believed responsible for the death of a well-known human rights activist. When President Barack Obama signed the law, Russian President Vladimir Putin was so vexed that he halted U.S. adoptions of Russian children in retaliation. It is safe to assume that if Veselnitskaya raised the subject of adoptions, as Trump Jr. says, it was part of an argument against the Magnitsky law.

Is this all too complicated for voters to follow? Would Americans beyond the Beltway rather hear about jobs or health care? Perhaps so. But the questions that should be concentrating the minds of the president's inner circle are legal, not political — and Mueller's high-powered team of lawyers is experienced at connecting dots.

The Veselnitskaya meeting is just one of several encounters with Russians that apparently slipped Kushner's mind when he filled out disclosure forms required for his White House post. It came to light only after he amended those forms — and someone familiar with their contents dropped a dime to the

Times. Trump Jr. said in March that he had had no meetings with Russians "that were set up . . . and certainly none that I was representing the campaign in any way, shape or form." Do you find it remotely believable that he somehow forgot a meeting that he set up, between a party-line Russian lawyer and the campaign? Neither do I.

Trump Jr. said in a statement Sunday that he had been asked by an acquaintance to arrange the meeting; he claimed not even to have known Veselnitskaya's name beforehand, let alone anything about her. He said that he did not tell Manafort or Kushner of the meeting's purpose in advance, and that his father had no idea the meeting was taking place.

At the time, Manafort was running a presidential campaign — roughly like being at the vortex of a tornado — and Kushner was one of the campaign's chief advisers. The idea that they could spare even five minutes to meet an unknown person about an unknown subject is absurd. But that's Trump Jr.'s story, and he's sticking to it.

Manafort and Kushner had already retained high-powered lawyers. It's no surprise that on Monday, Trump Jr. did the same.

**The  
Washington  
Post**

## Editorial : The Trump campaign's attempted collusion

FOR MONTHS, the Donald Trump campaign and then the Trump administration not only have cast doubt on the facts of Russian interference in the 2016 election but also have denied there was contact between Russian agents and Trump surrogates. We now know that this insistence was at best highly misleading. Top Trump officials met with a Kremlin-allied Russian lawyer in June 2016 — and they did so with the express hope of receiving compromising information about their Democratic rival. This represents a grave new set of facts in the ongoing investigation into possible Russian-Trump collusion.

Mr. Trump had clinched the Republican presidential nomination but before the convention. Russian lawyer Natalia Veselnitskaya, who has campaigned against Western-imposed sanctions on Russia, met with Mr. Trump's closest advisers: his eldest son, Donald Trump Jr.; his son-in-law, Jared Kushner; and the Trump campaign chairman at the time, Paul Manafort. The meeting was suggested, as The Post reported Monday, by a Russian pop star whose family has business ties both to the Russian government and to Mr. Trump.

For months, officials failed to disclose this meeting. When the record was corrected, they then mischaracterized its purpose. Mr. Trump Jr. and Reince Priebus, the White House chief of staff, passed it

off as "a nothing meeting," as Mr. Priebus said Sunday, that was "apparently about Russian adoption" — meaning about a controversy over whether foreigners could adopt Russian orphans. But hours later, after further reporting by the Times, the younger Mr. Trump admitted that he attended because he had been promised damaging material about the Hillary Clinton campaign. The Times further reported Monday night that he was informed that any such material "was part of a Russian government effort to aid his father's candidacy."

The big stories and commentary shaping the day.

It will be up to federal prosecutors to determine whether federal conspiracy laws or election laws

barring campaigns from soliciting help from foreigners have been implicated. What we already can say is that the plausibility of the Trump camp's narrative, in which any underhanded Russian assistance came without the campaign's witting participation, is eroding. The president's associates must now explain interactions with Russians that they previously insisted never took place.

Mr. Trump Jr. claimed that he did not know the name of the person he would be meeting. His statement on the matter also indicated that, upon learning with whom he was meeting, he ended the encounter after it "became clear that she had no meaningful information." If he had the proper concern about foreign influence on the election

system, not to mention election law, he would have immediately ended any meeting premised on the offer of campaign help when learning the other party was a Russian national.

The latest revelations only intensify the questions surrounding Mr. Trump's firing of FBI Director James



## Lawyers: Donald Trump Jr. Is Getting Terrible Legal Advice

Betsy Woodruff

The legal advice—or lack thereof—that Donald Trump Jr. is getting has criminal defense attorneys scratching their heads and suspecting he's making matters worse for himself.

Over the course of the 48-hour period in which he found himself at the center of the Russia investigation, the president's oldest son was either receiving terrible legal advice, ignoring good legal advice, or not getting any legal advice at all, according to the estimation of career attorneys. And the damage he did to himself in that window of time could dog him for months.

It all started on Saturday, when the *New York Times* first reported that Don Jr. had met with a Kremlin-linked lawyer at Trump Tower during the campaign. Don Jr. tried, unsuccessfully, to downplay its significance. When the paper followed up that first report with another item indicating he agreed to the meeting in hopes of getting information the campaign could use against Hillary Clinton, Don Jr. did something very, very strange: He himself confirmed all the *New York Times*' reporting and gave them additional details about the meeting.

"After pleasantries were exchanged, the woman stated that she had information that individuals connected to Russia were funding the Democratic National Committee and supporting Mrs. Clinton," Trump told the paper. "Her statements were vague, ambiguous and made no sense. No details or supporting information was provided or even

B. Comey after Mr. Comey, according to his own testimony, declined to pledge personal loyalty to the president. They also intensify the urgency of a careful Senate vetting of Mr. Trump's nominee to replace Mr. Comey, Christopher Wray, who will testify before the

offered. It quickly became clear that she had no meaningful information."

Renato Mariotti, a former federal prosecutor, told *The Daily Beast* that Don Jr.'s comment wasn't very smart.

"He's stupid for saying what he said about why he took the meeting," said Mariotti, who now does criminal defense work at Thompson Coburn.

"It's very hard for me to believe that any lawyer would advise him to make a public statement containing factual assertions about what happened in a meeting with an agent of the Russian government," he added. "What's more likely is that Donald Trump Jr. spoke without consulting legal counsel."

It was also deeply unwise for him to speak for himself, according to Scott Greenfield, a New York criminal defense attorney. Lawyers usually speak for their clients in these situations to keep them from saying something that could hurt them in court. That's why Jared Kushner and Michael Flynn are keeping mum about the Russia probe: They have good lawyers and appear to be following their advice. Not so, at least over the weekend, for Don Jr.

Mariotti said Don Jr.'s one-man legal team—comprised of New York attorney Alan Futerfas, according to Reuters—is also curious. Futerfas has extensive criminal defense in New York, including on Securities and Exchange Commission investigations, but isn't admitted to the D.C. bar, and helms a tiny three-lawyer practice.

"This is a case that could be very complex and could involve rarely

Senate Judiciary Committee on Wednesday. Mr. Wray must commit to the independence of the FBI by detailing any conversations he had with Mr. Trump, and in particular whether the president asked him for his loyalty. He must be able to say that he made no such commitment.

charged statutes and factual situations that are unprecedented," Mariotti said. "If Bob Mueller is going to have dozens of lawyers and investigators on his side, if I were the subject of his inquiry, I would want to have more than one person on my side."

And that one person has his work cut out for him. On Monday afternoon, he tweeted that he would happily "work with" the Senate Intelligence Committee on their Russia probe. And it made criminal defense attorneys cringe.

"A good lawyer would have advised him to stop talking, stop tweeting, stop giving comments of any type or description until we have a firm grasp of what all the facts are," said Greenfield. "Regardless of anything, you don't go shooting off your mouth until you have a clear idea of what's at stake."

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"He doesn't have any intention of following his lawyer's instructions," Greenfield added. "It seems remarkably typical of what is coming out of the administration, from a

And he must promise that he will do everything to cooperate with, and nothing to impede, the special counsel's Russia investigation.

legal viewpoint. It's insanely asinine."

Mariotti added that lawyers usually go through all their clients' communications—emails, texts, voicemails, etc.—before making any commitments about cooperating with investigators. The process usually takes a day, at the least. But Don Jr. announced his eagerness to help out the Senate committee less than three hours after Sen. Susan Collins called on him to testify.

Lawyers who spoke with *The Daily Beast* agreed that one person who seems to be receiving and following very good legal advice is Jared Kushner. The president's son-in-law doesn't tweet, rarely if ever makes public statements, and has Washington superlawyer Jamie Gorelick—who is friendly with Mueller himself—on retainer to handle the probe.

"In terms of reacting to the allegations, he appears to be either smarter to begin with or smarter in terms of listening to lawyers," said Ken White, who does federal criminal defense work in Los Angeles and was formerly an assistant U.S. attorney. "In terms of doing things, maybe not so much—in terms of taking meetings he shouldn't take."

Don Jr.'s decision to finally lawyer up may mean his Twitter feed is less interesting. But it won't undo the damage he did in the past two days.



## McFaul : Why deciding to 'move forward' with Putin is a big mistake

In his readout of the first meeting between President Trump and Russian President Vladimir Putin, Secretary of State Rex Tillerson praised the desire of both presidents to forget about the past — and move on. Regarding Putin's denial of interfering in our 2016 president elections, Tillerson stated, "I think what the two presidents, I think rightly, focused on is how do we move forward; how do we move

forward from here. Because it's not clear to me that we will ever come to some agreed-upon resolution of that question between the two nations."

All new American presidents desire a fresh start, regarding both domestic policies and foreign diplomacy. That's part of the reason that we elect new leaders; we want change. But applying this impulse to Russian-American relations today serves Putin's interests, not ours.

This prescription for improving our bilateral relations implies a false sense of shared ownership for past causes of conflict. That's wrong. It has been Putin's actions, not decisions taken by Presidents Barack Obama or George W. Bush, that have contributed directly to the most contentious issues in U.S.-Russia relations today, as well as the tensions between Russia and many of our allies. To pledge to forget about these problems created by Putin lets the Kremlin off the

hook without generating any positive outcome for the United States in return. That's a bad deal for the American people and our allies. In fact, it's not a deal at all — it's a perfect gift to Putin.

Most obviously, Putin solely created the contentious "question" (Tillerson's euphemism, not mine) in our bilateral relations regarding Russian interference in our 2016 presidential elections. Obama did not spark this confrontation; Putin

did so single-handedly. To remove this issue from the agenda of U.S.-Russia relations in the name of fostering future cooperation is complete capitulation. Trump and Putin can agree to disagree about policies, but we cannot agree to disagree about facts, especially when those facts concern the violation of American sovereignty.

The best conversations on The Washington Post

Similarly, Putin created our current bilateral impasse over Ukraine, not Obama. Putin made the decision to occupy and annex Crimea, and intervened in eastern Ukraine to assist the separatist movement there. Obama, our NATO allies and other world leaders who believe in international law reacted to Putin's actions, not the other way around. To pretend that the United States and Russia are equal, neutral partners in trying to resolve this crisis today, or equal culprits in creating the conflict in the first place, is simply not true. Trump and his administration cannot just forget this tragic recent history that Putin himself made in the name of better relations with Putin.

In Syria, Putin did not start this horrible conflict, but his actions most certainly contributed to the problem, both inside that broken country and between the United States and Russia. At the beginning of the Arab Spring, Putin could have used his influence to help push out Syrian leader Bashar al-Assad, leaving intact parts of the government, not unlike what Obama did regarding longtime American ally Hosni Mubarak in Egypt in 2011. To be sure, those of us hopeful for democracy in the wake of Mubarak's ouster have been deeply disappointed. But Egyptians are much better off today than Syrians; who knows what carnage might have erupted in Egypt had Obama doubled down in support of Mubarak. But that's exactly what Putin did with Assad, sparking first a civil war and then an even wider war with foreign terrorist organizations participating on both sides. And when Assad began to lose, after killing hundreds of thousands of innocent civilians, Putin intervened militarily to save his Syrian ally. To forget about this history or, worse yet, to suggest that Russia's approach to Syria is better

than ours — as the Trump administration has now done — ignores Russian participation in these crimes.

For any other American president, Putin's erosion of democracy within Russia might be another issue of contention in U.S.-Russia relations again created by the Kremlin, not the White House. Trump's complete indifference to this issue, however, means that he already has removed this agenda item from U.S.-Russia relations.

There may be some marginal grievances from the Obama administration that the Russian government would point to and might say have to be forgotten in the quest to improve relations. Putin might bring up the signing of the Magnitsky Act in 2012 to punish human rights abusers. He might point to Obama's refusal to cooperate with Russia on missile defense, because he would not agree to put limits on U.S. systems. Or Montenegro's membership in NATO. Or Obama's refusal to release Russian criminal Viktor Bout from an American jail. Note, of course, that all these outcomes

served U.S. national interests and values. But these Russian grievances are small compared to Putin's messes. And neither Putin nor his Foreign Minister Sergei Lavrov pledged in Hamburg to forget about past differences as a step toward cooperation today. Putin is happy to accept our concessions without giving anything in return.

There are some difficult agenda items in U.S.-Russia relations not of Putin's making, including addressing North Korea's nuclear and missile programs. The two presidents must seek to cooperate in addressing this truly confounding challenge. Moreover, Trump and Putin can work to develop a common agenda based on mutual interests regarding other economic and security issues. But we can do so without wiping the past slate clean and without pretending to forget who caused these previous contentious issues in the first place.

Michael McFaul



## Editorial : Just because Trump has a blind spot on Russia doesn't mean the rest of the government has to

Despite claims by some officials in his administration that President Trump aggressively confronted Russian President Vladimir Putin about Russian interference in last year's American elections, it's abundantly evident that he continues to have what Sen. Lindsey Graham calls a "blind spot" about the subject.

It's equally obvious why that is so: Trump continues to see any acknowledgment of Russian meddling as undermining the legitimacy of his election victory. (The same insecurity underlies the creation of his administration's ill-conceived commission to investigate supposed voter fraud.)

After the president's meeting with Putin in Hamburg, Germany, on Friday, Secretary of State Rex Tillerson, who was also present, told reporters that Trump began the discussion by "raising the concerns of the American people regarding Russian interference." Nikki Haley, the U.S. representative to the United Nations, who wasn't at the meeting, went further, claiming that Trump told Putin: "We know you did it, and cut it out."

Trump's perverse reluctance to acknowledge Russia's role in seeking to disrupt the U.S. election justifies a greater role for Congress.

But Putin and his foreign minister, Sergei Lavrov, suggested that Trump accepted Putin's denial that Russia had interfered. Trump himself, in what has become the most authoritative means of communication for him, tweeted: "I strongly pressed President Putin twice about Russian meddling in our election. He vehemently denied it. I've already given my opinion."

And what is that opinion? On Thursday, the day before the meeting, Trump told reporters in Warsaw that "I think it could very well have been Russia" but that "it could well have been other countries."

So the blind spot remains. Trump is likely to become even more defensive on the subject now that it has been revealed that his son Donald Trump Jr. met last year with a Russian lawyer with ties to the Kremlin. The meeting, which also involved Trump's son-in-law Jared Kushner and his former campaign chairman Paul Manafort, was arranged after the lawyer, Natalia Veselnitskaya, indicated she had information that would be damaging to Hillary Clinton.

Fortunately, others in the administration — and members of Congress — are taking steps to control the damage to U.S. foreign policy caused by Trump's ego-

driven reluctance to acknowledge Russian interference in the election.

Take, for example, his naive announcement after the meeting with Putin that the U.S. and Russia had discussed joining together in what Trump called "an impenetrable Cyber Security unit so that election hacking, & many other negative things, will be guarded."

After the idea was savaged by fellow Republicans — including Graham, who said it was "not the dumbest idea I've ever heard, but it's pretty close" — Trump abruptly reversed course. "The fact that President Putin and I discussed a Cyber Security unit doesn't mean I think it can happen," he tweeted Sunday evening.

The president occasionally has been willing to criticize Russian behavior outside the context of the election. In his speech in Warsaw last week, he urged Russia to "cease its destabilizing activities in Ukraine and elsewhere, and its support for hostile regimes — including Syria and Iran." He suggested on Twitter that sanctions would not be lifted until "the Ukrainian & Syrian problems are solved!" In Ukraine over the weekend, Tillerson made it clear that sanctions would remain in place until Moscow reined in pro-

Russian separatists and removed weapons from eastern Ukraine.

Regardless of what the administration may say, members of both parties in Congress seem determined to make it difficult for the president to lift sanctions imposed on Russia not only for its annexation of Crimea and its support for separatists in Ukraine but also for meddling in the election. To punish Russia for the latter, former President Barack Obama ordered the expulsion of 35 Russian diplomats and closed two rural estates in Maryland and New York allegedly used by Russian spies.

Last month the Senate by a 98-2 vote approved legislation that would allow Congress to block a decision by the president to lift sanctions imposed on Russia; the House should follow suit. Ordinarily the president is entitled to considerable discretion in the management of foreign affairs, which is why sanctions legislation typically includes provisions for a presidential waiver. But Trump's perverse reluctance to acknowledge Russia's role in seeking to disrupt the U.S. election justifies a greater role for Congress. With a less self-obsessed and insecure president such vigilance wouldn't be necessary.



## POLITICO Fake news could prove vexing in Mueller probe

By Darren Samuelsohn

Robert Mueller's far-reaching Russia investigation is expected to delve into one of the biggest political phenomena of the Donald Trump era — fake news.

The special counsel's team is stacked with prosecutors and FBI agents well equipped to investigate the Moscow-connected Twitter bots and Facebook trolls that churned out campaign-related headlines boosting Trump's candidacy. And more than a dozen sources from Congress, law enforcement and white-collar criminal cases who are familiar with such probes say the question of potential collusion between Trump's aides and the invasive social media accounts is a crucial one.

Story Continued Below

"For sure," former FBI agent and counterterrorism expert Clinton Watts said when asked whether Mueller's focus would be on the Trump campaign's potential connections to the Russia-based online activity. "Where money and connections and influence come together is where it will play out."

"When they talk collusion that's one of the things they'll look at," added a former federal prosecutor. "The question will be: Did they do that all on their own or did they do that in coordination with the blessing, with a direction or any connection, to people from the campaign?"

But Mueller — who is keeping mum on the scope of his investigation — faces a steep challenge. He has to prove that Trump's aides and allies directly assisted the Russia-linked mischief makers, thereby running afoul of a federal law that prohibits presidential campaigns from accepting or coordinating contributions or expenditures — directly or indirectly — from foreign nationals.

"It's hard to imagine there wasn't some coordination on this," said Nick Akerman, a former federal prosecutor with expertise in computer technology and fraud cases and who worked on the Watergate special task force that helped force President Richard Nixon's resignation.

But he added, "I don't know if we have the ability to pin this down short of finding an insider who'd detail all this stuff...I'm just not convinced it's a very traceable sort of thing."

Social media researchers studying the 2016 race have concluded that

both real internet trolls and fake bot accounts preyed on American voters — more than 60 percent rely on social media for their political discussions — and helped create an echo chamber effect for false news stories, establishing perceived popularity, pumping up pro-Trump and anti-Clinton hashtags and even suppressing opposition.

In the weeks and months before the election, fake anti-Clinton headlines such as "Wikileaks CONFIRMS Hillary Sold Weapons to ISIS" and "FBI Agent Suspected in Hillary Email Leaks Found Dead in Apparent Murder-Suicide" proliferated, as did pro-Trump headlines including "Pope Francis Shocks World, Endorses Donald Trump for President."

By a 5 to 1 margin, pro-Trump automated Twitter activity outnumbered similar accounts for Clinton in the days leading up to the November election, according to a post-election analysis by Philip Howard, a professor at the Oxford Internet Institute. Another study by researchers from the University of Oxford and the University of Pennsylvania found that the biggest cluster of Trump-minded bots was nearly 4 times larger than any mechanisms pumping up Clinton.

As it pursues its investigation, Mueller's team has at its disposal the underlying assessments of the Central Intelligence Agency, FBI and National Security Agency, which in early January released a public report that stated Moscow led an "unprecedented" attack on the U.S. election blending covert hacking with open moves by state-funded Russian propaganda and paid social media users, or trolls — all in an attempt to help elect Trump.

Mueller — whose spokesman declined comment for this story — would likely take that conclusion further by examining whether the Trump campaign or his intermediaries delivered micro-targeted data to the Russian social media operators to help hone their messages, especially in critical swing states like Wisconsin, Michigan and Pennsylvania.

Social media experts say one of the most obvious pathways for Mueller and other investigators to understand what happened in 2016 should involve the major social media companies themselves.

In May, Howard and his colleague Robert Gorwa co-authored an op-ed in the Washington Post calling on the House Intelligence Committee to force Facebook's hand and

produce the underlying meta-data about any questionable accounts.

"If there was collusion between the Trump campaign and Russian influence operations, Facebook may be able to spot that too," they wrote. "In many ways, massive coordinated propaganda campaigns are just another form of election interference. If Facebook has data on this, it needs to share it."

Officials at Facebook confirmed they've been in touch with key congressional investigators looking into Russian interference in the 2016 election, including Senate Intelligence Committee ranking member Mark Warner, a Virginia Democrat who visited the company in late May at its Bay Area headquarters. But representatives from Facebook, as well as Twitter, declined to comment when asked if they'd had any interactions or were cooperating with Mueller's special counsel team.

Brad Parscale, the Trump's campaign's top digital strategist, also declined to answer a series of questions about the Russia investigation, though in previous interviews with other media outlets he has insisted the Republican's campaign didn't pay for bots during the presidential race. Asked by Fox News in May whether he'd noticed "anything weird" on social media during the campaign, Parscale responded "absolutely not," adding that the data Trump's campaign had been using "directly came from the Republican National Committee."

"The other side wants to believe this false narrative because they don't want to believe their candidate was so bad that this was even possible," Parscale said. "The truth is that data was already there and we just used it to beat a bad candidate with a great candidate."

According to a CNN report from last month, the House Intelligence Committee wants to interview Parscale as part of its Russia investigation. Both Democratic and GOP officials from the panel declined comment on whether an invitation has been sent.

Bots and trolls that overloaded Americans' social media accounts during last year's campaign has already come up repeatedly during Capitol Hill hearings, including a Senate Intelligence Committee hearing last month probing Russian interference in European elections.

"The ability to find a site that looks like a real news place, have them run a story that isn't true, have your

trolls begin to click on that story, it rises on Facebook as a trending topic, people start to read it, by the time they figure out it isn't true, a lot of people think it is," said Sen. Marco Rubio, the Florida Republican who lost in his 2016 primary race against Trump and who has complained that former members of his campaign were nearly victimized by Russian hackers as he launched his Senate re-election effort.

In an interview, House Intelligence Committee ranking member Adam Schiff (D-Calif.) said his panel is studying both how the Russia-based social media accounts operated during the 2016 campaign and "whether they had any help of U.S. persons, whether there was any coordination of those efforts either in the timing or targeting of those fake stories."

"It does concern me," Schiff said. "It is something we're looking at."

Whether either the Mueller or congressional investigators will be able to get to the bottom of the Russian social media accounts is unclear.

Watts, now a senior fellow at the Foreign Policy Research Institute, said he doesn't doubt Russian social media accounts were posing as conservative voters in the U.S. who supported Trump. But he's also not convinced Mueller will be able to find clear evidence of collusion between the Republican's campaign and Moscow. That's in part because the operators of those accounts are more than capable of doing their work without getting any inside data or intelligence from the Trump campaign. "You don't need Americans. You can do it from Russia," he said.

And even if Russian bots were operating in force in the 2016 cycle, some Republicans doubt they would have had much effect on voters.

"I think you can annoy people. I think you can push a news cycle. I think you can intimidate people even. But I don't think you can influence people," said Chris Wilson, a senior research and analytics strategist from the Ted Cruz 2016 campaign.

Democrats see things differently. In the closing days of the November election, then-President Barack Obama criticized the proliferation of fake news stories circulating online, arguing at a Michigan rally: "And people, if they just repeat attacks enough, and outright lies over and over again, as long as it's on Facebook and people can see it, as

long as it's on social media, people start believing it. And it creates this dust cloud of nonsense."

Ron Fein, legal director for the government watchdog group Free Speech for People, which has filed several investigation requests with the Federal Election Commission

## The New York Times

### Leonhardt : Health Reform, Both Real and Conservative

David Leonhardt

WARWICK, R.I. — The American health care system has two core problems. It's the world's most expensive, and it still leaves many people uninsured.

Congressional Republicans have not tried to solve either problem. They have instead offered a plan that cuts spending on the middle class and the poor, funnels the money into a tax cut for the affluent and masquerades as health policy.

One of the great shames of their approach is that a different one is available. Conservative health reform is not an oxymoron. Nor is bipartisan health reform. It's possible to combine conservative and liberal ideas to cover more people while holding down costs.

You can find a real-world case study here in Rhode Island.

The state is obviously a small one, but it has a lot in common with the rest of the country. Its poverty rate is similar to the nation's, and its opioid crisis is even worse. It has a strongly Democratic metropolitan area (Providence), while Donald Trump won the state's western half.

The story of health reform here involves both Republican and Democratic officials. It involves praise from the conservative Wall Street Journal and the liberal Center for American Progress. Most important, the story involves cost savings, fewer

seeking a probe of the Russian hacking, said the incessant pro-Trump and anti-Clinton social media messages were "like any type of influence or ad marketing campaign... designed to influence and it can often have subtle or even unconscious effects."

uninsured and a rising quality of care.

I've been covering Washington long enough to understand that Trump and Mitch McConnell aren't going to abandon their health care plan simply because it's a bad one. They have too much invested (and they believe deeply in upward income redistribution).

But if Republican holdouts in the Senate continue to block the plan, the health policy debate is eventually going to start fresh. When it does, we could use some role models.

Rhode Island's efforts started almost a decade ago. The governor, a Republican named Don Carcieri, asked the Bush administration for more flexibility with Medicaid in exchange for holding down costs.

It was classic conservatism: reduce federal rules, give states more autonomy and let them keep some of the savings. Yet, unlike the Senate bill, Rhode Island's plan didn't slash Medicaid carelessly. It came with safeguards, like ensuring that everyone eligible for Medicaid would keep coverage.

Carcieri made substantial progress, but costs were still a problem when Gina Raimondo, a Democrat, became governor in 2015. Medicaid accounts for close to one-third of Rhode Island's budget. It crowds out spending on schools, roads and other job-creating investments.

"heart-to-heart conversations" about how to revise the 2010 law.

Carper said the fact that the National Governors Association is holding its summer meeting in Providence, R.I., later this week could give governors a chance to weigh in on the debate.

The development shows Democrats moving beyond rhetorical calls for bipartisanship to insert themselves into a legislative process that Republicans have dominated. It also reflects continuing divisions within the GOP, with Republican governors emerging as potential

"There's good reason why our laws prohibit these kinds of efforts from foreign governments or even private citizens," Fein told POLITICO. "Even if they're not 100 percent effective on every voter, they have an influence and they wouldn't be doing them if they didn't."

Unless she could get Medicaid spending under control, Raimondo told me, she wouldn't be able to do much else.

Her strategy has been based on the most important — and, in a strange way, most promising — fact about American health care: Much of our spending doesn't make us healthier.

We go to the emergency room instead of a primary-care doctor. We choose invasive procedures over simpler, more effective ones. We house elderly people in nursing homes instead of offering more pleasant home care.

Raimondo's administration has used the flexibility that Carcieri won — as well as Obamacare provisions — to move away from the high-cost approach. "I want to pay to get you healthier," she said, "not pay to have something done to you."

I recently tagged along on a nurse's home visit to a 74-year-old woman here named Annie Hall. Hall is a widow who suffers from Parkinson's and other conditions. She did not get up from her living room chair during the visit.

She likes living where she does: not in a nursing home or hospital, but in the apartment in a wooded area, just off Interstate 95, that she and her husband shared for years. "I don't want to go to the hospital," she said. "It's the worst place to go when you're sick."

allies for Democrats and others who oppose the current GOP proposal.

Those divisions remained clear Monday, when Senate leaders said they hope to release yet another draft of their health-care legislation this week even as senators and White House officials continued to disagree publicly about what approach to take.

The Republicans' time-crunched effort to pass a health-care bill is hitting a lot of resistance in the Senate. The Post's Paige Cunningham explains five key reasons the party is struggling to move their plan forward. The Post's

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Not so long ago, Hall would have been moved to a nursing home anyway, because that was the default. Today, she is able to stay home, thanks to the nurses from Integra Community Care Network, paid partly by Medicaid, who visit her every week and check up by phone. Hall calls the nurses "my family."

The shift toward home-based care is one reason cost growth has fallen here. In Medicaid, spending per enrollee dropped 6.5 percent last year and is now starting to save the state serious money.

Think about how conservative this approach is. It's based on local, not federal, decision-making. It allows people like Annie Hall to remain in their communities. It saves money for taxpayers. No wonder many Republicans like to point to Rhode Island.

Unfortunately, the Senate bill would cause the progress here to unravel, state officials told me. They would lose so much Medicaid funding that they would have to cut back on care — regardless of the effects — and deny insurance to people.

A handful of Republican senators are all that's keeping such damage from happening. I hope they understand they are not only protecting vulnerable Americans. They are also defending truly conservative ideas.

## The Washington Post

### Senate Democrats seek new allies in effort to scuttle Obamacare overhaul: Republican governors (UNE)

Senate Democrats have identified potential new allies in their effort to scuttle the current health-care proposal: Republican governors, particularly those who helped expand Medicaid in their states under the Affordable Care Act.

Sen. Thomas R. Carper (Del.), who is leading the effort with the support of fellow Democrats, called "a couple dozen" senators and governors from both parties over the recess, he said in an interview, to say "this is a good time for us to hit the pause button in the Senate, and step back and have some good

heart-to-heart conversations" about how to revise the 2010 law.

The development shows Democrats moving beyond rhetorical calls for bipartisanship to insert themselves into a legislative process that Republicans have dominated. It also reflects continuing divisions within the GOP, with Republican governors emerging as potential

allies for Democrats and others who oppose the current GOP proposal.

Those divisions remained clear Monday, when Senate leaders said they hope to release yet another draft of their health-care legislation this week even as senators and White House officials continued to disagree publicly about what approach to take.

The Republicans' time-crunched effort to pass a health-care bill is hitting a lot of resistance in the Senate. The Post's Paige Cunningham explains five key reasons the party is struggling to move their plan forward. The Post's

Paige W. Cunningham explains the key reasons why the party struggles to move a health-care plan forward. (Video: Jenny Starrs/Photo: Jabin Botsford/The Washington Post)

(Jenny Starrs/The Washington Post)

"The governors can play a critical role in helping us get to where we need to be," Carper said.

Several GOP governors, especially those who have taken advantage of the generous federal funding under the Affordable Care Act (ACA) to expand Medicaid coverage to able-bodied adults, have raised concerns

about the Senate's plan not only to cut \$772 billion from Medicaid over the next decade but to make even deeper reductions after that through a revised spending formula. Those governors include Doug Ducey of Arizona, John Kasich of Ohio and Brian Sandoval of Nevada.

Three top administration officials — Vice President Pence, Health and Human Services Secretary Tom Price and White House budget director Mick Mulvaney — are scheduled to attend the National Governors Association meeting. So is Sandoval, the first Republican governor to embrace Medicaid expansion under the ACA.

Meanwhile, a small group of centrist Republicans and Democrats have met occasionally in Washington to see whether they can find common ground — although that goal has proven elusive, given the ideological divide on health care.

Still, the ongoing conversations among a handful of senators suggest that some lawmakers are seeking a new path forward should the current bill collapse. A few rank-and-file Republicans have suggested that their party should negotiate with the minority, although White House officials rejected that idea outright on Monday.

There are some short-term measures that the two parties could agree on, which would be primarily aimed at shoring up existing private insurance markets. That could include continuing to provide \$7 billion this year in federal subsidies that help lower-income people afford their out-of-pocket costs.

"Congress, in my view, could pass that immediately and it would make a big difference," Sen. Ron Wyden (Ore.), the ranking Democrat on the Finance Committee, said in an interview Monday. "Because the number one thing private insurance plans and everyone on [the exchanges] want is certainty."

The administration regularly touts problems with the federal health exchange rather than proposing new ways to support it. On Monday, the Centers for Medicare and Medicaid Services announced the number of insurers submitting applications to offer plans on the ACA market next year dropped by 38 percent, to 141.

"This is further proof that the Affordable Care Act is failing," CMS Administrator Seema Verma said.

Republicans continued to show discord over how to fix it, however.

Both Pence and White House legislative affairs director Marc Short said Monday that senators should repeal the health-care law outright if they cannot agree on how to change it. Senate Majority Whip John Cornyn (R-Tex.), meanwhile, said his party will release a new draft of its proposal this week, "and then we'll vote on it next week."

That announcement came as lawmakers returned from their week-long recess, with many still raising questions about the leadership's plan to abolish federal penalties for not having insurance while making deep cuts to the Medicaid program, and providing billions in tax cuts to insurers and wealthier Americans. In a sign of how activists have mobilized on the issue, police arrested 80 health-care protesters at 13 locations across Capitol Hill on Monday.

For some Republican senators, the recess and the stories they heard back home affected the way they approached the issue upon returning.

"One in three, almost," receive coverage through "our version of Medicaid," said Sen. Jeff Flake (Ariz.). "And so there was concern about that." He said people also worried about coverage on the exchanges being "unaffordable."

Said Sen. Deb Fischer (Neb.): "I traveled the state in this last week and had roundtables and we discussed health care and economic issues."

Republican senators also faced new heat in their home states Monday, when Save My Care began a new round of TV ads pressuring Sens. Dean Heller (Nev.), Lisa Murkowski (Alaska), Susan Collins (Maine) and Shelley Moore Capito (W.Va.) to vote against the bill. The Heller ad included footage of him forcefully coming out against the measure at a news conference last month. The group said it is spending more than \$1 million on the new campaign.

Capito, who met Monday with Senate Majority Leader Mitch McConnell (R-Ky.) and half a dozen of his top deputies, said leaders are looking at how to treat Medicaid funding and are working on "finding that sweet spot" that gets them at least 50 "yes" votes needed to pass a replacement.

Short acknowledged that the GOP plan remains unpopular with Americans, arguing that liberal groups have been "more organized in their messaging" on health care than Republicans have. He said President Trump will continue to be "very active in this debate," possibly traveling to the home states of key senators to urge them to vote yes.

Short said the White House remains "confident" that the Senate will pass a bill before its August recess, "and we're not going to be in a position of failure." But if Republicans fall short of the 50 votes, with Pence casting the tiebreaking vote, Short said lawmakers should just repeal the existing law.

Sen. Roy Blunt (Mo.) was one of several GOP leaders to say Monday that they do not think it is possible to get 50 GOP senators to vote for a repeal-only bill.

But Pence embraced repeal as a back-up strategy in an interview Monday with radio host Rush Limbaugh, questioning those in his party who have suggested that "we ought to reach out and do a bipartisan bill." That description could include McConnell, who has said he would have to reach out to Democrats to shore up the insurance markets if Republicans are unable to pass their own bill.

Pence continued: "The president has made it very clear: We believe that if they can't pass this carefully crafted repeal-and-replace bill [where] we do those two things simultaneously, we ought to just repeal only and have enough time built into that legislation to craft replacement legislation in a way that's orderly and allows states to adjust to different changes to Medicaid in a maybe three-year or four-year window."

Pence's endorsement of an outright repeal of the ACA, along with an amendment that Sen. Ted Cruz (R-Tex.) has crafted that would allow insurers to sell minimalist health plans on the ACA insurance market, could further fracture a divided GOP. At least three GOP senators — Cruz, Rand Paul (Ky.) and Ben Sasse (Neb.) — have endorsed this approach, but they remain in the minority in their caucus.

"I think it picks up conservative votes and loses other votes," said Sen. Charles E. Grassley (R-Iowa) of Cruz's proposal to change which plans are offered on the ACA market.

Speaking of a repeal-only bill, Blunt said: "I don't think it could work at all." Blunt, who joined Pence on a horseback ride in Rock Creek Park on Saturday, said the two talked about "how difficult it is to get people together on anything that impacts every family as much as health care does."

Senate leaders also have serious concerns that the Cruz amendment might violate Senate budget rules that the health-care measure must meet to pass with 51 votes rather than the 60 votes needed for most other legislation.

Congressional Democrats have repeatedly asked Trump to work with them to fix — not repeal — the ACA. Before the recess, moderate Democrats led by Sen. Heidi Heitkamp (N.D.) tried to introduce a few proposed fixes before the recess, but Republicans rejected them. Senate Minority Leader Charles E. Schumer (D-N.Y.) also called for an all-senators meeting to discuss the subject and later for Trump to meet at the Blair House with members of both parties to craft a bipartisan plan. Both requests were ignored.

"It's time to move on from the failing, Republican-only approach and start over," Schumer said in a Senate floor speech Monday.

Some liberal Democrats are now pushing for a single-payer, government-run system that would widen the divide between the parties.

Sen. Bernie Sanders (I-Vt.) plans to introduce a single-payer bill soon that will be similar to the one he ran on during his 2016 presidential campaign, and Republicans have already challenged vulnerable Democrats to say whether they'll stand with him. Sen. Tammy Baldwin (D-Wis.), who is up for reelection next year, told reporters in Wisconsin that she'd probably back single-payer.

Sen. Marco Rubio (R-Fla.) said Monday that Sanders's supporters are "putting a lot of pressure" on Democrats, making it more difficult to negotiate.

"I don't believe we're going to be able to repeal Obamacare with Democrats," Rubio said. "They may be willing to replace it after it's gone."

Christian legal advocacy group, Matthew Bowman spent years attacking the requirement that most health insurance plans cover contraception under the Affordable Care Act.

Now on the inside — one at the White House, the other at the Department of Health and Human Services — Ms. Talento and Mr. Bowman have a clear path to prosecute their strong belief that birth control coverage should not be a mandate from Washington. Both are using arguments they honed over years of battle to ensure that a new rule, expected to be issued this month, to roll back the requirement can withstand legal challenge.

For some of the Trump administration officials tasked with reversing President Barack Obama's legacy, the path forward has been somewhat rocky. Turning an ideological viewpoint into legislative or administrative policy able to pass legal muster can be difficult for Washington newcomers.

But the architects of the Trump contraceptive reversal, Ms. Talento, a White House domestic policy aide, and Mr. Bowman, a top lawyer at the Department of Health and Human Services, have the experience and know-how that others in the administration lack. As a lawyer at the Alliance Defending Freedom, Mr. Bowman assailed the contraceptive coverage mandate on behalf of colleges, universities and nonprofit groups that had religious objections to the rule. Ms. Talento, a former aide to Senator Thom Tillis, Republican of North Carolina, spent years warning about the health risks of certain contraceptives, especially birth control pills.

Ms. Talento, a Harvard-trained epidemiologist, mused two years ago on talk radio that she understood why doctors prescribed cancer chemotherapy drugs, despite their horrible side effects: The disease is worse. But why, she asked, would they prescribe the birth control pill?

"Pregnancy is not a disease," she said. "Pregnancy is a sign of health."

"There are other ways to avoid pregnancy and to space children's birth if necessary and appropriate, if a family or a woman wants to do that," Ms. Talento said. "You don't have to ingest a bunch of

carcinogens in order to plan your family."

"The longer you stay on the pill, the more likely you are to ruin your uterus for baby-hosting," Ms. Talento wrote in *The Federalist*, a conservative web magazine, before she became President Trump's special assistant for health policy.

Obstetricians and gynecologists are in "an unholy alliance" with drug companies to promote use of the pill, which contains "dangerous, carcinogenic chemicals," Ms. Talento said in another essay in the same publication.

According to the National Cancer Institute, some oral contraceptives can lower the risk of endometrial and ovarian cancer and may contribute to a slight increase in the risks of breast, cervical and liver cancer. Some of the data came from older studies of the pill that had formulations and dosages different from what is commonly used now.

In theory, the contraceptive coverage mandate removed cost as a barrier to birth control, a longtime goal of advocates for women's rights and experts on women's health. But to critics like Mr. Bowman and Ms. Talento, the rule was an egregious example of federal overreach. The new policy could take effect soon after it is issued in coming weeks.

The Affordable Care Act says insurers must cover certain preventive services at no cost. But the Trump administration says the law does not explicitly require coverage of contraceptives — an argument Mr. Bowman made for plaintiffs in court cases.

In the last five years, Mr. Bowman was involved in numerous court cases in which religious organizations and employers challenged the contraceptive coverage rule, which he calls an "abortion pill mandate."

To justify a sweeping revision of the birth control rule, he and Ms. Talento invoke many of the same arguments and cite many of the same studies they have used in the past.

In blog posts and legal briefs that Mr. Bowman wrote as a lawyer at the Alliance Defending Freedom, he advanced arguments similar to those being used by the Trump administration to support the new draft rule. In a 2013 brief, he argued

that the mandate was not justified by any "compelling governmental interest."

The new draft rule, which he helped write, contends, "The government does not have a compelling interest in applying the mandate to entities with religious and moral objections."

Women's groups opposed to the new policy have threatened to sue, but the Trump administration will be ready. With arguments Mr. Bowman sharpened in the private sector, the administration has prepared a detailed legal justification to convince courts that the rule is not arbitrary or capricious.

Mr. Bowman successfully represented Conestoga Wood Specialties, a for-profit Pennsylvania company, and its Mennonite owners, who objected on religious grounds to providing coverage to employees for certain types of contraceptives. The Supreme Court in 2014 found in favor of Conestoga and, in a companion case, *Hobby Lobby*, a for-profit chain of craft stores.

"The government has provided no evidence that the mandate will reduce the number of unintended pregnancies," said a brief filed for Conestoga by Mr. Bowman and his colleagues at the Alliance Defending Freedom, and they cited the experience of 28 states with similar requirements.

The new draft rule echoes the point: "In 28 states where contraceptive coverage mandates have been imposed statewide, those mandates have not necessarily lowered rates of unintended pregnancy."

Further, Mr. Bowman wrote in a blog post in 2013, "if any connection exists between unintended pregnancy and bad health consequences, it is based on mere correlation, not causation." The draft rule, echoing that argument, denies any "causal link."

Ms. Talento and Mr. Bowman declined to discuss their prior work. But Douglas G. NeJaime, a professor at Yale Law School and a critic of the new policy, said, "We see something being achieved politically that was pushed in litigation for some time: a very broad exemption for certain employers without a mechanism to protect their female employees."

Mr. Bowman was a law clerk for Judge Samuel A. Alito Jr. at the United States Court of Appeals for

the Third Circuit, based in Philadelphia, just before the judge was appointed to the Supreme Court in 2006. Justice Alito wrote the majority opinion for the Supreme Court in the *Hobby Lobby* and *Conestoga Wood* cases.

Mr. Bowman also represented numerous Christian schools that challenged the contraceptive coverage mandate. They include Geneva College in western Pennsylvania, Oklahoma Baptist University, Southern Nazarene University in Oklahoma and Ave Maria School of Law in Florida, from which he received his law degree.

In similar cases, he also represented March for Life, a nonprofit that holds an annual march opposing abortion; Tyndale House, a religious publishing company; and James C. Dobson, the evangelical Christian whose radio broadcasts reach millions of Americans.

"Pro-life organizations must be free to operate according to the beliefs they espouse," Mr. Bowman said when he filed suit for March for Life in 2014. "If the government can punish organizations simply because they want to abide by their beliefs, there is no limit to what other freedoms it can take away."

Mr. Trump directed officials to rewrite the birth control mandate in an executive order "promoting free speech and religious liberty." Ms. Talento said the order was part of the president's "pro-life agenda."

Dr. Eve Espey, the chairwoman of the department of obstetrics and gynecology at the University of New Mexico School of Medicine, who reviewed two of Ms. Talento's essays at the request of *The New York Times*, said, "Multiple claims in these articles are not backed by science."

"There is no evidence that hormonal contraception causes miscarriage," Dr. Espey said, and "there is no evidence that hormonal contraceptives cause infertility."

Hormonal contraceptives carry more risk than pregnancy in only a very few situations, Dr. Espey said. In general, she said, the "regular use of contraceptives is a major contributor to health and to a reduction in pregnancy-associated mortality."