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# FRANCE - EUROPE

**Bloomberg**

## Editorial : Macron's Faux Pas

France's new president, Emmanuel Macron, vowed to attract more foreign investment and to push for greater European integration. His government's decision to block an Italian takeover of France's STX shipyard has broken both promises in one fell swoop.

Finance Minister Bruno Le Maire said on Thursday France would temporarily nationalize the yard -- blocking a deal that would have seen Italy's Fincantieri SpA take over 48 percent of STX, with an Italian banking foundation buying a further 6 percent. Le Maire said he was defending "France's strategic interests in shipbuilding."

This rationale is hard to credit. The

shipyard's previous owner was Korea's STX Offshore & Shipbuilding Co. Ltd., so the facility was already in foreign hands. Francois Hollande, Macron's predecessor, had already cleared the new deal in April, having secured a string of concessions. These included a veto for the French government to protect intellectual property and military resources.

The decision has more to do with surrendering to pressure from labor unions, which had called for the state to intervene. The government may also be aiming to put pressure on the Italian government, which has a controlling stake in Fincantieri: Le Maire had asked for Italy and

France to be equal partners in STX, but Rome said no.

In either case, the move makes a mockery of Macron's insistence that his goal is to modernize the country and open it for business. Two months into his term, he's already pandering to the protectionist sentiment that has made foreign companies reluctant to invest in France.

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

Share the View

The same goes for his commitment to Europe. Just as the European Union is discussing plans to intensify defense cooperation,

France shows it has no trust in a key ally. And the announcement could strengthen economic nationalism in Italy. In recent years, French groups such as Lactalis SA and LVMH have taken over Italian companies in a string of high-profile deals. Italians might ask why they aren't allowed to do the same in France.

Macron's election was hailed as a victory for openness and economic liberalism. It's to be hoped that this early misstep is an aberration, not a sign of things to come.

--Editors: Ferdinando Giugliano, Clive Crook

**THE HILL**

## Russia tried to spy on Macron using Facebook: report

Morgan Chalfant

Russian intelligence operatives tried to use Facebook to spy on the campaign of French President Emmanuel Macron before he was elected earlier this year, Reuters reports.

Intelligence operatives reportedly created roughly two-dozen fake Facebook personas to conduct "surveillance" on associates of Macron's campaign. Russian officials, for instance, tried to get information from Macron's connections by masquerading as

friends of friends, Reuters reported, citing people briefed on the effort, including an unnamed U.S. congressman.

Facebook is said to have noticed the behavior and traced it to past efforts by the GRU, Moscow's main intelligence directorate. Facebook has reportedly briefed congressional committees and others about the findings.

Moscow has denied meddling in the French election.

The U.S. intelligence community's assessment that Russia used of cyberattacks and disinformation in the 2016 presidential race has

stoked fears about the potential for Russian interference in European elections, including upcoming federal elections in Germany.

It is widely believed that Russia sought to use disinformation and social media to tip the scales in favor of Marine Le Pen, the leader of France's National Front, in the May presidential election.

Macron also had campaign emails hacked and leaked in the days before the election, which he won handily. While French officials have not publicly blamed Russia or anyone else for the hacks, National Security Agency Director Mike Rogers said in congressional

testimony in May that the U.S. had warned French officials of Russian "activity" against their infrastructure before the emails were leaked.

The cybersecurity firm Trend Micro released a report in April saying the same hackers behind the Democratic National Committee breach were also targeting Macron.

In April, before the conclusion of the French election, Facebook announced it was shutting down 30,000 accounts in France in an effort to crack down on "fake news."

**Bloomberg**

## Macron Nationalizes Shipyard, Spooking Outsiders

As government actions go, President Emmanuel Macron's nationalization of a shipyard Thursday is as French as it gets.

The move, aimed at blocking Italy's Fincantieri SpA from taking control of the 155-year-old shipbuilder known as STX France, is confounding those who've been expecting Macron to ring in a new era of business friendliness. The week had after all started with his attempt to put France's finances in order by deciding on Monday to slash public spending on housing.

"Macron is all about strengthening the business environment in France but his first action is more

interventionism," said Ludovic Subran, chief economist at Euler Hermes in Paris. "For the private sector, this sends the wrong message."

But Macron has his reasons, said Jerome Fourquet, the head of pollster Ifop. A slide in the polls, simmering populism, and a tense and difficult reform of the labor market that awaits him in the fall have colluded to push the new leader to take a step that in one stroke addresses all three issues. And if it displeases the Italians, so be it.

"Macron is pragmatic, and the nationalization of the Atlantic Shipyards is a message to France,"

Fourquet said. "Politically, he can't deregulate the economy and not give any guarantees to French voters. He is at the start of a major labor reform, he is cutting state welfare and tells industry workers he isn't Santa Claus. So he knows he must give back by protecting a symbolic and historic industry. This is positive for him at home."

Announcing the decision, Finance Minister Bruno Le Maire said the nationalization is an effort to protect jobs and to prevent the outfit's "unique know-how in making ships" from falling into foreign hands. The price tag of the nationalization of 80 million euros (\$93 million) is small. It's also a "temporary" move while

France and Italy seek an accord, Le Maire said.

### Colbertist Move

Temporary or not, the move is straight out of the dirigiste playbook of Old France, sharpened into an art form by Louis XIV's finance minister Jean-Baptiste Colbert in the 1600s.

The decision came after the 39-year-old president visited the shipyard in May, ordered a review of the deal with the Italians, which had been signed just weeks before, and vowed to defend what he called a "strategic industry."

The shipyard, which makes military vessels as well as cruise boats, is

also part of what French presidents - who place the country among the world's great industrial powers -- call "fleurons," or family jewels.

The nationalization decision, 60 days after calling for the review, comes at a crucial political moment for Macron. The youngest French leader since Napoleon is also now one of the least popular in the early days of his mandate. An Ifop poll published on Sunday showed his approval rating fell 10 percentage points in a month to 54 percent. His prime minister's popularity has also dived.

Macron's move also comes ahead of a tough, reform-filled month of September, says Fourquet. The government is poised to set in motion a major plan to ease labor laws and shrink the 2018 budget by 20 billion euros.

### Reassuring Action

For voters confused by Macron's plans for the tax system and shocked by a recent public spat between the president and the head

of the army, the nationalization decision may be reassuring, the pollster said.

Soon after the announcement, the populist National Front party welcomed the decision, saying in a statement on its website that the move will help "preserve the strategic and industrial interests of France." Its leader Marine Le Pen re-tweeted the statement. Jean-Luc Melenchon, leader of the far-left France Unbowed party, called it a "good decision."

Outside France, the country's moves have been received with consternation, notwithstanding Le Maire's insistence that it's a stop-gap measure and that "it's not the state's role to head a shipyard."

The Italians in particular have been miffed. Macron spoke with Italian prime minister Paolo Gentiloni on Thursday. Le Maire will be heading to Rome on Aug. 1 to smooth things over and also to see if there's a way to do the deal "with better guarantees." France's plan is to create "a great European shipyard,

also in the military sector," Le Maire said.

### 'Incomprehensible'

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Macron was concerned that Fincantieri might join forces with another Italian entity, CR Trieste, to hold a controlling stake in STX, potentially posing a threat to 2,500 jobs in the Atlantic port town of Saint-Nazaire. A month before Macron's presidential victory, Fincantieri agreed to buy 48 percent of STX from Korea's STX Offshore & Shipbuilding Co. Ltd. with about another 6 percent going to the banking foundation CR Trieste.

Macron was also concerned of the possibility that the shipyard's know-how would be passed on to China because of an agreement between Fincantieri and China State Shipbuilding Corporation to develop the cruise-ship industry in the Asian country. Fincantieri has responded

that the China deal does not include any technology transfer.

"We feel that the decision taken by the French government not to follow through on accords that had already been concluded is serious and incomprehensible," Italian Finance Minister Pier Carlo Padoan and Economic Development Minister Carlo Calenda said in joint statement.

Thursday's nationalization may not be the last interventionist move under Macron. In October, the government will have to decide whether to exercise its option to buy as much as 15 percent of French train-maker Alstom SA from Bouygues SA.

"Some of my predecessors believed the state has no role to play," Macron, then economy minister, said in February 2016, as he argued that the government should be a "strategist." "I believe in an industrial policy, but in a realistic, lucid and long-term way."

## THE WALL STREET JOURNAL

Legerano

PARIS— Emmanuel Macron's government said Thursday it would temporarily nationalize the STX France shipyard to stop Italian company Fincantieri FCT +3.00% SpA taking majority control, a dirigiste move that sparked tensions between Paris and Rome.

The French government said it would use its pre-emption rights to take 100% control of the shipyard at Saint-Nazaire on France's Atlantic coast, just days before Italian state-controlled Fincantieri was due to take a 66.7% stake from South Korea's STX Offshore and Shipbuilding. The French state already owns 33.3% of STX France.

"The decision has one sole objective: defend France's strategic interests in ship building," said French Finance and Economy Minister Bruno Le Maire. The move will cost the state around €80 million (\$93.9 million).

The nationalization—Mr. Macron's first major industrial move since coming to power in May—runs counter to his pro-business campaign rhetoric and pledges to

## France Nationalizes Shipyard to Stop Italian-Company Takeover

William Horobin and Giovanni

foster industry on a European rather than national level.

Since his appointment as finance minister, Mr. Le Maire has also shunned heavy-handed state intervention, touting plans to sell shares in large companies to instead finance investment in disruptive innovation.

Before becoming president, however, Mr. Macron intervened on a number of corporate deals as economy minister. He scuttled a plan to sell the telecom operations of Bouygues to its competitors and engineered raising the state's stake in Renault SA to 20%, against the wishes of management.

Mr. Le Maire said it was necessary to temporarily nationalize the Saint-Nazaire shipyard to keep jobs and skills in France. Saint-Nazaire also has a military interest for the French as it is the only French shipyard capable of building the hull of an aircraft carrier.

"We can't take the slightest risk with these skills or this know-how," Mr. Le Maire said.

Mr. Le Maire said France could accept a 50-50 split with Rome not Fincantieri taking majority control of STX France. The French finance

minister will travel to Italy Tuesday for talks with Fincantieri and the Italian government.

The brinkmanship from France's government sparked consternation in Italy, where the government described the temporary nationalization as "grave and incomprehensible."

"Nationalism and protectionism aren't acceptable bases on which to govern the relations between two great European countries. To achieve shared projects there is a need for mutual trust and respect," said Italy's Economy Minister Pier Carlo Padoan and Economic Development Minister Carlo Calenda in a joint statement.

The Italian ministers said there is no reason why Fincantieri can't hold a majority stake in STX given the Italian company has committed to protect French interests.

A Fincantieri spokesman said the company had no immediate comment on France's decision.

"We are not less than the Koreans. We can't accept to be treated worse than them," said Giuseppe Bono, Fincantieri's chief executive, on Wednesday, commenting on the

prospect of being blocked by the French state.

Fincantieri was the sole candidate to buy STX Offshore and Shipbuilding's share in STX France as part of a court-ordered restructuring process of the Korean shipbuilder.

Mr. Le Maire said the French government remains committed to promises Mr. Macron made to strengthen Europe during his election campaign. The French president has called for a mechanism to regulate foreign investment in Europe and a "Buy European Act" to limit access to European Union public contracts for non-European companies.

Mr. Le Maire said he is hopeful France and Italy can find a shared solution for the shipyard that could one day also lead to greater cooperation on military matters.

"We have absolutely no suspicions about our Italian friends. We want to build a great European project in ship building with Italy and with the industrialist Fincantieri," Mr. Le Maire said.

## THE WALL STREET JOURNAL

## Air France Says Delta, China Eastern Each Acquiring 10% of Its Shares

Susan Carey and Robert Wall

Three of the world's biggest carriers, Delta Air Lines Inc., DAL -2.05% Air France-KLM SA AFLYY 2.45% and China Eastern Airlines Corp. CEA

1.65% , strengthened their partnership through a series of share transactions, amid mounting

competition on lucrative international routes.



Delta said Thursday that it intends to buy a 10% stake in Air France for €375 million euros, about \$437 million, as the longtime partners aim to strengthen their position on the lucrative trans-Atlantic market. China Eastern, a Delta partner in China, intends to buy 10% of Air France. The two carriers will spend a total of €751 million to acquire the stakes in Air France.

Delta said the expanded joint venture will offer nearly 300 daily nonstop trans-Atlantic flights.

Air France said it also will acquire a 31% stake in Virgin Atlantic Airways Ltd. for £220 million (\$287.5 million) from majority owner Richard Branson's Virgin Group Holdings Ltd. Delta already owns 49% of the niche long-haul carrier. The three carriers—Delta, Air France and Virgin Atlantic—intend to create a global joint venture. Each transaction is subject to shareholder, board and regulatory approvals.

After the transaction, Air France would become the second-largest shareholder in Virgin Atlantic behind Delta. The French government's stake in Air France-KLM will be reduced from around 18% to 14%, Air France-KLM Chief Executive Jean-Marc Janailac said

Many airlines have made equity investments recently to strengthen their partnerships amid increasing competition. In the lucrative, high-volume trans-Atlantic route, Middle East airlines and low-cost entrants such as Norwegian Air Shuttle are putting increased pressure on the U.S. and European carriers that long dominated.

Delta Chief Executive Ed Bastian said airlines need stronger partnerships to compete in an increasingly "dynamic global landscape."

Air France and Delta have been trans-Atlantic partners since 1999, predating the French airline's merger with KLM Royal Dutch Airlines in 2004. The airlines received U.S. antitrust immunity in 2009 to coordinate fares and schedules and share revenue. Such immunity is the closest thing to a merger allowed under U.S. and European rules that limit foreign shareholding in airlines.

Other airlines also are partnering more closely. Qatar Airways is the largest shareholder in British Airways' parent, International Consolidated Airlines Group SA, and recently said it wants to take a 10% stake in American Airlines Group Inc. despite the U.S. carrier's

opposition. United Continental Holdings Inc. has a 5% stake in a low-fare Brazilian carrier and is negotiating to invest in Colombian flag carrier Avianca Holdings SA.

Such investments can backfire. Abu Dhabi-based Etihad Airways on Thursday reported a \$1.9 billion net loss, in part because of write-downs on failed European airline investments.

Mr. Janailac said its strengthened partnerships would help the airline "regain the offensive again" after a difficult restructuring. Air France has recently battled high costs and labor turmoil, losing money for six consecutive years through 2014. The carrier plans to launch a lower-cost airline named Joon this fall to appeal to millennial customers.

Delta has fared better. The No. 2 U.S. airline by traffic is profitable and has pared its net debt to \$8.8 billion today from \$17 billion in 2009. Its largest shareholder is Berkshire Hathaway Inc., the investment vehicle controlled by longtime airline skeptic Warren Buffett.

Delta has a history of forging partnerships with foreign airlines. The Atlanta-based airline recently acquired 49% in Grupo Aeromexico SA, Mexico's flag airline. Delta said Thursday that it is discussing ways

to bring Grupo Aeromexico into the expanded global partnership, too. Delta also has a minority stake in a Brazilian carrier and already owns 3.5% of China Eastern. Delta recently entered a joint venture with Korean Air Lines Co.

Air France said it hopes to complete the Virgin Atlantic stake purchase this year and receive regulatory approval for the expanded joint venture in early 2018. The partnership would give the joint venture more control over the lucrative London market for trans-Atlantic flights.

Air France, Delta and Virgin Atlantic will pursue antitrust immunity for the joint venture, allowing them to closely coordinate prices and schedules.

Virgin Atlantic's chief commercial officer, Shai Weiss, said Mr. Branson will retain a 20% stake and remain involved in the airline he founded. Mr. Weiss said a tentative agreement will be reached by the end of the year.

—Cara Lombardo contributed to this article.



## Gerson : At Dunkirk, the deliverance of a nation

By Michael Gerson

That one of the greatest victories of World War II was a mass evacuation — more than 300,000 British and French troops taken off a beach at Dunkirk — was a preview of the industrial nature of that conflict. Feats of organization — such as the return of Allied troops to other French beaches on D-Day — took precedence over military panache. It is the reason that Dwight Eisenhower was the indispensable irreplaceable man, not George Patton.

But Dunkirk also proved the comparative advantage that democracies have in modern war: the ability of free people to self-organize. It was nearly 900 private watercraft, including pleasure boats and paddle steamers, that braved the Luftwaffe to ferry the surrounded troops home. The future of a free Britain was delivered directly by its own citizens.

Christopher Nolan's film "Dunkirk" is a spare telling of that story from the firsthand perspective of soldiers, sailors, airmen and civilians. Only briefly does the camera pull out to reveal the epic scale of events. Most of the time we are scrambling, flying, swimming and sinking along with the

confused participants. There is little dialogue and almost no back story for the main characters. The soldiers are played by essentially interchangeable young actors. But they somehow work as stand-ins for the waiting, vulnerable mass. They are not humanized, just human. And their motivation doesn't require much artistic development: doing everything they can to get off the damn beach and get home.

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The craft of the movie is taking the fragmented individual experiences of the characters and weaving them, inexorably, into a narrative that clarifies in a single scene. I will not sully this review with a spoiler. But the events of the film eventually come together with a pleasing click, dramatizing how the choices of individuals, both noble and base, gather into something larger than themselves. In this case, the deliverance of a nation.

The government leaders of the time have no direct voice in the movie, including the familiar voice of

Winston Churchill. The lack of political context works as an artistic device. But the experience of the movie (or so I lectured my children) is enriched by knowing some of the history. The swift collapse of France. The utter isolation of Britain. An American president hamstrung by isolationists, doing what he could to help.

The recognition that World War II was a citizens' war should not obscure the importance of leadership. Dunkirk, perhaps more than any other event of the war, was Churchill's moment. As French resistance disintegrated, it was estimated that only 45,000 soldiers could be taken off the beaches before the perimeter collapsed — effectively leaving Britain undefended to German invasion. Churchill told Parliament to prepare for "hard and heavy tidings." To his War Cabinet he raised the possibility of contaminating British beaches with poisonous gas when the Germans came.

At the same time in the United States, Charles Lindbergh, the original advocate of "America First," gave a radio address dismissing President Franklin Roosevelt's proposal for rearmament as "hysterical chatter." Roosevelt himself told the British ambassador

that the British government might need to continue the war from Canada.

In London, Churchill was receiving the same suggestion to move the government and royal family across the Atlantic. He replied that "no such discussion" should be permitted. When the director of the National Gallery proposed sending the most irreplaceable paintings to Canada, Churchill replied, "No, bury them in caves and cellars. None must go. We are going to beat them."

The tired men of Churchill's government raised the prospect of a negotiated peace. Churchill responded, "Nations which went down fighting rose again, but those who surrendered tamely were finished." Speaking to his full cabinet, he said, "If this long island story of ours is to end at last, let it end only when each one of us lies choking in his own blood upon the ground."

The success at Dunkirk made Churchill's defiance a realistic option and solidified his hold on power. Guns, ammunition and artillery to rearm the evacuated army flooded in from the Commonwealth and (by clever ruse) from the United States. British planning for a return to the continent began the same month as

the Dunkirk evacuation ended. D-Day was already in mind.

It is a brilliant artifice in "Dunkirk" to have Churchill's most famous

## THE WALL STREET JOURNAL

Stephen Fidler

It took a while, but British government ministers finally got their messages aligned over the past week over an issue many businesses regard as vital. Finally speaking with one voice, they said Britain would seek a multiyear transitional agreement with the European Union to reduce the economic uncertainty around Brexit.

From either side of the Brexit divide inside Prime Minister Theresa May's government, ministers publicly backed an intermediate period post-Brexit before the U.K. fully separates from the EU. That would help firms adjust to leaving the bloc's regime of zero tariffs and common regulation, and provide time for customs and other parts of the bureaucracy to cope.

They found common cause partly in recognition that it would be impossible, in the 20 months left before Brexit, to negotiate a wide-ranging permanent trade and economic agreement with the EU and have it ratified by the more than 30 national and regional parliaments that must do so.

In fact there was unity only up to a point. On Thursday, immigration minister Brandon Lewis suggested the matter wasn't yet settled when he told the British Broadcasting Corp. that "Free movement of labor ends when we leave the European Union in the spring of 2019."

**Bloomberg**

## Editorial : The U.K. Is Right to Retire Libor

The U.K.'s Financial Conduct Authority has announced the end of Libor -- the London interbank offered rate, one of the world's most important interest-rate benchmarks. This is no minor technical adjustment. The change will have far-reaching effects in global financial markets.

It's a good move -- and the timing is right.

Libor is used to set payments on more than \$350 trillion in financial contracts: interest-rate derivatives, corporate bonds, mortgage loans and more. But this crucial number was constructed in a way that gradually stopped working as it was

oration — "We shall fight on the beaches" — read aloud by one of the soldiers who finally reaches safety. It was ordinary people who gave Churchill's roar reality and

force. But the roar was indispensable.

## Fidler : U.K. Government Lines Up, to a Point, on Brexit Transition

If Mr. Lewis is really ruling out free movement of labor from the EU on Brexit day, he is also probably ruling out the most likely and practical transition deal with the EU, one that would keep the U.K. temporarily inside the bloc's single market and its customs union.

The EU insists that free movement of goods, services, capital and labor come as a package. If you want to stay in the EU's single market and enjoy free movement of services, goods and capital, as many businesses are demanding in the transition, then labor comes as part of the deal.

True, that EU proposition could be tested in the negotiations. But it would be tough for London to persuade the bloc to make concessions to a nonmember of the EU, which the U.K. will become on Brexit day, that it wouldn't concede to a member of the club.

The U.K. could try to negotiate a bespoke interim arrangement, sector by sector, issue by issue. But the Confederation of British Industry, which lobbies for British business and says a transitional deal keeping the U.K. in the single market and customs union is an urgent priority, has joined other observers in reaching a firm conclusion on that prospect: "It is hard to see how this could be negotiated in time and it may not provide a sufficient legal basis for business continuity in many sectors."

Unlike a wide-ranging permanent arrangement that would require time-consuming ratification, legal experts think a time-limited transitional deal could be appended to the divorce agreement. That would require only the consent of a qualified majority of the 27 remaining EU national governments and a simple majority of the European Parliament.

The real problem with a transitional arrangement has lain with Britain's most eager EU-leavers, many of whom are in the governing Conservative Party. For them, staying in the customs union and single market would extend the agony of the jurisdiction of the European Court of Justice that polices the single market, and mean Britain would have to keep making accommodations for EU workers.

It would also mean continued U.K. contributions into the EU budget—a prospect Brexiters hate but that provides a big incentive for the EU to accept a transition. Such a deal would keep a large net payer in the fold for a while longer and postpone a big impending fight between net contributors and recipients of EU funds over the bloc's shrinking spending pot.

It would also take some of the steam out of the argument over the British "divorce bill"—the financial settlement the EU wants from the U.K. over spending pledges it has

made but won't have carried out by Brexit day.

The EU's unofficial calculations of upward of €60 billion (\$70 billion) for that bill include U.K. spending commitments for the current seven-year EU budget period through 2020. If the U.K. stays in the single market and customs union until then, keeping the British government's budget contribution at current levels would require it to pay more than €20 billion of the bill anyway.

A transition would also likely mean delaying the implementation of any trade agreements the U.K. negotiates with non-EU countries such as the U.S. Since customs unions impose common tariffs on goods coming from outside, members can't negotiate away tariffs with third parties.

Ministers have been talking of a three-year transition, allowing the U.K. to be free of its EU entanglements by the next scheduled U.K. general election in 2022.

U.S. President Donald Trump might thus be able to sign a trade accord with the U.K. during his first term of office. But he would have to win the 2020 presidential election to oversee its implementation.

meant to, and it fell prey to manipulation.

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Share the View

Since the late 1980s, Libor has been compiled every day in London by polling banks on what it costs them to borrow. But banks no longer do much borrowing of the kind that Libor is meant to track. By 2015, less than a third of submissions for the three-month dollar rate were based on actual transactions. The dearth of real activity left the rate open to the illicit fixing that occurred throughout much of the 2000s,

undermining trust in financial markets (and resulting in prison terms for several bankers).

QuickTake What Is Libor and Why It Will Soon Be History: QuickTake Q&A

Markets need a better benchmark, or set of benchmarks, based on observable transactions. In the U.S., the Federal Reserve has been working on this, gathering the data needed to track rates in the so-called Treasury repo market. But as long as Libor exists, getting a better standard adopted faces a sort of Catch-22: Few market participants want to issue bonds or make loans against a new benchmark before an established derivatives market

allows for hedging -- but there's little incentive to create such derivatives until enough bonds and loans have been issued.

That's why the FCA's pledge to phase out Libor by 2021 is so valuable. As the benchmark's overseer, it's in a unique position to push financial markets to make the change -- one that will ultimately benefit everyone. There's work to be done to make a success of the transition, but with viable alternatives now in sight, the decision is well-timed.

## London Police Weigh Corporate Manslaughter in Inquiry of Grenfell Tower Blaze

Ceylan Yeginsu and Stephen Castle

LONDON — The London police investigating the fire at Grenfell Tower that left at least 80 people dead have told survivors that there are “reasonable grounds to suspect” that the organizations managing the high rise might have committed corporate manslaughter.

The Metropolitan Police made the statement in a letter to the relatives of those who died and the families that escaped one of Britain’s deadliest fires, which broke out on June 14 in the 24-story tower in the North Kensington section of West London.

The letter was widely published in the British news media and on social media Thursday, but though a police spokesman would not confirm its contents, he said the families had been contacted. A police statement sent by email said, “This is a complex and far-reaching investigation that by its very nature will take a considerable time to complete.”

“We have updated families and survivors, which we consider a private update for them.”

It was not immediately clear when the letter was sent, but word of its existence came as the manager of the site where the charred remains of Grenfell Tower loom over the neighborhood told survivors that the building would be covered with a protective wrap next month before being taken down.

Michael Lockwood, who is managing the recovery of the site, said that scaffolding would be erected around the tower in the next two weeks and that the building would be wrapped to assist in the forensics

investigation and to allow the recovery of materials without spreading dust and ash across the neighborhood.

On Friday, there were reports that 60 buildings had failed new fire safety tests, which examined the cladding used on the structures as well as the foam insulation similar to that used in Grenfell.

Many of the survivors of the fire welcomed the decision to cover Grenfell Tower, saying the black silhouette in the neighborhood was a constant reminder of the trauma felt by hundreds of residents.

“It’s like a black cloud of ghosts,” said Eva Levi, whose son is still missing. The remains of 40 people have been formally identified so far, and the final death toll may not be known until the end of the year, the police said.

“This is a good decision,” Ms. Levi continued. “There are still young children that look up at the building and start crying. They remember the night where they lost everything.”

After the police letter was made public, David Lammy, a Labour Party lawmaker who has been campaigning on behalf of the victims of the fire, said on Twitter: “Pleased that justice for Grenfell being taken seriously but corporate manslaughter = a fine. Gross negligence manslaughter = prison time.”

Diane Abbott, the shadow home secretary, said: “We welcome the police investigation into Grenfell. It is right that this terrible incident and huge loss of life is fully investigated, including for legal culpability.”

Ms. Abbott added, “Those responsible must be held to account for their actions, and their neglect.”

The police letter sent to survivors said, “After an initial assessment of that information, the officer leading the investigation has today notified Royal Borough of Kensington and Chelsea and the Kensington and Chelsea Tenant Management Organization that there are reasonable grounds to suspect that each organization may have committed the offense of corporate manslaughter, under the Corporate Manslaughter and Corporate Homicide Act 2007.”

It added, “In due course, a senior representative of each corporation will be formally interviewed by police in relation to the potential offense.”

Companies and corporations can be found guilty of corporate manslaughter as a result of a gross breach of their duties that causes a person’s death. According to the Sentencing Council, which produces sentencing guidelines for the judiciary in England and Wales, the penalty is generally a fine: “The fine is a punishment for the offense and does not represent the value of human life in money.”

The Health and Safety Executive, an independent watchdog for work-related issues, said the convicted company or organization could face “unlimited fines” and a mandate to remedy the situation that led to a death, along with an order to publicize the conviction.

The Grenfell blaze began on the fourth floor of the tower and raced up the building. The fire became a political crisis and a symbol of inequality in a wealthy neighborhood after cladding used on the outside of

the building was found to be flammable. When more than 100 other buildings in the city were tested and found to be sheathed in similar material, thousands of people were evacuated in the middle of the night for their safety.

Many of the survivors grew angry and frustrated with what they saw as the slow response and uneven performance of the local government council in the Royal Borough of Kensington and Chelsea in resettling and compensating them. The anger, which boiled over into protests, spurred the government to intervene. The police also began a criminal investigation.

The process of wrapping the charred tower and removing materials could last until November, and the criminal investigation could last until January, Mr. Lockwood said during a community meeting on Wednesday at the Notting Hill Methodist Church.

“Then, towards the end of 2018, I think we could start to bring it down, if that is what the community wants,” he said. “And the scaffolding will help us to do that because we can do that within the wrap.” Mr. Lockwood added that all decisions would be made with input from the community.

Mr. Lockwood said some apartments in the Grenfell building remained untouched, while others had been destroyed in the fire. The possessions from more than 30 apartments will be retrieved and returned to residents within the next couple of weeks, he added.

## Tensions Escalate Between Germany and Turkey

Andrea Thomas and Anton Troianovski in Berlin and Ned Levin in Istanbul

In early June, Turkish President Recep Tayyip Erdogan hosted German Foreign Minister Sigmar Gabriel and made an unusual offer, according to German officials briefed on the exchange: extradite two Turkish generals who had applied for asylum in Germany, and receive a detained German-Turkish journalist in return.

According to the German officials, Berlin rejected the offer. A senior Turkish official, meanwhile, denied it

was ever made and officials at the Turkish president’s office didn’t respond to requests for comment. But that meeting did nothing to soothe the strain in one of Europe’s most important alliances.

After a year of slights, barbs and misunderstandings, both sides are now girding for a showdown that could rattle the European Union, alter the fight on terrorism and escalate the refugee crisis.

Turkey has made some efforts to calm the waters in recent days, but tensions continued to run high this week. Mr. Erdogan said in parliament that if any country

implemented economic sanctions against Turkey, as Germany had threatened to do, “you’ll have to take bigger consequences into account.” A Turkish pro-government newspaper put a swastika on Chancellor Angela Merkel on its front page. The headline: “Worse than Hitler.”

German officials and politicians say they are prepared for the spat to get worse. Advisers who can moderate Mr. Erdogan, they say, have lost virtually all influence in Ankara; and Turkey’s ambition to become a bigger player in the Middle East in its own right diminishes the weight

placed by Turkish leaders on good ties with the EU, they say.

“The entire framework has changed,” said German lawmaker Rolf Mützenich, a foreign-policy specialist for the center-left Social Democrats. “The best we can do currently is damage control.”

Turkish officials say Turkey hasn’t altered its policy on Germany, and say Germany’s changed approach is motivated by Ms. Merkel’s need to drum up support in advance of Germany’s September elections.

On July 5, on an island near Istanbul, came a pivotal moment in the drawn-out German-Turkish split:



Turkish police stormed a seminar on data protection and detained a German Amnesty International activist, Peter Steudtner. He and five others were later charged with aiding terrorism, a charge Amnesty has described as absurd.

The arrest—the first of a German national with no prior link to Turkey—convinced Berlin that Ankara wasn't interested in repairing the bilateral relationship, according to a senior German official. After the arrest, Mr. Gabriel broke off a North Sea vacation and warned, "We cannot carry on as before."

Ms. Merkel backed Mr. Gabriel's tough line even though their two parties are competing ahead of Germany's Sept. 24 national election. Mr. Steudtner's detention represented "the latest case in which, from our perspective, innocent people" had landed behind bars in Turkey, she said.

"The German government panicked that Turkey was beginning to specifically detain Germans to build up pressure," said Kristian Brakel, an analyst at the German Council on Foreign Relations, a nonpartisan think tank. "For a long time, Germany believed [tensions] would shake themselves out again...but this was a misconception."

Mr. Gabriel warned Germans who visit Turkey—nearly four million Germans came in 2016—that they risked arbitrary detention. He said the German government could stop issuing export insurance guarantees—a form of insurance against political risk—for sales to Turkey. Germany also withdrew troops from a Turkish air base, complicating the fight against

Islamic State.

Turkish officials maintain that the arrests of Mr. Steudtner and other German citizens, including Deniz Yucel, the reporter arrested in February on terror charges and reputedly offered in exchange for the extradition, are part of an independent judicial process.

Mr. Yucel is accused of spreading propaganda for a terrorist group, related to his reporting on the Kurdistan Workers' Party, or PKK, according to his newspaper, Die Welt. Mr. Yucel has denied the charges.

Mr. Steudtner faces a trial on charges of aiding a terror group, even though German officials say he had never gone to Turkey for work before the seminar earlier this month on information security.

"Turkish-German relations have a long history and there is no reasonable ground to break them now," Ibrahim Kalin, spokesman for the Turkish presidency, wrote in a newspaper column published Monday. He called German charges against Turkey "baseless" and likened the German media's "obsession" with Mr. Erdogan to "the stray thoughts of the mentally disturbed".

Ms. Merkel has long sought to cool the temperature in the war of words with Mr. Erdogan. But weeks before a general election, German voters are showing less patience. Just 3% of Germans described Turkey as a reliable partner in an Infratest Dimap poll last month, compared with 21% for the U.S. and Russia. An Emnid poll published Sunday showed that 76% of Germans said their

government was too tolerant of Mr. Erdogan.

Germany, Europe's biggest economy, and Turkey, the only North Atlantic Treaty Organization member in the Middle East, for decades nurtured ties borne both of shared interests and of culture and politics. Germany imported hundreds of thousands of Turkish workers to help rebuild the country after World War II and now is home to 3.5 million people of Turkish descent.

For Turkey, Germany became a bridge to the West, one of its biggest trading partners and a major source of tourism income. Germany joined the U.S. and other NATO allies in stationing troops there for operations in the Middle East.

Berlin also brokered a deal with Turkey last year in which Ankara agreed to crack down on smugglers who had been ferrying hundreds of thousands of Middle-Eastern refugees through its territory toward Europe. Despite repeated threats by Mr. Erdogan that he could revoke the deal, it continues to be enforced, German officials say.

Turkey's relations with a number of Western allies have deteriorated following the failed military coup attempt in July 2016 that left more than 270 people dead. Ms. Merkel condemned the attempt the following day, but an official delegation didn't visit Turkey until three weeks later in what some Turks saw as an inadequate show of support. "We should have probably gone there more quickly—on the same day or the next day," Mr. Gabriel, then chairman of

Germany's Social Democratic Party, said in August 2016.

Since the coup, Turkey has arrested more than 50,000 people, fired over 100,000 officials, expropriated hundreds of companies, and closed over 100 media outlets, all because of alleged connections to the plotters. German politicians have for months criticized the crackdown as out of control.

The Turkish government in return has accused Germany of sheltering Turkish officers, diplomats and civil servants who it says were linked to the coup attempt, as well as opposition politicians, critical journalists, and Kurdish leaders. Some 9,000 Turkish citizens have filed asylum claims in Germany over the last year-and-a-half—compared with 1,767 in 2015.

Berlin officials, meanwhile, have been growing concerned about what they see as Ankara's attempts to stir up unrest among residents of Turkish descent, the majority of whom backed Mr. Erdogan at recent polls. Turkish leaders wanted to campaign in Germany—where nearly 1.4 million Turkish voters are registered—for the April referendum on strengthening the powers of the presidency, but local officials banned several such rallies for safety reasons.

Mr. Erdogan himself was told he couldn't address his compatriots at the margins of the Group of 20 summit in Hamburg earlier this month. During the referendum campaign, he accused Germany of "Nazi methods" and claimed hypocrisy.



## Spain Has a Debt Problem and So Now It Has a Zorro Problem (UNE)

Jon Sindreu

VALENCIA, Spain— Antonio Sánchez recently came to a dispiriting conclusion about his professional future. Spain isn't big enough for two debt collectors who dress up like Zorro.

His troubles began one day in the Spanish city of Valladolid. Mr. Sánchez was at the wheel of the Zorro-branded car he would use to drop by unannounced—in full Zorro costume—to the homes and businesses of debtors he'd been hired to confront and to shame into paying up.

He pulled alongside another vehicle that, to his astonishment, also sported an image of the fictitious 19th-century masked crusader. "What's up, dude?" Mr. Sánchez recalls saying.

This chance meeting in Valladolid marks the moment Mr. Sánchez learned there was another company using masked Zorros to collect debts in Spain. "Neither of us knew about the other," he said.

The Zorros parted ways amicably that day after sharing a beer, but it was only a matter of time before these competing crusaders-for-hire would cross swords.

Chasing money in Spain is an expensive and slow process. So for decades, Spaniards have tried another way: humiliating debtors with attention-grabbing stunts. If somebody is being pursued by a man carrying a briefcase while dressed as a monk or a bullfighter, most Spaniards assume that person hasn't paid their bills.

Though Spain's economy is improving, there is still a lot of debt

unpaid. In the first quarter of this year, 71% of money owed to companies was late for payment, according to the Spanish Confederation of Small and Medium Enterprises.

Because these costumed nuisance-makers get to keep between 20% and 60% of the money they collect from businesses and individuals, the spoils can be substantial. So substantial, in fact, that competing firms sometimes find themselves in court, too.

Last year, a company called El Zorro Cobro de Morosos took legal action against Mr. Sánchez's employer, El Zorro Cobrador—successfully claiming it holds exclusive rights to the use of Zorro in debt collecting because it had registered the brand and the logo with the Spanish Patents and Trademarks Office in 1994. The

other Zorro firm said it registered a month later.

"They were using that name improperly," said an employee at El Zorro Cobro de Morosos, who declined to be named.

The story may not end there, however. The Zorro who laughs last laughs best—and that Zorro might be Zorro Productions Inc. of Berkeley, Calif. The firm owns the rights to Johnston McCulley's original character and leases the Zorro trademark for movies, jewelry, ice cream parlors, household décor and even robotic machinery. "They cannot do it," said John Gertz, the company's president and chief executive.

Mr. Gertz, who was baffled to learn about the Spanish Zorros, said he is now gathering more information about the matter. Using Zorro's



likeness to hunt down debtors could hurt the character's reputation as a defender of the poor, he said.

The employee at El Zorro Cobro de Morosos said they've never sought to use the brand internationally.

Meanwhile, El Zorro Cobrador has rebranded to El Coyote Cobrador, or The Coyote Collector, mimicking a novel and comic-book character of the same name, itself inspired by Zorro. Mr. Sánchez and his five costumed colleagues at the Valencia-based firm are doing business as usual, but had to scrap their old uniforms that spelled "El Zorro" and order new, similar-looking ones.

The firm has also set up different companies that rent out other characters, including the Clown Collector and Roman Collection, where centurions show up. In the Basque Country, where there is a strong nationalist drive, it deploys a collector dressed in traditional regional attire. Different brands "allow us to be our own competition

and gain market share," said the owner, who goes by Jesús Cano, a pseudonym he said he uses in business to protect himself.

Juan José de Diego, who runs a different company, was among the first to use a costume, donning the habit of a Franciscan monk to chase delinquent debtors some 30 years ago. Now his El Monasterio del Cobro, or The Monastery of Collection, employs 30 monks who chase increasingly high-profile targets. In his Madrid office, Mr. de Diego proudly displays stacks of newspapers and magazines that feature his monks' exploits.

"It's not a costume, it's a uniform: Just like doctors or policemen have a uniform, so do we," he said.

Mr. Cano has set his sights on foreign markets and recently launched Sherlock Debt Collectors in Britain. The firm had intended to chase debtors while dressed as the fictional British detective Sherlock Holmes but found that English courts treat such a pursuit as

harassment, a crime punishable by five years in prison.

"They are a bunch of wimps," he said.

For now, when they travel abroad, his debt collectors limit themselves to handing out business cards to the debtor's family and friends, seeking to shame them in the eyes of loved ones.

Even in Spain, debt-shaming has been likened to harassment by its critics and targets. Pablo Camacho, a reformed costumed-debt collector who once wore a frock coat and top hat, helped set up a law firm to defend those who have been targeted by Zorro and others.

"Their only business is to ridicule people," said Mr. Camacho, whose legal firm is called El Defensor del Moroso, or the Defender of the Delinquent.

Other debt collectors are also sick of the antics of their costumed peers.

"They tar us all with the same brush," said Rafael Rodríguez Campos, managing director at Icored, a Spanish debt-collecting company.

It can be a dangerous line of work. Mr. Cano says his Zorros have been threatened and shot at. In a recent case, a "delinquent came out of the house shooting his shotgun in the air," he said. "Our costumed man turned tail, got in his car and drove away."

Mr. de Diego's business operates from behind an unmarked door guarded by security cameras.

But both men are unrepentant about what they do.

"Sometimes your everyday delinquent, who the judge can't touch, goes around in a luxury car with a cigar in his mouth," Mr. Cano said. "Why can't you announce that somebody is a scoundrel? I don't care if they are a British Lord or a plumber."

## INTERNATIONAL

The  
Washington  
Post

### New clashes erupt at holy site in Jerusalem

JERUSALEM —  
Palestinians

declared a hard-won victory Thursday against what they saw as an attempt by Israel to limit access at their holiest site, the al-Aqsa Mosque compound.

Israel installed metal detectors at the gates to the sensitive shrine after three Israeli Arab gunmen killed two Israeli police officers there on July 14. Now, nearly two weeks later, the detectors and other extra security devices are being dismantled.

Jerusalem's grand mufti, Mohammed Hussein, a spiritual leader and custodian of the mosque, urged Muslims on Thursday to return to their shrine for worship, declaring the crisis over.

Worshippers had refrained from entering the compound, praying on the streets outside instead.

The esplanade on which al-Aqsa stands is considered holy by both Muslims, who call it the Noble Sanctuary, and by Jews, who refer to it as the Temple Mount.

With news of the victory, Muslims flooded the 37-acre holy complex singing victory songs and chanting "God is great." A group of youths scaled the mosque's stone

wall and planted a Palestinian flag on top.

Within minutes, Israeli police officers followed in their path and took the flag down. Police spokesman Micky Rosenfeld said worshippers started to throw rocks at security forces, as well as at Jewish worshippers praying at the adjacent Western Wall.

The cheers of joy were quickly replaced with the crack of stun grenades, and the air filled with smoke as Israeli police shot tear-gas canisters inside the mosque compound. At least 40 worshippers and 10 Israeli police officers were reported injured.

Clashes continued at the site through the evening.

"The police will respond with a tough hand to any disturbances," the spokesman said in a statement.

Israeli security officials said they were bracing for huge crowds during Friday prayers at al-Aqsa, the scene for frequent clashes not only Thursday but also over the decades.

Jerusalem Police Chief Yoram Halevi warned Palestinian protesters that his officers will respond to provocations with force.

"No one should try to test us tomorrow," Halevi told reporters. "If there are people who try to disturb the peace, to harm police or citizens, they should not be surprised. There will be casualties and people injured."

Still, the Palestinians celebrated what they saw as a win, after Israel removed the new security measures.

Abu Abad al-Qaq, 49, a building contractor from Silwan in East Jerusalem who attended the protests at the Lions' Gate entrance in the Old City, said: "This was a big miscalculation by the Israelis, who underestimated the power of the Jerusalem street, which has surprised everybody, even the Palestinian leadership."

Ibrahim Awad Allah, a top official in the Islamic Waqf, which serves as custodian of the holy site, under the control and patronage of the king of Jordan, said the victory at the site was a "message to the Israeli occupation that their arrogance failed them."

"Everything that has been imposed by the Israelis, all of it, has been removed," he said, calling such a withdrawal both rare and sweet. "This is a victory."

Beginning with the Palestinian attack that left the Israeli police officers dead on July 14, the turmoil over access to the mosque has left 15 people dead, including three Israelis fatally stabbed in their home in a West Bank settlement and two Jordanians, one an alleged assailant and the other a bystander, shot by a security guard at the Israeli Embassy in Amman, Jordan.

The decision by Israeli Prime Minister Benjamin Netanyahu and his government to back down over the increased security measures, after days of vowing that the metal detectors would stay for security reasons, was seen by Israelis and Palestinians as a capitulation.

Some Israelis said Netanyahu did the right and smart thing by de-escalating the tension, but members of his government criticized him for what they saw as weakness in the face of Palestinian opposition and violence.

"Israel comes out weakened from this crisis," hard-line minister Naftali Bennett said on Israel Army Radio on Thursday morning. "Instead of sending a message about Israel's sovereignty on the Temple Mount, it sent a message that Israel's sovereignty can be questioned."

At the outbreak of the crisis, Public Security Minister Gilad Erdan said it was up to Israel to decide security protocol for the site.

Israel's minister for national security and foreign affairs, Tzachi Hanegbi, said earlier this week in a radio interview that Israel would not give in to threats at the Temple Mount.

"If you are threatening us that you won't enter the Mount, then don't enter the Mount. Put down prayer mats and pray wherever you want. If you want to pray on the Mount, pass through the checkpoints just as I had to do at the Vatican a few weeks ago, just as we all have to at the Western Wall," he said.

He said that Israel was the sovereign power in Jerusalem and on the Temple Mount.

But the ongoing protests, some peaceful and some violent, have

challenged that.

Over the past week and a half, Palestinian Muslim worshipers have laid their prayer mats down on the street outside the mosque compound, stirring emotions in the wider Arab world and causing tensions between Israel and one of its closest Muslim allies, Jordan.

In a Facebook post Wednesday, Netanyahu vowed to shut down the Jerusalem bureau of Al Jazeera, the Qatar-based news network, for broadcasting images of what he called incitement.

Netanyahu's bureau declined to give specific examples of the Al Jazeera content that might have stoked tensions.

Asked for a specific example, a communications adviser in Netanyahu's office suggested that reporters scroll through Google.

Last week, the channel published a short video clip showing an Israeli police officer kicking a Palestinian kneeling on a prayer mat for worship. Netanyahu's office did not dispute the veracity of the clip.

It was this image and others that spurred Omar al-Abed, a 19-year-old Palestinian, to fatally stab three Israelis in the settlement of Halamish on July 21, his father told The Washington Post this week.

Netanyahu called the teen a "beast" and said he was "incited by Jew hatred."

The attack, which left a 70-year-old Israeli grandfather and his two adult children lying in a pool of blood in the family's kitchen, drew angry reactions from Israeli leaders, with several calling for Israel to use the death penalty. The attacker was shot but only lightly wounded.

What's most important from where the world meets Washington

Palestinians say the Israelis are also guilty of inciting violence.

They point to statements by Israeli parliament member Oren Hazan, who posted a video on his Facebook account saying that he wanted to demolish Abed's home and "execute" his family.

"I want to be honest without sounding too extreme, but if it was up to me, I would've gone to the terrorist's house yesterday, grabbed him and his whole family and executed them all together," said Hazan, who is a member of Netanyahu's Likud party.

Sufian Taha contributed to this report.



## In court, a Turkish journalist delivers a searing attack on the government

By Kareem Fahim

ISTANBUL — After spending more than seven months in prison on terrorism charges that could keep him there for years to come, Ahmet Sik, a Turkish journalist, appeared in an Istanbul court this week with a fleeting opportunity to publicly rebut his powerful accusers.

He was on trial with 16 colleagues from Cumhuriyet, Turkey's most prominent opposition newspaper. The case, media advocates say, is part of a harsh, year-long crackdown by the government of President Recep Tayyip Erdogan on opposition voices and is a critical test of the state's tolerance for free speech.

In the packed courtroom, Sik appeared determined not to waste the moment.

What was supposed to be a defense statement was instead a searing attack on the government and a spirited argument for the relevance of his beleaguered profession. The indictment against the journalists was "trash," the trial an attack on media freedom, and the judiciary a "lynch mob," he said in his appearance on Wednesday.

"They think we will be scared and silenced," he said.

The trial, which has made defendants of some of Turkey's best-known journalists, is being closely watched at home and abroad, at a time when the Turkish government has earned the distinction of being the most prolific jailer of journalists in the world.

Sik's testimony — with its incendiary and rarely uttered criticism of the state — exploded on social media as it was delivered, resonating with others who felt put upon by the government.

*[In powerful testimony, a Turkish investigative reporter says 'journalism is not a crime']*

The issues at stake in the case also mirror Turkey's broader arguments in the year since the government fended off a coup attempt: The country has wrestled with questions about the judiciary's independence, the dwindling influence of opposition parties, the government's growing power and the definitions of patriotism, loyalty and treason.

The arrests of the Cumhuriyet employees began last fall, as the authorities were carrying out a massive purge of state institutions, ostensibly focused on followers of the Turkish cleric Fethullah Gulen, the accused mastermind of the coup attempt, who lives in the United States.

Ordinary dissidents were caught up in the purge, along with journalists. As it shut down media outlets and arrested journalists, including leftists, the government invoked the state's enemies in Gulen's movement as well as Kurdish militants.

In the case of Cumhuriyet — which had been openly hostile to the Gulen movement — the charges rang especially hollow, the paper's supporters said. The government's antipathy toward the newspaper was more deeply rooted, they said, and

included anger at its publishing of a photograph purporting to show Turkish intelligence sending truckloads of weapons to Syrian rebels.

The government has denied jailing large numbers of media workers but has narrowly defined who can be considered a journalist.

The indictment against Cumhuriyet accuses the newspapers' employees — including its cartoonist, a staff lawyer and its editor in chief — of a sprawling number of offenses, including "acting in accordance with the goals" of a handful of militant organizations, and publishing articles designed to "create internal turmoil and bring the country to an ungovernable state through manipulation and hiding the truth."

Dozens of the newspaper's supporters gathered in a plaza outside the courthouse Monday, shortly before the trial began. Standing among them was Ahmet Sik's brother, Bulent Sik, an academic who lost his job as a university professor in the purge after the coup attempt.

As Bulent told it, Ahmet and his colleagues were on trial solely because the government was sensitive about their journalism — including articles that detailed the once-close relationship between Erdogan's governing Justice and Development Party, or AKP, and the Gulen movement.

"They don't want journalists telling them they worked hand in hand," Bulent Sik said, adding that he was

happy that the case was finally coming to trial.

Two days later, though, after sitting through hours of court testimony, he was far less hopeful. The judges seemed disengaged, he said, as if they were going through the motions. He doubts that when the hearing wraps up at the end of the week, his brother will be released.

*[Inside a nervous Turkish newsroom as the government closes in]*

What's most important from where the world meets Washington

It was not clear whether Ahmet Sik's blistering speech helped or hurt his case.

He referred to the partnership between the AKP and the Gulen movement as a "Mafioso coalition," and suggested that the government knew far more than it let on about the coup attempt last summer, according to a transcript of his comments published on the website of the European Center for Press and Media Freedom.

"What I say is not defense or expression. On the contrary, it is an accusation," he said. That Sik is considered an authority on the Gulenists made his detailed portrait of elite intrigues, betrayals and collusion perhaps more damaging, at least from the government's perspective.

"There are not many remaining who are trying to uncover the truth," he said in lengthy comments about the many hardships faced by Turkey's

journalists. "More than anything," he added, "we need more truth."

**THE WALL  
STREET  
JOURNAL.**

## Qatar, Prepared for Saudi-Led Embargo, Weathers Standoff

Yaroslav Trofimov

DOHA, Qatar—If Qatar is withstanding a far-reaching embargo by Saudi-led Arab nations, it's because the tiny emirate has drawn the right lessons from its previous neighborhood squabble.

Back in 2014, Saudi Arabia, the United Arab Emirates and Bahrain withdrew their ambassadors from Qatar, making some of the same complaints that resurfaced in this year's crisis. They objected to Qatar's support for the Muslim Brotherhood and other regional dissidents, and wanted to end critical coverage by Qatar's Al Jazeera broadcaster.

The confrontation at the time didn't involve the travel ban and the comprehensive closing of borders, airspace and ports that the three Saudi-led Gulf monarchies and Egypt announced on June 5. The 2014 crisis ended with Qatar's emir, Sheikh Tamim bin Hamad Al-Thani, agreeing to tone down the emirate's activist foreign policy.

For many Qataris, however, it was clear that the 2014 confrontation—the result of their country's historic rivalry with the Saudis and especially the Emiratis—wasn't a one-off event. So in the years since, Qatar made sure to prepare for a second round. It helped, of course, to be the world's wealthiest nation based on per capita income—one that could afford the necessary investments.

"In 2014, we wouldn't imagine that Qatar could survive if the Saudis closed the border.

Now they've closed it, and the Qataris discovered that they can live with it," said Marwan Kaban, head of policy analysis at the Arab Center for Research and Policy Studies, a Doha think tank close to the Qatari government.

"These countries thought they could corner Qatar and force it to wave the white flag, using a shock-and-awe approach. It didn't work out. The Qataris had learned their lesson," he said.

In fact, both sides now expect the confrontation and the Saudi-led embargo on Qatar to last for months, if not years, despite international mediation attempts.

The most important initiator of the campaign, Saudi Crown Prince Mohammed bin Salman, can hardly afford to lose face and backtrack on demands against Qatar. He has yet to show clear successes in his other signature projects, domestic economic reform and the war in Yemen.

The Qatari royal family, too, has little inclination to capitulate and transform its emirate into a Saudi vassal state. That is especially so as the Saudi-led sanctions, imposed in the middle of the holy month of Ramadan and aiming to sow dissent in the emirate, have, so far at least, backfired. They have fomented a sense of defiance and newfound Qatari nationalism.

Stylized portraits of Sheikh Tamim, surrounded by handwritten pledges of allegiance by citizens, are mushrooming across the capital Doha, as are condemnations of the "siege nations."

In a televised address last week, his first since the crisis began, Sheikh Tamim agreed to negotiations while defining the conflict with the Saudi-led camp as an existential issue.

"Since the onset of blockade, day-to-day life in Qatar continued as normal," he said. "The Qatari people instinctively and naturally stood up to defend the sovereignty and independence of their homeland."

Unlike in 2014, Qatar now has a new seaport that can handle large container ships, the Hamad Port. That has permitted it to offset the ban on shipping via Dubai, until recently the main hub for cargo to Qatar.

The capacity of Doha's new Hamad International Airport, meanwhile, allowed Qatar to ramp up food imports by cargo planes. The country's surplus electricity generation capacity meant that the lights and—critically in the Gulf summer, air conditioners—stayed on despite the border closure.

The most evident economic impact of Saudi-led sanctions is the disappearance of Saudi dairy products, which used to account for the vast majority of Qatar's \$1.6 billion dairy market. Qatar compensated for this by flying in Turkish, Azerbaijani and Lebanese milk and by shipping in cows of its own.

At the sprawling Baladna farm in the desert north of Doha, workers from South Asia are toiling day and night to build air-conditioned housing for up to 14,000 Holstein cows. The 165 that already arrived in the first cargo plane are leisurely chewing cud in

the coolness of the first completed shed.

Baladna had planned to go into the cow-milk business before the Saudi embargo, but dramatically expanded the project after the crisis erupted. It expects to make an investment of as much as \$545 million in the venture.

"The embargo is an opportunity to fill the void. We would have had to battle for market share otherwise," said Baladna CEO John Dore. The Saudis aren't likely to regain Qatari consumers even once the crisis is resolved, he added.

"Look at the patriotic fervor here. People aren't going to forget the blockade."

Despite the war of words, some business between Qatar and its Gulf foes continues. Crucially, Qatari gas—which generates a large part of the U.A.E.'s electricity—keeps flowing through the Dolphin pipeline to Dubai. Other Gulf nations haven't withdrawn their funds from Qatari banks and Qatari financial institutions' affiliates continue operating in Egypt and the U.A.E.

"Qatar has absorbed the shock," said Abdullah Baabood, head of the Gulf studies program at Qatar University. "Yes, there is an economic cost, but you have to compare this cost to the cost of losing sovereignty. And Qatar is not going to give up its sovereignty just like this."

**THE WALL  
STREET  
JOURNAL.**

## Editorial : The Nuclear Spirit of Iran

One almost has to admire Iran's chutzpah. On Wednesday after the U.S. House of Representatives passed a bill, 419-3, which would impose sanctions on Iran's ballistic-missile program, its foreign ministry called the legislation "illegal and insulting." On Thursday Iran made a scheduled launch of a huge missile, which it says will put 550-pound satellites into orbit.

The only people who should feel surprised or insulted by this are Barack Obama and John Kerry, who midwived the 2015 nuclear-weapons agreement with the untrustworthy Iranians. State Department spokeswoman Heather Nauert rightly called the missile launch a violation of the spirit of that agreement.

That is as far as she can take it because Iran's ballistic-missile program wasn't formally in the

nuclear agreement, despite Mr. Kerry's statements of concern during negotiations. In the end he wanted a deal more than limits on those missiles. We assume Iran's missile engineers are at least as competent as those in North Korea, which is approaching the ability to deploy intercontinental ballistic missiles.

Advocates of the nuclear deal persist in arguing that Iran is in compliance with its provisions. It

takes considerable credulousness to believe that over the course of this agreement the Iranian military won't adapt technical knowledge gained about launch and guidance from projects like its "satellite missile" program. With or without compliance, Iran is making progress as a strategic threat.

**The  
New York  
Times**

## Trump Seeks Way to Declare Iran in Violation of Nuclear Deal

David E. Sanger

President Trump, frustrated that his national security aides have not given him any options on how the United States can leave the Iran

nuclear deal, has instructed them to find a rationale for declaring that the country is violating the terms of the accord.

American officials have already told allies they should be prepared to join in reopening negotiations with Iran or expect that the United States may abandon the agreement, as it did the Paris climate accord. And

according to several foreign officials, the United States has begun raising with international inspectors in Vienna the possibility of demanding access to military sites in Iran where



there is reasonable suspicion of nuclear research or development.

If the Iranians balk, as seems likely, their refusal could enable Washington to declare Tehran in violation of the two-year-old deal.

Mr. Trump has enormous latitude to abandon the accord. It was never a treaty because President Barack Obama knew that opposition to the agreement in the Republican-dominated Senate was so great that he could never get the two-thirds majority needed for ratification. Instead, he made an executive agreement, one that his successor could eliminate by merely disregarding the accord's requirement to waive sanctions against Iran.

Mr. Trump's instructions followed a sharp series of exchanges last week with Secretary of State Rex W. Tillerson, after Mr. Trump initially balked at certifying, for a second time since he took office, that Iran is in compliance with the agreement. He later reluctantly approved the certification.

Mr. Trump had expected to be presented with options for how to get out of the deal, according to two officials, and in the words of one of them, "he had a bit of a meltdown when that wasn't one of the choices."

Mr. Trump himself made it clear he does not plan to let that happen again.

"We're doing very detailed studies," he told *The Wall Street Journal* in an interview this week. Later, he added that when the next 90-day review of the deal comes around — mandated by Congress two years ago — "I think they'll be noncompliant."

His aides say they are not so sure of the outcome, and they described the studies Mr. Trump referred to as evenhanded efforts to evaluate the costs and benefits of staying inside the deal — with its sharp limitations on Iran's ability to

produce nuclear fuel for at least the next nine years — versus abandoning it.

Some concede that the diplomatic cost of abandoning the agreement would be high. The other parties to the agreement — Britain, China, France, Germany and Russia — do not share Mr. Trump's objections. If the United States withdraws support for the accord, it will be isolated on the issue, much as it is on the climate change agreement.

But the president's mind seems made up. "Look, I have a lot of respect for Rex and his people, good relationship," he said of Mr. Tillerson. "It's easier to say they comply. It's a lot easier. But it's the wrong thing. They don't comply."

Even longtime critics of the deal in Congress have their doubts about the wisdom of abandoning it. In an interview this week with David Ignatius of *The Washington Post*, the chairman of the Senate Foreign Relations Committee, Bob Corker, Republican of Tennessee, strongly suggested that this is not the moment to abandon something that is largely working.

"What I say to the president, and this is what Tillerson, Mattis and McMaster say," said Mr. Corker, referring to Defense Secretary Jim Mattis and the national security adviser, Lt. Gen. H. R. McMaster, is that "you can only tear the agreement up one time."

Right now, he added, "it's not like a nuclear weapon is getting ready to be developed."

Absent any urgency, he argued for a more nuanced approach. "Radically enforce it," he said of the deal, demanding access to "various facilities in Iran."

"If they don't let us in," Mr. Corker said, "boom."

He added: "You want the breakup of this deal to be about Iran. You don't want it to be about the U.S., because we want our allies with us."

Mr. Tillerson, he said, ultimately wanted to renegotiate a deal that would stop Iran from enriching uranium forever — a concession it is hard to imagine Iran ever making.

Some version of Mr. Corker's "radical enforcement" is essentially the strategy that national security officials have described in recent days. They deny they are trying to provoke the Iranians. Instead, they say they are testing the utility of the accord so they can report back to Mr. Trump about whether Iran's interpretation of the provisions of the agreement, and its separate commitments to the International Atomic Energy Agency, would pave the way for international inspectors to go anywhere in the country.

That probably sets the stage for some kind of standoff.

Iran has long said that its most sensitive military locations are off limits. That issue came to a head in 2015 when international inspectors demanded access to Parchin, a military base near Tehran where there was evidence of past nuclear work. A compromise was worked out in which Iran took environmental samples itself, under surveillance by agency inspectors. The inspectors found little, but the precedent of how the inspection was carried out was cited by critics of the deal as evidence that the Iranians could hide work on uranium enrichment or other technology in off-limits military facilities.

It is unclear whether American intelligence agencies possess evidence of potential violations that go beyond suspicions. Several senior intelligence officials have warned there are risks involved in directing the international agency to specific locations, only to discover nothing nefarious. Such an outcome would have echoes, they caution, of the failed effort to find weapons of mass destruction in Iraq in 2003.

One of Mr. Trump's complaints about the 2015 deal is that it covers only nuclear activity, not support for

terrorism, or missile testing, or Iran's activities in Syria and Iraq. The State Department complained that an Iranian launch of a missile into space on Thursday violated the spirit of the nuclear accord.

The missile test was the first by Iran since Mr. Trump took office. But such tests of what are essentially carrier rockets are not prohibited.

The missile that was launched is known as a Simorgh, or Phoenix, which experts said was a copy of North Korea's Unha space launch vehicle. Iran's national news channel said the rocket was capable of placing satellites weighing up to 250 kilograms, or about 550 pounds, into a low earth orbit of 500 kilometers, or about 300 miles.

Nader Karimi Joni, a journalist close to the government of Iran's president, Hassan Rouhani, said Thursday's launch was a reaction to the House of Representatives' vote on Tuesday approving a new round of sanctions against Iran. The Senate approved the bill Thursday night.

"Iran is boosting its missile capabilities in order to increase the accuracy, precision and range," Mr. Joni said. "Iran will not stop the missile projects."

In a sign of continuing struggles over Iran policy, the White House confirmed that Derek Harvey, the head of Middle East affairs on the National Security Council, was removed from his post on Thursday. No explanation was given, but Mr. Harvey was known to be especially hawkish about Iran's role in the region, and he was appointed by the previous national security adviser, Michael T. Flynn. Mr. Harvey was widely reported to have been at odds with General McMaster, the current national security adviser, on Middle East policy.

## The New York Times Crackdown on Online Criticism Chills Pakistani Social Media

Mehreen Zahra-Malik

ISLAMABAD, Pakistan — Dr. Faisal Ranjha was examining a patient in the crowded critical-care unit of his hospital in northeastern Pakistan when a federal officer abruptly walked in, seized his cellphone and told him he was under arrest.

Officers took him home to scoop up his laptop and the tablet computer on which his 8-year-old son was playing games, then drove the doctor more than 150 miles to the Federal Investigation Agency

headquarters in Islamabad. Only then was he told why: He stood accused of leading an anti-army information campaign on Twitter.

Dr. Ranjha is one of dozens of people arrested and investigated since January for their social media use, under the sweeping cybercrimes law passed by Parliament last year.

The law, the Prevention of Electronic Crimes Act, was widely promoted as a tool to punish internet activity by banned militant groups and curb online sexual harassment.

But in recent months it has increasingly been used to crack down on those who have gone online with criticism of the government and, particularly, the military.

Civil rights advocates, as well as people directly targeted by the authorities, have described actions that included harassment, intimidation, and detention without access to lawyers or family members. In a few cases, physical abuse of those in custody was reported.

More subtly, the campaign has also injected a distinct chill into a Pakistani social media scene long known for boldness and rollicking satire.

"Many journalists and activists — especially young people who ask important questions or say critical things on Facebook or Twitter — they are going quiet, thinking they can be arrested, or worse," said Shahzad Ahmad, a director of Bytes for All Pakistan. The group campaigns for internet freedom and has gone to court several times

seeking to lift government restrictions in Pakistan.

The internet crackdown is happening while the country's military establishment has been exerting its influence more broadly over media outlets, the courts and politics, even as it has enjoyed widespread popularity with the public. Now, the military seems to feel increasingly empowered to root out even small-scale criticism.

Dr. Ranjha insisted that he had never crossed any explicit line with his posts.

"I've never been part of any anti-army campaign," Dr. Ranjha said in a telephone interview from his home in the Gujranwala District of Punjab Province. "But yes, my tweets definitely give the impression that democracy in Pakistan is very weak because it is not being allowed to grow stronger, to flourish."

He was freed on May 22 after two days of questioning. But his devices have not been returned, and the Federal Investigation Agency took control of his Twitter account to make it inaccessible.

Under the electronic crimes law, investigations are carried out by the Federal Investigation Agency. The agency says it does not monitor, but only follows up on complaints from the Interior Ministry or, more often, from the military and its feared spy agency, Inter-Services Intelligence, or I.S.I.

"Monitoring is not our mandate; we get complaints from the interior minister and mostly our intelligence agencies about certain social media profiles, and then we investigate," said Muhammad Shafique, the head of the F.I.A.'s cybercrime section. "There is coordination between civilian and military agencies; we

work together."

The I.S.I. has long been accused of using intimidation, torture and extrajudicial killings against suspected militants, dissidents and journalists. Now it is also able to move indirectly, through the new cybercrimes law and the investigation agency, against dissent, according to officials and rights advocates.

An Interior Ministry spokesman said all questions about continuing investigations under the cybercrime law should be directed to the Federal Investigation Agency. An I.S.I. spokesman did not respond to phone calls seeking comment.

In May alone, the F.I.A. began investigating more than 200 social media accounts and summoned at least 21 users for questioning about "anti-military posts." In June, Zafarullah Achakzai from the southern city of Quetta became one of the first reporters to be charged under the electronic crimes law.

The number of investigations, and sometimes arrests and fines, began increasing soon after the law's passage in August 2016. But it was a series of disappearances in January outside the normal workings of the law that greatly increased public fears and outrage over what was increasingly perceived as an unjust crackdown on public expression.

That month, at least five activists known for internet posts critical of the military suddenly disappeared. People flocked online to protest and demand the activists' return. An editorial in the newspaper Dawn called the disappearances "a dark new chapter in the state's murky, illegal war against civil society."

Four of the five have since returned home. Three promptly left Pakistan.

But Samar Abbas, the president of Civil Progressive Alliance Pakistan, a rights group based in Karachi, is still missing.

No state agency has accepted responsibility for holding the five men. The army's media office and the Interior Ministry denied involvement in separate news conferences in January.

Three of these activists were administrators of a popular satirical Facebook page called Mochi. The cover photo for the page reads: "We respect Armed Forces of Pakistan as much as they respect the constitution of Pakistan."

One Mochi administrator, who spoke on condition of anonymity out of fears for his family, said he was subjected to torture during his three weeks in I.S.I. custody. The wife of another activist who disappeared in January said that since his return, he had remained so traumatized that he shied away from even his children, and remained mostly shut in his room. She requested that specifics about his case not be published to protect her family's identity.

Another activist who disappeared was Salman Haider, a well-known poet now in exile in the United States. Mr. Haider declined to comment for this article, but shared a harrowing poem about his fear of death while in confinement, and such degradations as being made to use the same bottle to urinate in and drink water from.

Rights activists say that the episode gave authorities renewed confidence to go after dissenters ever more openly, culminating in a public announcement in May by the interior minister that criticism of the security forces was forbidden and would be punished.

"Officials now realized what an excellent tool they had in their hands to control political expression," said Mr. Ahmad of Bytes for All Pakistan.

Mr. Shafique, the head of the Federal Investigation Agency's cybercrime section, would not comment on specific cases. But he made it clear that posts disrespectful of Pakistan's armed forces would not be tolerated.

"Freedom of expression within limits is a right, but using abusive language against sacred institutions — that makes a crime," he said.

He added that under the cybercrime law, no one could be arrested without "solid technical evidence" retrieved from electronic devices. He called the existing law "very weak" because it did not even allow the F.I.A. to register a case against an accused person without a court order.

"In our country, social media is more free than it is anywhere else in the world," Mr. Shafique said. "Everyone can say what they want. Who is scared?"

But the crackdown has definitely raised fears, with many saying they self-censored their posts rather than risk arrest or any threat against their families.

And that, Dr. Ranjha said, was almost surely the point.

"Picking me up was a way to send a message to others to straighten up," he said. "When you are taken away — and you don't know why, or when you'll come back — it changes everything."



## Sharma : Sharif's Ouster in Pakistan Isn't Good News for Anyone

Mihir Sharma

In Pakistan's 70 years of existence, not one prime minister has served a full five-year term. They've been fired by governor-generals and army chiefs and judges. So it was always fruitless, I expect, to hope that Nawaz Sharif, elected with a massive mandate in 2013, would become the first. And so it has proved: Sharif was "disqualified" -- in fact, dismissed -- by Pakistan's Supreme Court on Friday. The last elected prime minister before Sharif, Yousuf Raza Gilani, was also dismissed by the Supreme Court, in 2012.

QuickTake Pakistan's Turmoil

The headlines will tell you that Sharif was forced out amid accusations of

corruption -- and that's true, as far as it goes. Unfortunately, it doesn't go very far. In fact, it's hard to escape the conclusion that Sharif was dismissed because, as with the others, a secretive military "establishment" decided to fire him. That's bad news for Pakistan; again, a democratic mandate appears to have been shown to be of no account when compared to the wishes of the army. Nor is it good news for Pakistan's neighbors -- or the West.

The Supreme Court didn't find Sharif guilty of corruption per se, but instead declared that he'd violated Articles 62 and 63 of Pakistan's Constitution, which demand that members of parliament be "sadiq" and "ameen" -- "truthful" and

"righteous." These were made into requirements by one of Pakistan's many past military dictators, presumably as a way of controlling legislators. The conditions are usually used as a way to humiliate and harass candidates; this is the first time they've been used to disqualify a member of parliament retrospectively. It doesn't take a genius to see Sharif is being singled out using a particularly dangerous and illiberal constitutional clause.

Of course, Sharif's no saint. He welcomed the judicial dismissal of his predecessor, and a court-appointed "joint investigation team" amassed a 275-page report on his family's affairs that makes for quite fascinating reading. But it's worth noting that the weighty accusations

against Sharif date back not just to before he was prime minister, but in some cases to the 1980s. The court pushed the burden of proof onto Sharif, not the team it appointed; even so, the dossier was assembled suspiciously quickly, in just three months. The fact that the supposedly independent investigation team included two members of the Pakistan military's powerful intelligence services may have had something to do with it. It would be a brave Pakistani bureaucrat indeed who did not sign off on facts provided by a man in uniform.

It wouldn't be surprising if the army wanted Sharif out. They've never enjoyed easy relations -- the last time Sharif was prime minister, he

was deposed in an military coup -- but things really went downhill when someone leaked details of a meeting in which Sharif's brother had a "verbal confrontation" with the powerful head of Pakistani intelligence over the army's support to militants. The Pakistani government set up a committee to investigate the leak. But once the committee finished, and the prime minister issued an official notification that he was satisfied with its report, the army's spokesman declared on Twitter: "The notification is rejected."

I suppose it's a bit of an advance that, unlike in 1999, this confrontation hasn't led to a coup. Instead the judicial system has been used and the army has restricted itself to effectively supporting the

opposition leader, Imran Khan. Khan poses as a democrat but has famously claimed that Pakistanis would celebrate and "distribute sweets" if the army took over again.

Sharif's defeat and the triumph of Khan and his backers in the military is, seen this way, not good news for anyone. It's bad for Pakistan, where democracy seems constantly to struggle to take root; and it's bad for India, where many trusted the business-friendly and pragmatic Sharif would manage to outwit the army, take greater control of the country's foreign policy and become a reliable partner for peace.

When Sharif was elected, you could hope that, under him, Pakistan would grow closer to India and the

west, crack down on terrorism, and reform its economy. You can no longer expect any of that. Instead, it's far more likely Pakistan will turn to China to help shore up its patronage-based economy.

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Just look at the numbers: Pakistan ran an unprecedented current account deficit last year, driven by a big jump in imports -- attributed by the State Bank of Pakistan to the cost of machinery and material associated with China's infrastructure projects in Pakistan. How is that being paid for? By record borrowing, especially from

China, which loaned Pakistan \$3.9 billion last year alone. And many of these Chinese-backed projects are being carried out by military organizations, which will entrench themselves further at the center of Pakistan's economy.

No, Nawaz Sharif is no saint. But his departure is very bad news for anyone who had bet on a brighter future for Pakistan.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.

## The New York Times

### Putin Derides Sanctions and Trump Investigations as 'Boorishness'

Andrew Higgins

MOSCOW — President Vladimir V. Putin of Russia on Thursday denounced as "illegal" American plans for new sanctions against his country and scorned investigations into the Trump campaign's relations with Russia as political hysteria. Moscow, Mr. Putin warned, cannot "put up forever with this boorishness."

But, speaking in eastern Finland during a joint news conference with the Finnish president, Sauli Niinisto, Mr. Putin said he would wait until a final text of the new sanctions legislation had been adopted before deciding how to respond.

The comments were Mr. Putin's first public response to a push in Congress to enact stepped-up sanctions against Russia, Iran and North Korea and to limit President Trump's ability to overturn the restrictions.

Mr. Putin said the sanctions were illegal under international law and violated the rules of the World Trade Organization, which Russia joined in 2012.

Last November Moscow's political elite cheered Mr. Trump's election victory, expecting that he would quickly reverse sanctions imposed under President Barack Obama, which included the seizure in December of two Russian diplomatic compounds in New York and Maryland.

Since then, Moscow's hopes of a swift warming of ties under Mr. Trump have evaporated amid investigations in

Washington into whether Mr. Trump's campaign colluded with Russia before the election.

Echoing Mr. Trump's own repeated assertion that the Russia investigations were "fake news" ginned up by crestfallen Democrats to explain Hillary Clinton's defeat, Mr. Putin said he did not consider the various inquiries in Washington as investigations "because an investigation envisages full clarification of all circumstances, studying and hearing various parties." He added, "We see just an increase in anti-Russia hysteria."

He derided efforts to clarify any links between members of Mr. Trump's campaign staff and Moscow as "just the use of Russophobic tools in an internal political struggle, in this case the struggle between President Trump and his political opponents."

Yet, with Russian legislators already clamoring for "painful" measures against the United States in retaliation for the new American sanctions, Mr. Putin seemed eager to slow momentum toward a tit-for-tat diplomatic ruckus that would leave relations even more strained than they were under Mr. Obama.

In December Mr. Putin, hoping for rapprochement under Mr. Trump, declined to respond to Mr. Obama's expulsion of 35 Russian diplomatic staff members and the seizure of Russian diplomatic property. Mr. Obama said such measures were to punish Moscow for its interference in last year's presidential election.

Mr. Putin said on Thursday that Russia had so far been "restrained

and patient" in response to what he said were constant provocations by the United States. But he indicated this would not continue indefinitely. "At a certain moment we will have to respond," he said. "It is impossible to put up forever with this boorishness toward our country."

Mr. Putin visited Finland to help mark the 100th anniversary of its independence from the Russian empire, an occasion that allowed him to avoid the tension and street protests that often accompany his travels elsewhere in Europe.

While many European leaders give Mr. Putin a frosty reception, President Niinisto has sought to promote a spirit of quiet, steadfast cooperation between Finland and its large eastern neighbor.

Mr. Niinisto told Mr. Putin on Thursday: "I do not quite agree with you that the issue is about imposing sanctions or adhering to U.S. laws. I understand it is the suspicions about the American election process that lie behind this. That is why the United States is proposing sanctions."

Such penalties, he said, "would have an immediate impact not only on Russia but other countries, too," and would be the topic of discussion between the European Union and the United States. He said he agreed with Mr. Putin's wish "that people around the world would understand each other a bit better."

"That is in the interest of us all," Mr. Niinisto said

Russia and Finland share an 830-mile border, and cooperation along it

came under strain in 2015 at the height of Europe's migrant crisis, when a surge of people from the Middle East, Africa and elsewhere passed through the border and sought asylum in Finland.

The sudden appearance of the migration route provoked suspicions among some Finland lawmakers that the migrants' passage had been facilitated by Russian special forces.

Other signs of strain have emerged since Russia's remilitarization of the Baltic Sea region, especially its exclave of Kaliningrad, where Russia has been testing long-range surface-to-air missiles. Russia also has been accused of frequently breaching air and sea-space boundaries in the neighboring Baltic States of Estonia, Latvia and Lithuania.

On Thursday, Mr. Putin and the Finnish president both played down the significance of joint Russian-Chinese naval exercises underway in the Baltic Sea, the first time the two navies have trained together in the area.

While Finland, like Sweden, does not belong to the NATO alliance and only a minority of the population supports the idea of joining, Finland has bulked up its defenses and strengthened regional defense cooperation, bringing 50,000 more troops into its armed forces and establishing in Helsinki the European Center of Excellence for Countering Hybrid Threats.

## The New York Times

### Editorial : Congress Defies Trump on Russia

The United States has struggled to

find the right response to Russia's hacking of the 2016 election ever

since it was revealed last fall. President Barack Obama retaliated

in December, but those sanctions did not sufficiently punish the



Kremlin for interfering in America's democratic processes or ensure it wouldn't happen again.

His successor has yet to grasp the urgency of going further. Even though his family and advisers have been compromised by widening allegations of collusion with Moscow, President Trump has fiercely resisted more penalties. Finally, however, comes good news: On Thursday, Congress set aside its partisan bickering long enough to perform the civic duty that Mr. Trump has ducked, giving final passage to legislation imposing sweeping new sanctions on Russia and sharply limiting Mr. Trump's ability to suspend new and existing ones. The Senate approved it by a 98-to-2 vote, following a similar, resounding 419-to-3 vote in the House.

The bill would impose credit and other restrictions on companies engaged in Russian energy projects, on foreign financial institutions that facilitate such projects and on suppliers of arms to Syria. The president must notify Congress

before making changes to Russian sanctions policy and lawmakers can then block such changes.

The president has sent mixed messages about what comes next. Aides initially signaled that Mr. Trump would have no choice but to allow the bill to become law. On Thursday, however, his new communications director, Anthony Scaramucci, suggested that Mr. Trump could veto the bill, ostensibly as a prelude to pushing for "tougher" legislation. As Minority Leader Chuck Schumer said aptly on the Senate floor, however, "I'm a New Yorker, too, and I know bull when I hear it." Alternatively, if Mr. Trump vetoes the bill, it will be one more sign of his willingness to curry favor with the Russian president, Vladimir Putin. At which point Congress should not hesitate to override him. Mr. Trump has already delayed congressional action for months with a fierce lobbying effort; further delays would also hold up new sanctions against Iran and North Korea, which his administration has favored and are included in the legislation.

The new sanctions build on those imposed by Mr. Obama in December. Russia's two leading intelligence services, the F.S.B. and GRU, were targeted with asset freezes and travel bans, and two Russian compounds in Maryland and New York, reportedly used for spying, were seized. Since then, the revelations about Russian meddling have widened, even pointing to Mr. Putin's involvement.

Mr. Trump is particularly aggrieved by the provision giving Congress power to overrule him if he tries to lift any of the sanctions, including returning the compounds, as Moscow has demanded. Typically, Congress gives presidents flexibility to temporarily suspend sanctions as a negotiating tool. But Congress believes that he cannot be trusted, and that Russia must be held accountable, even as America should try to work with Mr. Putin on Syria and other matters.

Not surprisingly, the Russians are warning that new sanctions would push Russian-American relations into "uncharted territory" and invite

retaliation. Russia, under economic stress, is worried; an adviser to Mr. Putin said the sanctions would further curb economic growth.

The Europeans have their own complaints, one of which is that the sanctions could threaten a pipeline to transport Russian gas into Germany. Senator Ben Cardin, the senior Democrat on the Senate Foreign Relations Committee, made a special effort to consult with the allies and add language that ensures sanctions against such projects can be waived, an aide said. Even so, the allies, unconvinced, are threatening counter-sanctions.

Sanctions are often controversial. But they are a nonviolent tool — and in this case a timely and appropriate one — for making clear when another country's behavior has crossed a line and for applying pressure that could make its leaders reconsider course.



## Bershidsky : Why This Ex-President Ended up Stateless

Leonid Bershidsky

The leader who waged a high-profile fight to set two post-Soviet countries on a Western path has now lost his job and the citizenship of both nations. Mikheil Saakashvili, former president of Georgia and former governor of Odessa in Ukraine, is now stateless. His story shows how difficult it is in the post-Soviet space for even Western darlings such as Georgia and Ukraine to shed their legacy of corruption and authoritarianism.

Saakashvili's reforms following Georgia's 2003 Rose Revolution are now the subject of books and countless scholarly articles. Ruthless deregulation and a series of anti-corruption moves resulted in quick economic growth, culminating at 12 percent of gross domestic product in 2007, mostly at the expense of the informal economy. Georgia rocketed upwards in all sorts of economic freedom rankings such as the World Bank's ease of doing business.

Georgians, however, tired of his radicalism. Many were also scared of his open confrontation with Russia, which resulted in a swift and painful military defeat for Georgia in 2008. So in 2012, his party lost an election, setting up the handover of power from Saakashvili to billionaire Bidzina Ivanishvili, who had made his fortune in Russia.

Saakashvili has criticized the Georgian governments that followed as too pro-Russian. In fact, they have maintained his liberal economic rules, pressure on the informal sector and orientation toward the European Union and the North Atlantic Treaty Organization. Georgia was been rewarded with visa-free travel to Europe this year, if not with any firm promise of NATO membership. And yet the post-2012 governments have taken a thoroughly post-Soviet, authoritarian attitude toward Saakashvili himself.

Accused of embezzlement and abuse of power in Georgia, Columbia Law School-trained Saakashvili surfaced briefly in the U.S. where he had a teaching position and friends in the Republican hierarchy, such as Senator John McCain. But he ached for a political challenge, and in 2014, he found it in Ukraine, where he had once gone to college and where the "Revolution of Dignity" gave him an opening as a professional reformer. His Georgian success was an example to which may Ukrainians aspired. President Petro Poroshenko took him on as an adviser, and there was a brief period in Kiev when Saakashvili's Georgian allies became a political force. They took key jobs in some of the most corrupt sectors of the Ukrainian state, reflecting the popular belief that Saakashvili knew how to fix graft.

The former Georgian president hesitated to take on a more practical role: A government appointment would have required Ukrainian citizenship, and he still harbored political ambitions in Georgia. But the "Georgian team" wasn't doing well in Kiev, hemmed in by the all-powerful bureaucracy and a political elite that wanted him to fail. In February 2015, Poroshenko appointed him governor of Odessa, a large regional center with a deeply entrenched local oligarchy and strong pro-Russian leanings. Poroshenko also handed him a Ukrainian passport. In December 2015, Georgia stripped the former president of his citizenship for pledging allegiance to a different nation.

His eggs now in the Ukrainian basket, Saakashvili tried to shake up Odessa. He took public transportation to talk to ordinary people, set up a modern public services center, began rebuilding a potholed highway to the Romanian border, and fought for control of the customs service at the Odessa seaport, which he felt could be developed into a strong revenue source. At first, he acquired near-mythical status, with many Ukrainians looking his way with hope.

The local elite and increasingly jealous Kiev officials made sure the Georgian failed at everything he attempted. He made powerful enemies, notably Interior Minister

Arsen Avakov, who told him during a particularly contentious meeting, "Get out of my country!"

By the time Saakashvili resigned as governor in November 2016, the high hopes for him had long since disappeared. Still, he wanted to fight on, setting up the anti-corruption Movement for Purification to trigger an early parliamentary election and take part in it. He claimed Ukraine's reforms had not uprooted corrupt oligarchs or fundamentally changed the Ukrainian economy -- and he was right. Though the Poroshenko administration boasts that it has brought back macroeconomic stability, economic growth, projected at 2 percent this year, is too slow to compensate for the catastrophic 16 percent decline in 2014 and 2015. This year, the Ukrainian economics ministry reported that the country's shadow economy had contracted from 40 percent to 35 percent of gross domestic product. That's not the kind of tempo Saakashvili had dictated in Georgia.

Saakashvili's electoral plans were foiled by a shortage of political allies and Poroshenko's now open enmity. Despite his reputation as a democrat and his popularity with Western politicians, especially the same McCain republicans who once backed Saakashvili, Poroshenko has quietly tightened control of Ukrainian television, successfully marginalizing both Saakashvili and those anti-corruption crusaders who were hesitant to align with him.

Saakashvili's own political party, the New Forces Movement, barely registers in polls amid widespread political apathy.

Yet a vindictive Poroshenko was apparently still uncomfortable with Saakashvili's presence in Ukrainian political life. On Wednesday, the former Georgian president was stripped of his Ukrainian citizenship for lying on his application form: He had stated that he was not under criminal investigation anywhere, ignoring the Georgian charges against him. Since all of Ukraine knew about the charges at the time - which are widely seen as politically motivated -- it's a laughable pretext.

Saakashvili responded with a fiery speech in bad Ukrainian, which he recorded in the U.S.

and published on YouTube. He vowed to fight the citizenship decision and come back to Ukraine, to which he swore eternal loyalty. But his support among Ukrainians is too weak to suggest a triumphant return is possible.

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Poroshenko's opponents -- some of whom, like former Prime Minister Yulia Tymoshenko and billionaire Ihor Kolomoisky, have no love lost for the Georgian -- have sharply criticized the administration's move. And David Sakvarelidze, one of the original Georgian team in Kiev and now a leader of the New Forces

Movement, bitterly compared Poroshenko with his corrupt deposed predecessor Viktor Yanukovich. "It's obvious that Ukraine now has another Yanukovich, only an English-speaking one," he wrote on Facebook. "The man who spoke loudest about it now has no Ukrainian citizenship and no right to enter Ukraine."

Sakvarelidze is right. Whether they lean toward Moscow and speak accent-free Russian or ostensibly toward the West, speak English and befriend McCain, post-Soviet politicians are unable to overcome authoritarian temptations. They are intent on consolidating authority at the price of turning democratic institutions into hollow caricatures of themselves.

Though Saakashvili belongs in a sense to a cohort that includes Poroshenko, the post-2012 Georgian leaders and Russian President Vladimir Putin, he stands out for being less interested than others in personal gain. He is an inconvenient rival, a gadfly, an aggressive fighter. He is a walking litmus test of genuine democracy.

Letting him get on with his political projects and join a fair political fight would have meant that Georgian and Ukrainian leaders were genuinely interested in change. They've failed the test, showing that their alleged pro-Western orientation is not about values but merely about looking for allies more gullible than Saakashvili.

## THE WALL STREET JOURNAL

### China's Next Target: U.S. Microchip Hegemony (UNE)

Bob Davis and Eva Dou

WUHAN, China—At a muddy construction site the size of 12 baseball stadiums, globalization is turning into nationalism.

Truck after truck delivers steel rods to China's Tsinghua Unigroup Ltd., a state-owned firm that's spending \$24 billion to build the country's first advanced memory-chip factories. It's part of the Chinese government's plan to become a major player in the global chip market and the move is setting off alarms in Washington.

When Unigroup tried to buy U.S. semiconductor firms in 2015 and 2016, Washington shot down the bids. It is considering other moves to counter Beijing's push.

China is aiming "to take over more and more segments of the semiconductor market," says White House trade adviser Peter Navarro, who fears Beijing will flood the market with inexpensive products and bankrupt U.S. companies.

Unigroup's CEO Zhao Weiguo says he is only building his own factories due to Washington's refusal to let him invest in the U.S. "Chinese companies have faced discrimination in many areas," of technology, he says. "Abnormal discrimination."

Semiconductors—the computer chips that enabled the digital age and power the international economy—have long been among the most globalized of industries, with design and manufacturing spread across dozens of countries.

Today, the industry is riven by a nationalist battle between China and the U.S., one that reflects broad currents reshaping the path of

globalization. Washington accuses Beijing of using government financing and subsidies to try to dominate semiconductors as it did earlier with steel, aluminum, and solar power. China claims U.S. complaints are a poorly disguised attempt to hobble China's development. Big U.S. players like Intel Corp. and Micron Technology Inc. find themselves in a bind—eager to expand in China but wary of losing out to state-sponsored rivals.

For decades, Western companies worked in the developing world to develop advanced technology by harnessing cheap labor to spread iPhones and laptops globally. The new semiconductor battle marks a shift toward nationalism, trade battles and protected markets.

Behind the rivalry are different views of how technology should advance. The U.S. has long bet on markets and private sector-led development. China uses government financing and planning to create domestic champions. The U.S. estimates China will eventually spend \$150 billion on the project, a figure equal to about half of global semiconductor sales annually.

Though Republicans and Democrats are at odds on many economic policy issues, they're unified on this. An interagency working group on semiconductors, started by the Obama administration in 2015, has continued meeting under President Donald Trump. The group is weighing policies to make it more difficult for China to scoop up U.S. technology, according to people involved in the discussions.

One idea is tightening the rules covering U.S. approval of foreign investments to make it tougher for Chinese firms seen as security risks.

Other options include trade sanctions, stricter export controls and added federal research spending.

The general principle, say those involved, is reciprocity: treating Chinese investment in the U.S. the same way Beijing treats U.S. firms. If Beijing discriminates against U.S. firms, the U.S. would limit Chinese investment in the U.S.

"If [the Chinese] become a very big and fully competitive technological competitor, then what does that do to our industry?" said Commerce Secretary Wilbur Ross in an interview. "Does it destroy our semiconductor industry economically?"

The U.S. views China as its biggest semiconductor challenge since Japan in the late 1980s. The U.S. triumphed then through trade sanctions and technological advances. Japanese firms couldn't match U.S. microprocessor technology, which powered the personal computer revolution, and fell behind South Korea in low-margin memory chips.

China has advantages Japan didn't. It is the world's biggest chip market, consuming 58.5% of the global \$354 billion semiconductor sales in 2015 according to PricewaterhouseCoopers LLP. That gives Beijing power to discriminate, if it wants, against overseas suppliers.

China's tech ministry has dismissed such concerns, saying in an interview with The Wall Street Journal that the electronics industry is too globally competitive for any company to survive if it chooses its components based on anything but price and quality.

Beijing's semiconductor program shifted into high gear in 2012, when the value of its chip imports surged past its bill for crude oil for the first time, says Wei Shaojun, a Tsinghua University electronics expert who advises the Chinese government.

Nearly 90% of the \$190 billion worth of chips used in China are imported or produced in China by foreign-owned firms, estimates International Business Strategies Inc., a research firm. Many chips are assembled in Chinese factories into mobile phones and computers for export. The top 10 chip vendors in China by revenue are foreign.

"We cannot be reliant on foreign chips," said China's vice premier, Ma Kai this year at a meeting of the National People's Congress, China's legislature. He heads a Communist Party committee that designed the country's plan in 2014. Beijing created a \$20 billion national chip financing fund—dubbed the "Big Fund"—and set goals for China to become internationally competitive by 2030, with some companies becoming market leaders.

Local governments created at least 30 additional semiconductor funds, with announced financing of more than \$100 billion. If all these projects are realized, the global supply of memory chips would outstrip demand by about 25% in 2020, estimates Bernstein Research, pushing prices down and battering profits of semiconductor companies globally.

Chinese policy advisers say many of the provincial investment announcements are bluster and some projects won't materialize. Beijing has been consolidating 600 small Chinese chip makers, many unprofitable, into a handful of larger

companies China wants to compete internationally.

Mr. Zhao, the 50-year-old Unigroup chief, was one of the first to win the government's blessings. In 2009, his personal investment company acquired a 49% stake in a commercial subsidiary of Tsinghua University, called Tsinghua Unigroup, and entered the chip sector.

The marriage of state universities with commercial ventures is an example of China's hybrid capitalism, meant to bring academic findings to market swiftly.

The son of a schoolteacher labeled a "rightist" during the Cultural Revolution, Mr. Zhao says he grew up herding sheep in Xinjiang, China's northwest frontier. He tested into Tsinghua University, one of China's top schools, and studied electrical engineering. From there he worked for years at Unigroup's sister company, also owned by Tsinghua University. He set up an investment company, expanded into coal, energy and real estate before taking his stake in Unigroup. Hurun Report, a research firm in Shanghai, estimated his wealth at \$2.6 billion in 2016.

Mr. Zhao cultivated political connections through years of generous donations to the university, including ancient strips of bamboo containing passages from Chinese classics. The university's alumni include Party chief Xi Jinping, who has visited to admire the bamboo collection.

When the Big Fund financed an acquisition blitz, Unigroup was in the lead, bidding in 2015 for memory-chip maker Micron Technology, and

then for a 15% stake in data storage firm Western Digital Corp.

In all, Chinese firms made about \$34 billion in bids for U.S. semiconductor companies since 2015, estimates Rhodium Group, a market research firm.

Some bids were so overvalued U.S. government officials joked the Chinese were willing to pay an "espionage premium."

After a Chinese plan to buy a Royal Philips NV semiconductor-material unit fell apart, Phillips sold the unit to a U.S. private-equity group for about half the earlier price. Philips declined to comment.

The bids spooked Washington and the industry. In private meetings, Micron, Intel and others warned they faced an "existential threat" from China, say industry and government officials. The companies feared they were trapped in a prisoner's dilemma. Each company was under pressure to sell to China for fear its competitors would sell if it didn't.

"U.S. semiconductor leadership is facing major challenges," said an Intel spokesman. Micron declined to comment.

In July, Germany approved restrictions on foreign technology purchases, aimed at China, and the European Union also is considering barriers.

President Barack Obama raised U.S. concerns about Chinese technology plans with Mr. Xi in a 2016 meeting, according to Obama aides. The U.S. Committee on Foreign Investment in the U.S., an interagency review group, made clear most proposed acquisitions wouldn't pass muster.

According to Rhodium Group, only about \$4.4 billion in Chinese semiconductor acquisitions were completed since 2015. Unigroup's bid for Micron fell apart. South Korea, Taiwan and Japan also blocked Chinese acquisition bids.

Shortly before Mr. Obama left office, a White House semiconductors panel warned the Chinese effort "threatens the competitiveness of U.S. industry" and proposed a boost in basic U.S. research and restrictions on Chinese investment if Beijing's policies harmed U.S. firms. Mr. Trump proposed a 13% decrease in federal funding for basic research to \$28.9 billion in fiscal year 2018, but semiconductor lobbyists say they hope to eke out an increase for chip-related research.

At a global semiconductor trade group meeting in Arizona in February, Chinese delegates complained the U.S. unfairly blamed them. They counted the number of times China was listed in the Obama report—55—to underscore their displeasure, say U.S. attendees. Chinese chip executives argue South Korea is a bigger threat to the U.S. chip industry due to its advanced technology.

Blocked from buying their way into the market, China is recruiting talent from foreign firms, licensing technology, or perhaps stealing it, says Mr. Ernst, the technology analyst. Unigroup and other Chinese executives deny they steal technology.

After Unigroup's plan to acquire Micron fell apart, it hired Charles Kau, the former head of Micron's Taiwan joint-venture, and other experts from the island. It

announced it would build its own memory chip facility—the mammoth Wuhan factories—at about the same price it would have paid for Micron.

Unigroup now has a new plan for Micron. It says it no longer wants to buy the firm, recognizing the chances of regulatory approval in the U.S. are nil, but says the two should work together to battle market leader Samsung Electronics Co. The combination of Micron technology and Chinese capital would help both companies take on the South Koreans, says Mr. Zhao, the Unigroup CEO.

With the U.S. government worried about China's military getting a lift from U.S. technology, U.S. semiconductor executives say such a hookup is unlikely. Ernest Maddock, Micron's chief financial officer, told financial analysts in June that the firm is open to joint ventures in China but one that involved the transfer of intellectual property "would be at the difficult end." Samsung declined to comment.

Micron says the Federal Bureau of Investigation has begun investigating whether Micron employees in Taiwan who went to work for other firms, including Unigroup, have taken Micron technology with them.

"We will aggressively protect what Micron team members have spent decades building," wrote Joel Poppen, the company's general counsel, in a blog post. Unigroup's Mr. Kau confirms the investigation and says, "We are clean."

## The New York Times What if Trump Ordered a Nuclear Strike on China? I'd Comply, Says Admiral

Austin Ramzy

HONG KONG — The commander of the United States Pacific Fleet was asked a hypothetical question during a talk on Thursday in Australia: If President Trump ordered a nuclear strike on China, would he comply?

"The answer would be yes," the commander, Adm. Scott H. Swift, replied.

Admiral Swift, who was speaking at Australian National University in Canberra, said his answer was a reflection of the principle of civilian control over the military.

"Every member of the U.S. military has sworn an oath to defend the Constitution of the United States against all enemies foreign and domestic and to obey the officers

and the president of the United States as the commander in chief appointed over us," he said.

Capt. Charlie Brown, a spokesman for the United States Pacific Fleet, said the premise of the question about using nuclear weapons against China was "ridiculous," and not something Admiral Swift had raised himself.

"Perhaps he more forcefully could have refuted the hypothetical," Captain Brown said. "He was trying to find an opportunity to use it to deliver a message on something positive, and that was the answer he gave on civilian control."

There was no immediate official response from China to the admiral's comments.

Rory Medcalf, the head of the National Security College and host of the talk, said the question had been posed to Admiral Swift without much context and had put him on the spot.

"Admiral Swift answered the question the only way a serving military officer could," Mr. Medcalf said. "It would have been a lot more controversial if he had said no, he would not obey the commander in chief."

Admiral Swift's remarks in Canberra focused on the role of the armed forces in ensuring stability and a rules-based system of international relations. He spoke after war games conducted by more than 30,000 military personnel from Australia and the United States took place off the

coast of Queensland and the Northern Territory of Australia. A Chinese Navy spy ship was operating nearby while the operations, known as the Talisman Saber exercises, were underway in the Coral Sea, the Australian military said.

China maintains a smaller nuclear arsenal than the United States or Russia, and has long said that it would not use nuclear weapons against a nation that did not have them or in a first strike against a nuclear-armed adversary. But there have been occasional calls to change that "no first use" policy. In 2005, a Chinese military official told a group of foreign reporters that Beijing should consider using nuclear weapons against the United States if it intervened in a conflict



over Taiwan, the self-ruled island China considers part of its own territory.

In addition to Taiwan, there are plenty of potential flash points in the relationship between the United States and China. On Sunday, a United States Navy spy plane took evasive action to avoid hitting a Chinese fighter jet that pulled in

front of it over the East China Sea.

In May, an American warship sailed near a Chinese-held artificial island in the South China Sea, a mission intended to show international vessels' freedom to navigate in an area China claims as exclusively its own. At the time, Beijing called those maneuvers a "serious political and military provocation."

On Thursday, Britain's foreign secretary, Boris Johnson, committed his country's newest and largest aircraft carriers to steam through the South China Sea.

"One of the first things we will do with the two new colossal aircraft carriers that we have just built is send them on a freedom of navigation operation to this area,"

Mr. Johnson said during a visit to Sydney, Australia.

At 65,000 tons, Britain's newest carrier, the Queen Elizabeth, is the largest ship ever built for the Royal Navy.

**Bloomberg**

## Polk : China May Be Getting a Handle on Its Debt Woes

Andrew Polk

Doomsayers have plenty to work with in China. The country's rapid buildup of debt -- reaching approximately 260 percent of GDP, from 160 percent less than a decade ago -- seems almost guaranteed to herald a financial crash or at least a major correction, quite likely followed by years of stagnation. If the world's second-biggest economy ultimately defies the doubters, though, this may well be seen as the year things turned around.

Consider this: China is on track to see its best nominal GDP performance since 2011, even as credit growth remains moderate. First-half GDP numbers show that the economy is now requiring less credit to produce growth -- the least in six years, in fact. So far this year, it's taken 2.9 renminbi worth of new loans to produce one renminbi of new GDP growth. That's down from an average credit intensity of just over 4 renminbi in the first half of the year between 2012-2016, an almost 30 percent reduction.

### QuickTake China's Debt Woes

Not enough attention is paid to China's nominal GDP growth numbers. That's in part because of the Chinese Communist Party's own fixation on the real GDP growth target. It's also because rising commodity prices are driving much of the recent improvement. The common argument is that higher steel, coal, oil and gas prices don't signal a genuine improvement in economic momentum.

Yet China's commodity producers and heavy industrial enterprises also

happen to be the country's most highly indebted businesses: They could use the help more than anyone. Chinese steelmakers are sitting on 38 billion renminbi in profits in the first five months of 2017, after making only 9 billion renminbi during the same period last year. Coal companies have raked in 123 billion renminbi through May. Improved nominal GDP performance has real implications for cash flows at these troubled companies.

The commodity boom is helping spur prices after years of deflation. A bit of inflation helps debtors to service their existing liabilities, which means they don't have to take on as much new debt to pay off the old. And while most projections, including the government's, are for upstream inflation to ease further throughout the rest of this year, price growth isn't likely to fall back into negative territory. So, nominal growth should remain solid.

Most importantly, China finally seems to be grappling with its debt problems in ways that don't always make the headlines. Since the middle of 2016, China's banking regulator has been pushing financial institutions to establish creditor committees to renegotiate their claims on companies. These committees are comprised of three or more lenders, so banks can't negotiate against each other's interests, and they address a fundamental problem: the frayed relationship that occurs between lenders and debtors in challenging economic times.

In practice, the negotiation process - which generally takes place

outside of and as a precaution against legal bankruptcy proceedings -- sees banks give borrowers a break in return for a clean and clear accounting of a company's financial position. Generally, banks take some write-offs and extend loan maturities while lowering interest rates on some debt. Other liabilities can be transferred to a parent company, and sometimes a full-scale asset restructuring is initiated.

Because these committees are ad hoc institutions, there's no overarching data tracking their proliferation. But, at the banking regulator's March press conference, an official stated that 14.85 trillion renminbi in loans have been "dealt with" through 12,836 creditor committees nationwide over the past year. That covers 12 percent of corporate debt in China.

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It's unclear how banks are ultimately accounting for these loan renegotiations on their balance sheets, which will be an important question in assessing the health of the banking system going forward. But the effect on corporate balance sheets is unquestionably positive. By easing the financial burden on companies -- many of whom are also benefiting from improved cash flows because of higher commodity prices -- the committees should further reduce their need for new loans. That means the central bank should be able to slow bank asset growth without tanking economic

performance as has happened during previous rounds of tightening.

None of this is to say that China is truly out of the woods. An improvement in the structure of existing credit needs to be matched with an effort to get new credit flows into more productive parts of the economy. So far it seems that a tighter focus on financial speculation has simply driven new lending back into property markets. So there's plenty of work left to do.

But the central bank has always been clear that any genuine deleveraging would be a multi-year process. Improving the relationship between new credit and new GDP growth is an essential and welcome first step.

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## Editorial : When Congress wields a tool of peace

July 27, 2017 — One shining

example of bipartisan cooperation in Congress has been strong lawmaker support for a popular tool in foreign policy: sanctions on other nations or their leaders and companies. This week lawmakers are even more united as they move to approve new sanctions on Russia, Iran, and North Korea. The

new measures, however, deserve a close watch.

If done well, sanctions can alter the behavior of a country, as happened in white-ruled South Africa and many countries that abused their own people or another country. They might even prevent war, and for good reason. Sanctions are not so much punitive as a hopeful view that a country's people really want peace and democracy. They signal

a better path. At the least, they bolster regular diplomacy and help delay possible military action.

Most sanctions restrict the flow of money, trade, or people. Scholars debate whether past sanctions actually "worked" as intended, or even backfired. The evidence is not always clear, especially in determining if they deterred other bad behavior or set a higher moral standard in international affairs.

US sanctions on Cuba, for example, have done little to alter the Castro regime's abuses. Yet they might have given pause in other countries to emulate Cuba. And as the Trump administration stiffens US sanctions on individuals in Venezuela's regime, it remains to be seen if the new measures force high-level defections.

Congress will need to keep engaged on events in Russia, Iran, and North

Korea because the new measures, which include specific targeting of key individuals involved in military affairs, aim to reduce the president's ability to fine-tune many sanctions. In Russia's case, Congress aims to must determine if Moscow is intervening in the elections of other countries as well as ending its aggression against Ukraine. For Iran, Congress must be careful in

**The  
New York  
Times**

## 'I'm a Civilian. I'm Innocent': Who's in Congo's Mass Graves? (UNE)

Kimiko de  
Freytas-Tamura

KANANGA, Democratic Republic of Congo — They are everywhere. Here next to a house, where a woman is hanging clothes to dry. There in a field, where children are playing.

They are graves, filled with hundreds of bodies.

In the town of Nganza, in the heart of the Democratic Republic of Congo, the dead have been decomposing for months. Now it may be too late to identify them. The ground that covers them has turned almost smooth again. The only sign that there are people buried here are the government soldiers in red berets and aviator sunglasses, posted nearby with AK-47s.

They are deployed not for protection but to stop anyone from investigating witnesses' claims that the security forces went door to door here in March, gunning whole families down in their homes and then closing the doors behind them.

The slaughter in Nganza was part of a wider conflict that has engulfed the Kasai, a region in the center of this vast country, where government forces are fighting a militia opposed to President Joseph Kabila. The violence, rooted in political and economic grievances, was ignited last August when troops killed the group's leader, a hereditary chief who went by the name of Kamwina Nsapu (pronounced ka-MEE-na SA-poo) meaning "black ant." His followers, many of them children, retaliated, and the conflict spread like wildfire.

The Roman Catholic Church, one of the few institutions in the country that provides reliable statistics, estimates that at least 3,300 people have been killed in the region since October. More than 1.4 million people have been displaced internally or are flooding into Angola.

"It's the worst humanitarian and human rights crisis in a decade, when both sides have committed serious crimes," said Jose Maria Aranaz, who leads the human rights division of the United Nations mission in Congo, called Monusco.

how that country reacts to new sanctions as it continues to cooperate with a 2015 agreement to curb its nuclear program. And as for North Korea, Congress must judge not only whether that country seeks negotiations but how well China restricts its support of a regime making rapid progress on nuclearized missiles.

There is a pattern of prosecuting rank-and-file individuals but not commanders, he said. Unless military and political leaders are held to account, he said, "the cycle of impunity will continue."

On Wednesday, the United Nations human rights chief named three international experts to investigate reports of the killings in the Kasai, and he called on Congo's government to cooperate. That coincided with the release of a report by the human rights office in Congo that for the first time accused "elements" of the Congolese Army of digging most of the mass graves it has identified.

The violence is feeding into a worsening national political crisis, in which Mr. Kabila is delaying elections in an attempt to cling to power. The government cites violence in the Kasai as one reason not to hold a vote this year, but critics accuse the president — who has already been in power for 16 years — of trying to buy time to allow him to change the Constitution and run for a third term.

The government has sent thousands of troops to crush the rebellion here, bringing in commanders from eastern Congo who are notorious for their brutality. It even enlisted the help of a former warlord whose methods are so violent that the government, battling him in the past, once sentenced him to death.

The mayhem and lawlessness have spawned other armed groups, based on ethnicity. Many of them are backed by government forces as they try to quash the Kamwina Nsapu militia.

United Nations representatives have so far discovered 80 mass graves in the region. But they cannot exhume the bodies; that is the responsibility of the national authorities, which the United Nations is mandated to support, Mr. Aranaz said. In March, two United Nations experts were killed trying to investigate the graves. The identities of their attackers are disputed.

The Congolese government says the graves are those of militia fighters, buried by fellow members, and were not meant for civilians. If

Sanctions have usually worked for the United States if a sufficient number of other countries join in. The US cannot rely solely on its power as a large trading nation or the prominent use of the US dollar in global financial transactions to ensure sanctions have an impact. Sanctions must have moral weight that draws allies.

any are in them, it says, they are victims of recent cholera and yellow fever outbreaks, not government-sponsored killings.

It is possible that at least some of the graves contain militia members. But the government has consistently refused access to independent investigators and has barely carried out its own examinations. (There is only one qualified forensic analyst in Congo, a country the size of Western Europe, according to Mr. Aranaz.)

In Nganza, a commune of Kananga, the capital of the Kasai, recent interviews with witnesses and residents painted a picture different from the government narrative.

In late March, soldiers and police officers, directed to flush the town of militants, went door to door, hauling away valuables such as television sets, cellphones and even farm animals, the witnesses said. They extorted large sums of money from residents, many of whom live on less than \$1.25 a day, and shot them dead if they did not offer enough.

Newborns, the elderly, and people with disabilities were slaughtered in their beds and living rooms.

More than 500 civilians are thought to have been killed in Nganza during that three-day period, an unprecedented level of violence that residents call, simply, "the war."

During clashes with militants, rocket attacks destroyed houses. A family of 12 burned alive after one struck their home. Its walls were blasted away, and on a recent visit, black traces of smoke on the remains hinted at the intensity of the flames.

The place was swarming with so many soldiers, residents said, that some even climbed up avocado trees to gain a better vantage point to shoot at people. The United Nations accuses the army of using disproportionate force.

Ntumba Kamwabo, 29, was out washing in a nearby river when she heard gunfire. She rushed home, where her two daughters, 7 and 10 years old, had been with her brother-in-law, who was disabled.

The fact that most US sanctions enjoy bipartisan support in Congress helps in their effectiveness. Yet Congress cannot simply pass such measures without tracking whether they are working. The mixed record for sanctions requires vigilance in using this tool for peace.

"When I arrived, a police officer kicked open the door of the house, and soldiers rushed in, shooting," Mrs. Kamwabo said. When she tried to stop them, one of them knocked her down. A bullet hit her right eye, then she was shot again in her arm. She re-enacted the scene during a recent interview, a dark cavity where her eye used to be.

"I don't understand why they did this," she said, hugging her surviving child on her lap. She said: "I thought soldiers were fighting the militia. I'm a civilian. I'm innocent."

Her husband, Mwamba Konyi, buried their two children and his brother outside their home. "I am suffering," he murmured, before falling silent.

Jean-Pierre Kapinga, another Nganza resident, buried 10 of his neighbors at the request of a local priest. The smell of death had become unbearable. In his neighborhood alone, he and other residents recorded 53 deaths; each person had been shot.

The list of victims includes Michele Betu, 2 years old; Mujinga Ntambue, 3 months; and Paul Kenakudia, 78.

When the massacre was over, a military official, Brig. Gen. Asumani Issa Umba, who soon afterward was named by President Kabila to lead security operations for the entire Kasai region, paid a group of men to bury the bodies in graves. The men said in interviews that hundreds of people were buried in at least nine different areas.

One of the men, speaking on the condition of anonymity for his safety, said he and the other men had been given around \$50, spades, gloves and lime powder to sprinkle on the bodies. They went house to house, guided by flies and the stench of rot, pulling out bodies that had been decomposing for days. Most of the victims had been shot, and some had their throat slit. Others had been partially eaten by pigs.

The man pointed out a stark, sandy patch in the middle of a field where he said there were 120 bodies buried. Children were playing there.

If the situation has since calmed down in Nganza, the violence continues elsewhere in the Kasai, where recent clashes have forced tens of thousands of people to flee to the relative safety of Kananga.

Mbale Ruphin, 50, arrived one recent morning, wheeling a creaky bicycle loaded with cooking utensils and some bedding. He had his wife and seven small children in tow. The family traversed about 160 miles over nine days from Kamonia, the scene of recent violence. The Luba population there was being targeted because they speak Tshiluba, he said, the language spoken by Kamwina Nsapu members.

Mr. Ruphin, a shopkeeper originally from the neighboring Katanga region, which he fled a few years ago because of violence, said soldiers had tried to dress him up as

a Kamwina Nsapu militia member and get him to work as their informant.

"They tied me up and brought me a red shirt to wear," he said (the color red is the militia's symbol). Fortunately for him, he started speaking Swahili, a language common among soldiers, and they eventually let him go.

On their way to Kananga, Mr. Ruphin and his family passed by scores of deserted villages, some littered with skeletons, he said. They were stopped at random checkpoints on the national highway, some manned by Kamwina Nsapu members, others by pro-government militias.

"If you carry an electoral card, the Kamwina Nsapu consider you on the side of the government," Mr.

Ruphin said. He saw a militia member bring a machete down on a man's head just because he had pulled out his cellphone, he said. They had thought he was calling soldiers for help.

"The Kamwina Nsapu and the government are just as bad as one another," Mr. Ruphin said wearily.

Tshibola Yamama, 15, from Nganza, was until very recently a member of the Kamwina Nsapu. She was lured into the group with the promise of jobs and "millions of dollars." But after a year of fighting and watching close friends get mowed down, she quit.

The cultlike militia has recruited hundreds of children like Ms. Yamama into its ranks, giving them alcohol and drugs and then initiating them by making them walk through

fire. Its followers are assured that even if they are killed, they will magically come back to life.

Ms. Yamama, who was part of a unit of 10 girls trained to shoot by a former policeman and then given orders over their cellphones, believes she has killed at least 45 people, some of them civilians.

When her friends were killed, she said. "I waited and waited for them to come back alive." When the days passed without her friends' revival, she came to her senses. To her parents' great relief, she has gone back to school.

"I realized this was all a scam," she said, staring blankly into the distance. "It was all for nothing."

## THE WALL STREET JOURNAL

### De Klerk : South Africa's Great Reconciliation Is Coming Apart

F.W. de Klerk

South Africa's "miracle," the great nonracial constitutional accord negotiated in the early 1990s, is in deep trouble. Ten years ago, Jacob Zuma was elected leader of the ruling African National Congress. At the ANC's 2007 national conference, 60% of delegates voted for Mr. Zuma in full knowledge of the 783 outstanding fraud and corruption charges against him.

They chose Mr. Zuma because of his struggle credentials, his charisma and his appeal to African traditionalists. But he turned out to be a far more formidable politician than the ANC's left wing, which assured his victory, had anticipated. Many of the delegates who voted for him now bitterly regret their role in his ascendance.

Mr. Zuma was elected president in 2009, and soon he began to seize personal control of important state institutions by appointing loyalists to lead them. Those under his control include the National Prosecuting Authority, Directorate for Priority Crime Investigation (better known as the "Hawks," South Africa's version of the FBI), the intelligence services, and possibly even the new Public Protector, or state ombudsman.

These institutions are now routinely abused to harass Mr. Zuma's opponents and protect his corrupt friends and allies. Parliament has all too often been an uncritical rubber stamp for his policies. Legislators have failed to exercise proper oversight to prevent corrupt practices.

The erosion of these institutions' independence has released a flood of corruption. Media accounts, along with a report from the former Public Protector, show that the three Gupta brothers, Indian-born business magnates, have played a brazen role in this process. They are closely associated with Mr. Zuma and have allegedly, according to thousands of leaked emails, siphoned hundreds of millions of dollars from state contracts, such as a recent locomotive deal, and redirected millions to finance the lavish wedding of one of their nephews. (The Guptas have denied wrongdoing.)

The ANC's policy of "cadre deployment," its euphemism for appointing party loyalists to key posts despite their lack of skills and experience, also has weakened government departments and debilitated state-owned enterprises. Since 2007, South Africa's government has abrogated bilateral investment treaties with 13 European Union countries. It has adopted a new Mining Charter that would ratchet up requirements for black shareholding and management, though the policy is now shelved by legal challenges from the mining industry. The Zuma government is adopting legislation to limit land holdings and prohibit foreign ownership of agricultural property. Mr. Zuma has threatened to expropriate white-owned farms without compensation to accelerate land reform.

These actions, together with Mr. Zuma's decisions to fire two competent and principled finance ministers, have led to recession and

discouraged critically needed investment. South Africa's bond ratings have been downgraded to junk.

Finally, the Zuma government is undermining the racial reconciliation that Nelson Mandela worked so hard to establish after 1994. It has adopted an openly hostile attitude toward whites, whom it routinely characterizes as "colonialists" and then blames for its own failures. The ANC is creating a hostile racial climate to justify a "Radical Economic Transformation" aimed at further restricting white ownership, management and employment in the private sector.

All this will be discussed at the ANC's next national conference, in December. There are two principal candidates to succeed Mr. Zuma, who will be stepping down as the ANC's president after two terms. The first is Nkosazana Dlamini Zuma, his preferred candidate and former wife. The second is the informal candidate of Mr. Zuma's opponents, Deputy President Cyril Ramaphosa, a multimillionaire former businessman and trade unionist. Whoever leads the ANC will succeed Mr. Zuma as South Africa's president if the party wins the next election in 2019.

Inevitably, the ANC will find it difficult to accommodate its divergent factions. Some delegates will want to turn left and follow the South African Communist Party down the road to socialism. Others would prefer to remain on the gravy train of self-enrichment and racial entitlement. Still others want the ANC to return to the constitution and

the vision of its founding fathers. Such a split could lead to a new political arrangement, in which South Africans might come together on the basis of shared values and policies, rather than on race.

The good news is that the courts, civil society and media are still free and remain vociferous opponents of abuse and corruption. South Africans of all races are increasingly angered by the incompetence and exploitation of the ruling elite. There is a good chance that in future elections they will make their voices heard.

South Africa would then be in a good position to achieve its enormous potential. My country has the world's largest mineral reserves, a strong financial sector and a sophisticated industrial base—and it is at the gateway to Africa, one of the world's fastest-growing markets.

A great deal is at stake. Failure would be devastating across the southern part of the continent. It would have a chilling effect on efforts to solve conflicts elsewhere through peaceful negotiations and solemn agreements. Success, on the other hand, could open South Africa—and the rest of Africa—to First World prosperity and stability. That would be fitting validation for the great nonracial accord concluded with Nelson Mandela and other national leaders 23 years ago.

*Mr. de Klerk was president of South Africa, 1989-94. This is adapted from a longer article published by Raddington Report.*



## Editorial : Venezuela's lawless regime staggers toward a coup

IN DEFIANCE of the vast majority of its own people, the Venezuelan government is pressing ahead with a plan to dismantle what remains of the country's democratic political institutions. This Sunday it intends to stage a rigged vote to create a constituent assembly that would have the power to overrule all other bodies, including the elected National Assembly, state governors and courts. Though President Nicolás Maduro and the corrupt clique around him have been vague about their ultimate intentions, it's probable the constituent assembly will be used to abolish the opposition-controlled legislature, cancel future elections and establish a regime resembling that of Cuba's.

Months of daily street demonstrations by hundreds of thousands of Venezuelans, in which more than 100 people have died and more than 1,000 have been injured, have done nothing to stop the regime's drive toward dictatorship. Last week, more than

7 million people opposed the constituent assembly in an opposition-organized referendum — or 2 million more than supported the government in the last election. The regime shrugged. Nor has it heeded appeals from its Latin American neighbors and other Western democracies.

Attempts to broker a deal between the government and the opposition by friendly socialist statesmen and the Vatican have failed, because Mr. Maduro and his associates, deeply involved in drug trafficking and massive theft, have no interest in compromise. A general strike and plans for another mass demonstration in Caracas on Friday are the opposition's last-ditch attempts to stop what can only be called a coup.

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As a once-prosperous oil-producing nation has descended into political chaos and humanitarian crisis over the past several years, the response of the United States and other democracies has been consistently inadequate — “too little and too late,” as Luis Almagro, the secretary general of the Organization of American States, put it. A turning point was passed last year when the Obama administration, rather than insist that the regime respect a constitutional process for a recall election, instead pressured the opposition to participate in fruitless negotiations.

To its credit, the Trump administration has toughened U.S. policy, decreeing three rounds of sanctions on senior Venezuelan officials involved in drug trafficking and the suppression of democracy; 13 more people were named on Wednesday. President Trump issued a statement last week promising “strong and swift economic actions” if the constituent assembly election goes forward.

The risk now is that U.S. policy will go too far. The White House is reportedly considering sanctions on Venezuelan oil exports, which provide 95 percent of the country's export revenues, including a possible ban on the approximately 700,000 barrels a day that go to the United States. That action would be devastating to Venezuela's 30 million people, who already face dire shortages of food and medicine. It will also give the Maduro regime an excuse for the catastrophic economic conditions it has created — and for which it now bears exclusive blame.

If the constituent assembly is called, the United States should react decisively — but it should do so in ways that punish Venezuela's corrupt rulers, not its long-suffering population.

The Daily 202 newsletter Politics newsletter

## U.S. Orders Relatives of Embassy Staff in Venezuela to Leave Country

Nicholas Casey

The State Department on Thursday ordered family members of American government employees working at the United States Embassy in Caracas to leave the country and gave the employees the option to join them before a controversial vote to begin rewriting Venezuela's Constitution.

The State Department said it had made the decision, along with an expanded travel warning, “due to social unrest, violent crime and pervasive food and medicine shortages” in Venezuela.

The warning comes as the United States and Venezuela approach a

showdown over a vote scheduled for Sunday that could lead to a restructuring of Venezuela's government.

President Nicolás Maduro has ordered the creation of a new body, known as a constituent assembly, which would rule above all other government branches for a period of time in which it would also rewrite the Constitution. Critics of the plan, including the Trump administration, describe the vote as a power grab that would lay the groundwork for a dictatorship.

On Wednesday, the administration issued sanctions against 13 Venezuelans connected to Mr. Maduro, including his interior

minister and leaders of the army. President Trump has warned that if Mr. Maduro proceeds with the vote, he will impose “strong and swift economic actions.”

On Thursday, Mr. Maduro mocked Mr. Trump in front of supporters.

“Mr. Trump, go home! Mr. Trump, go home!” Mr. Maduro shouted in English to a large crowd, calling him an “emperor.”

On Friday, Mr. Maduro's opponents plan to send people to the streets for a last-ditch effort to protest the vote. It marks the latest in three months of continuous demonstrations against the president and his leftist government that have left more than

100 dead, many in clashes between security forces and protesters.

Before the protests, the government flooded the streets with riot police and national guardsmen and ordered a blanket ban on public gatherings, promising prison sentences for those who disobeyed.

In a travel warning issued Thursday, the State Department also said that Venezuelan security forces had arrested “individuals, including U.S. citizens, and detained them for long period with little or no evidence of a crime” or “access to proper medical care, clean water and food.”

## Venezuela's vote for a constitutional assembly could destroy democracy, critics warn (UNE)

CARACAS, Venezuela — Government opponents are begging Venezuelans to sit out a vote on Sunday for what they see as a puppet congress and the last step toward dictatorship in this South American country. But José, a Caracas bus driver, said he and other public transit employees were given an ultimatum by their bosses.

Turn out and vote for the new congress, in an election in which nearly every candidate is a

supporter of President Nicolás Maduro.

Or else.

“They're obliging us to vote,” said the young father of two, who declined to give his last name, fearing repercussions. “If not, they'll fire us, and what are we going to do without a job?”

Venezuela is not yet the kind of dictatorship that once proliferated in Latin America — with rulers who “disappeared” opponents, banned

books and movies, and ran mass torture centers. Government pressure and violence against journalists have drastically curbed the press, but digital media outlets thrive. Hundreds of political prisoners are in jail, according to human rights groups, but opposition leaders continue to forcefully speak out. This month, the government allowed one major critic — Leopoldo López, the former mayor of Caracas — to exchange his jail cell for house arrest.

Yet on Sunday, critics say, an authoritarian system long in the making will be formalized, reviving memories of an era that the region had hoped was over. In defiance of international warnings, the socialist government is pushing forward with a vote to elect a constituent assembly that will have the authority to change the 1999 constitution, supplant the opposition-controlled legislature and potentially keep Maduro in power indefinitely.

The opposition on Thursday called for three days of massive,

nationwide protests as the government showed no willingness to back down and following the slaying of seven more demonstrators in two days. Responding to the spiraling tensions, the U.S. State Department ordered the departure of family members of American staff at its embassy in Caracas. It also authorized voluntary departures for American staff, and issued a broad travel warning for U.S. citizens.

Maduro — the anointed successor of firebrand leader Hugo Chávez, who died in 2013 — strongly defends the new assembly, saying it will fortify what he hails as “the communal state.” While it’s unclear exactly what he is seeking in a new constitution, it would likely give more power to “communal councils” in poor neighborhoods. Leaders of those councils, critics say, are government loyalists who in practice would sideline elected politicians and win direct pipelines to government funds.

On the surface, the assembly vote, along with the government’s pseudo-Soviet speak, hark back to old-school Marxist regimes. But many here see something perhaps more sinister emerging — a 21st-century thugocracy that rules by coercion, extortion and violence.

About 100 people have died in three months of anti-government street protests. Arrests of political activists have accelerated. Bands of pro-government toughs — known as *colectivos* — roam poor neighborhoods, waving guns, intimidating protesters and journalists, beating opposition politicians, and warning locals to toe the government line.

*[How a new kind of protest movement has arisen in Venezuela]*

More than 7 million people voted against the establishment of the new assembly in an informal referendum July 16. Opposition parties are boycotting the election.

In a country where the government is the largest employer, state workers say they are being ordered to vote Sunday, at the risk of losing their jobs. HIV patients say officials have threatened to cut off their supplies of antiretroviral drugs if they do not turn out for the election. Families risk being scratched off government food distribution rosters for not showing up — a dire outcome in a country where a socialist experiment and economic mismanagement have sparked hyperinflation and food shortages.

Such threats are not idle, either. Yanelis Banco, 36 years old and nearly nine months pregnant, said her boss at the government postal service called her in along with other department heads for a talk last week. He ordered them, she said, to sign a form pledging to vote Sunday.

She and five other senior staffers refused. All of them lost their jobs, she said.

“I’m a pregnant woman who has been working in the company for 10 years and four months, so I didn’t think they’d fire me,” she said. “Why do I have to sign if I don’t agree? I thought the law protected me!”

She added: “All the other employees are terrified. Now they’re sure that if they don’t vote, they’ll be fired. None of them can afford that.”

*[Stuck in a death spiral, Venezuela is borrowing money at any cost]*

Maduro has acknowledged that the government is pressuring public employees to vote. At a rally with public energy workers this month, he said: “Take the lists of workers from all the state institutions and businesses to create a constituent committee. For each business, call all the workers and organize how they’ll vote on July 30th. At the end of the day, check the list. If there are 15,000 workers, there have to be 15,000 votes, with no excuses.”

Venezuela’s political protests have been fueled by the disastrous state of the economy, growing authoritarian rule and the government’s resistance to early elections. The country’s electoral council ruled against the opposition when it sought a referendum in 2016 that could have cut short Maduro’s six-year term. The council also pushed back elections for governors, scheduled for 2016, to December of this year. Critics fear that the new assembly will cancel those, as well as the presidential election in 2018.

The U.S. Treasury Department in February froze Vice President Tarek El Aissami’s American assets over his alleged involvement in narcotics trafficking and took similar action against eight justices of the pro-government supreme court after it tried to strip power from the opposition-led legislature. On Wednesday, the Trump administration targeted 13 more Venezuelan officials, alleging violations of human rights and corruption.

*[Trump administration hits 13 Venezuelans with sanctions in advance of vote]*

Once the richest country per capita in South America due to its vast oil reserves, Venezuela was also cursed with vast disparities that kept an elite in luxury while the poor languished in slums. The result was Chávez, who used the petroleum wealth to launch massive social programs, even as he concentrated power. He remains much beloved by millions of Venezuelans, although many others — especially in the middle and upper classes — loathe him.

Maduro’s approval rating, on the other hand, is hovering around 20 percent, with opponents calling this weekend’s vote the only way for him to remain in the presidential palace.

He has promised Venezuelans that the assembly will herald a new era of security and stability.

“July 30th will be the birth of a historic trigger of the homeland for a new phase of peace and advancement,” Maduro told a campaign rally this week.

Yet many Venezuelans fear just the opposite — a deepening of official repression. It is already starting, they say.

Take, for instance, 51-year-old Lisbeth Añez, or “Mama Lis.” For years, she was known for aiding anti-government protesters, bringing them blankets and cooking them fresh arepas, or cornmeal cakes.

In May, she was arrested and charged with treason.

Her case is in the hands of a military tribunal. In recent months, scores of civilians who have taken part in demonstrations or other perceived anti-government acts have been sent into the military court system, where they can face lengthy prison sentences.

“I can’t sleep, I can’t eat, even if we had enough food,” said her son, Luis González Añez, 23, who said he was refused entry to her trial. “I have nightmares, thinking about her in jail ... I didn’t think things could get worse, but they have.”

Gabriela Ramírez, Venezuela’s former public ombudsman and a longtime Chávez supporter, said she feared the government would become worse than a dictatorship. “We will have a narco-authoritarian regime,” she said.

Ramírez, who carries around a pocket version of Chávez’s 1999 constitution in her purse, is among

the ranks of former “Chavistas” — or Chávez backers — who have turned against Maduro. She has paid for it with harassment, she said, including a recent hack in which intimate photos of her and her husband were leaked on social media.

“There will no longer be any check on their power,” she said. “They will control everything.”

Following an opposition-called 48-hour strike, the government on Thursday issued a ban on public gatherings and protests lasting from Friday through Tuesday. The opposition responded by calling for nationwide mobilization, asking citizens to take to the streets from the Caribbean Sea to the Andes Mountains.

In an interview, Freddy Guevara, an opposition leader and vice president of the National Assembly, played down the chances of any deal to suspend or cancel the vote. Former Spanish prime minister José Luis Rodríguez Zapatero is in Caracas, and has served as an intermediary between the government and opposition. Guevara denied reports that a deal had been offered to suspend the vote.

“It is wishful thinking,” he said. “I am sure they are going forward with this scam, and that we are going to respond with pressure.”

But even leading members of the opposition appear to be losing hope that Maduro will back down.

Scenarios for what happens next range widely. Some observers suggest that social unrest and international sanctions will worsen, prompting, perhaps, a military coup or fueling an anti-government guerrilla movement. Others say the government, likely with the aid of Russia and China, will somehow manage to hold on as the country becomes an international pariah.

Today’s WorldView

What’s most important from where the world meets Washington

Still others see a worst-case scenario of social implosion and anarchy.

“Somalia,” said Henrique Capriles, an opposition leader and governor of the state of Miranda.

“We could become a failed state.”

Mariana Zuñiga contributed to this report.

'Justin Trudeau: Why Can't He Be Our President?' asks the cover of the latest edition of *Rolling Stone*. Well, the Constitution. But let's assume Canada's prime minister was born an American citizen: On the strength of the slaving, feverish, we're-in-heat-and-we-don't-care-who-knows-it *Rolling Stone* profile, Trudeau couldn't even get the nomination of the Democratic party.

Trudeau's idyllic northern paradise is actually the world's seventh-largest oil producer, and even Boy Band Angela Merkel doesn't seem particularly eager to destroy the country's fossil-fuel industry. Sensibly enough, he's a big proponent of the Keystone Pipeline and Canada's Kinder Morgan pipeline, which transports hydrocarbons between the oil sands of Alberta (which are "pockmarked," *RS* gravely informs us, "like a B-52 bombing range") and British Columbia. Sensibly enough, he notes that carbon-based fuel will be with us for quite some time: "One of the things that we have to realize is we cannot get off gas, we cannot get off oil, fossil fuels tomorrow — it's going to take a few decades," he tells *RS*. "Maybe we can shorten it, but there's going to have to be a transition time."

A few more decades of bowing and scraping to Big Carbon? Try selling that to American Democratic-party primary voters. Doesn't Trudeau

realize that climate change is an imminent *existential threat*, that fossil fuels are the ticking time bomb that will blow up the world? Trudeau lacks the necessary climate hysteria to be an American Democrat.

Yet *Rolling Stone* largely gives Trudeau a pass on his sheik-like affection for black gold and hurries on to other topics. Hey, Justin snowboards! He's handsome! He loves *diversity!* *RS* is more interested in the fact that Trudeau's defense minister is a member of a minority group: Harjit Sajjan was born in Punjab, India, wears a turban, and served in the Canadian military in Afghanistan. Women and minorities make up more than half his cabinet.

00:43

House passes new bill giving \$778 billion to Pentagon, border wall

So here's *Rolling Stone's* politics: We'll forgive you for turning Earth into a coal-black cinder as long as you keep cheering for identity politics in these final moments of suffering we share together. But if you really do want to live in a country led by Justin Trudeau, given that people not born American can't actually be president of the United States, why not do what *Rolling Stone* writer Stephen Rodrick suggests in the kicker of his piece: "At this moment, Justin Trudeau's Canada looks like a beautiful place

to ride out an American storm." Why won't Justin's American acolytes do what they keep promising to do and take off to the Great White North?

It's not as if there's no room. Canada is a land of 36 million people spread out over 3.9 million square miles. Among the 100 largest countries on earth, it ranks 99th in population density. Canada is empty.

And it's welcoming immigrants. Trudeau brags that he has welcomed 40,000 Syrian refugees. If Canada can handle those, why can't they handle 40,000 Vox refugees? The entire staffs of *Mother Jones*, *The New Republic*, and *Rolling Stone* are simply aching to live in a social-justice, diversity-first paradise. Why don't they quit whining about it and pack up? Montreal is just a bus ride away. They could spend the rest of their days happily telling the rest of us how beautiful life is up in Trudeau-land.

In fact, Canada love is just progressive fanboyism, the equivalent of comic-book nerds' discussing what it would be like to live in Wayne Manor. Emigration from America to America's Hat is basically unchanged since the pre-Trump era — 2,325 Americans took the Canadian plunge in the first quarter of this year, up about 100 from the first quarter last year.

Canada love is just progressive fanboyism.

Lena Dunham is still among us despite her highly specific vow, "I know a lot of people have been threatening to do this, but I really will. I know a lovely place in Vancouver." Actor Keegan-Michael Key similarly indicated he had a northern escape route planned out when he said Canada is, "like, ten minutes from Detroit," adding, "That's where I'm from; my mom lives there. It'd make her happy too." Key has given no indication lately that he is following up on that.

It might just be that there is more to a country than who happens to be head of state at any given moment. It's also possible that the U.S. didn't become the Third Reich on January 20, 2017. Our progressive friends, who alternate between saying, "Haha, Trump can't do anything!" and dressing up like extras from *The Handmaid's Tale*, are proving yet again that their alarmism is meaningless. If any professional leftist actually gives any indication of being serious about leaving America, I'd be happy to start a Kickstarter campaign to pay for their moving expenses.

— Kyle Smith is National Review's critic-at-large.

## THE WALL STREET JOURNAL

### Lomborg : Al Gore's Climate Sequel Misses a Few Inconvenient Facts

Bjorn Lomborg

They say the sequel is always worse than the original, but Al Gore's first film set the bar pretty low. Eleven years ago, "An Inconvenient Truth" hyped global warming by relying more on scare tactics than science. This weekend Mr. Gore is back with "An Inconvenient Sequel: Truth to Power." If the trailer is any indication, it promises to be more of the same.

The former vice president has a poor record. Over the past 11 years Mr. Gore has suggested that global warming had caused an increase in tornadoes, that Mount Kilimanjaro's glacier would disappear by 2016, and that the Arctic summers could be ice-free as soon as 2014. These predictions and claims all proved wrong.

"An Inconvenient Truth" promoted the frightening narrative that higher temperatures mean more extreme weather, especially hurricanes. The movie poster showed a hurricane emerging from a smokestack. Mr. Gore appears to double down on this by declaring in the new film's

trailer: "Storms get stronger and more destructive. Watch the water splash off the city. This is global warming."

This is misleading. The Intergovernmental Panel on Climate Change—in its Fifth Assessment Report, published in 2013—found "low confidence" of increased hurricane activity to date because of global warming. Storms are causing more damage, but primarily because more wealthy people choose to live on the coast, not because of rising temperatures.

Even if tropical storms strengthen by 2100, their relative cost likely will decrease. In a 2012 article for the journal *Nature Climate Change*, researchers showed that hurricane damage now costs 0.04% of global gross domestic product. If climate change makes hurricanes stronger, absolute costs will double by 2100. But the world will also be much wealthier and less vulnerable, so the total damage is estimated at only 0.02% of global GDP.

In the trailer, Mr. Gore addresses "the most criticized scene" of his previous documentary, which

suggested that "the combination of sea-level rise and storm surge would flood the 9/11 Memorial site." Then viewers are shown footage of Manhattan taking on water in 2012 after superstorm Sandy, apparently vindicating Mr. Gore's claims. Never mind that what he actually predicted was flooding caused by melting ice in Greenland.

More important is that Mr. Gore's prescriptions—for New York and the globe—won't work. He claims the answer to warming lies in agreements to cut carbon that would cost trillions of dollars. That would not have stopped Sandy. What New York really needs is better infrastructure: sea walls, storm doors for the subway, porous pavement. These fixes could cost around \$100 million a year, a bargain compared with the price of international climate treaties.

Mr. Gore helped negotiate the first major global agreement on climate, the Kyoto Protocol. It did nothing to reduce emissions (and therefore to rein in temperatures), according to a March 2017 article in the *Journal of Environmental Economics and*

Management. Undaunted, Mr. Gore still endorses the same solution, and the new documentary depicts him roaming the halls of the Paris climate conference.

By 2030 the Paris climate accord will cost the world up to \$2 trillion a year, mostly in lost economic growth, according to the best peer-reviewed energy-economic models. It will remain that expensive for the rest of the century. This would make it the most expensive treaty in history.

And for what? Just ahead of the Paris conference, the United Nations Framework Convention on Climate Change estimated that if every country fulfills every promised Paris carbon cut between 2016 and 2030, carbon dioxide emissions will drop by only 60 gigatons over that time frame. To keep the temperature rise below 2 degrees Celsius, the world must reduce such emissions nearly 6,000 gigatons over this century, according to the IPCC. A "successful" Paris agreement wouldn't even come close to solving the problem.



Mr. Gore argues that the Paris approach pushes nations and businesses toward green energy. Perhaps, but the global economy is far from ready to replace fossil fuels with solar and wind. The International Energy Agency, in its 2016 World Energy Outlook, found that 0.6% of the world's energy is supplied by solar and wind. Even with the Paris accord fully

implemented, that number would rise only to 3% in a quarter-century.

In part because of activists like Mr. Gore, the world remains focused on subsidizing inefficient, unreliable technology, rather than investing in research to push down the price of green energy. Real progress in Paris could be found on the sidelines, where philanthropist Bill

Gates and others, including political leaders, agreed to increase spending on research and development. This is an important start, but much more funding is needed.

Mr. Gore declares in his new film that "it is right to save humanity." No argument here. But is using scare

tactics really the best way to go about it?

*Mr. Lomborg is the president of the Copenhagen Consensus Center and the author of "The Skeptical Environmentalist" and "Cool It."*

**The  
Washington  
Post**

## Zakaria : Say hello to a post-America world

In London last week, I met a Nigerian man who succinctly expressed the reaction of much of the world to the United States these days. "Your country has gone crazy," he said, with a mixture of outrage and amusement. "I'm from Africa. I know crazy, but I didn't ever think I would see this in America."

A sadder sentiment came from a young Irish woman I met in Dublin who went to Columbia University, founded a social enterprise and has lived in New York for nine years. "I've come to recognize that, as a European, I have very different values than America these days," she said. "I realized that I have to come back to Europe, somewhere in Europe, to live and raise a family."

The world has gone through bouts of anti-Americanism before. But this one feels very different. First, there is the sheer shock at what is going on, the bizarre candidacy of Donald Trump, which has been followed by an utterly chaotic presidency. The chaos is at such a fever pitch that one stalwart Republican, Karl Rove, described the president this week as "vindictive, impulsive and shortsighted" and his public shaming of Attorney General Jeff Sessions as "unfair, unjustified, unseemly and stupid." Kenneth Starr, the onetime grand inquisitor of President Bill Clinton, went further, calling Trump's recent treatment of Sessions "one of the most outrageous — and

profoundly misguided — courses of presidential conduct I have witnessed in five decades in and around the nation's capital."

Politics newsletter

The big stories and commentary shaping the day.

But there is another aspect to the decline in America's reputation. According to a recent Pew Research Center survey of 37 countries, people around the world increasingly believe that they can make do without America. Trump's presidency is making the United States something worse than just feared or derided. It is becoming irrelevant.

The most fascinating finding of the Pew survey was not that Trump is deeply unpopular (22 percent have confidence in him, compared with 64 percent who had confidence in Barack Obama at the end of his presidency). That was to be expected — but there are now alternatives. On the question of confidence in various leaders to do the right thing regarding world affairs, China's Xi Jinping and Russia's Vladimir Putin got slightly higher marks than Trump. But German Chancellor Angela Merkel got almost twice as much support as Trump. (Even in the United States, more respondents expressed

confidence in Merkel than in Trump.) This says a lot about Trump, but it says as much about Merkel's reputation and how far Germany has come since 1945.

Trump has managed to do something that Putin could not. He has unified Europe. As the continent faces the challenges of Trump, Brexit and populism, a funny thing has happened. Support for Europe among its residents has risen, and plans for deeper European integration are underway. If the Trump administration proceeds as it has promised and initiates protectionist measures against Europe, the continent's resolve will only strengthen. Under the combined leadership of Merkel and new French President Emmanuel Macron, Europe will adopt a more activist global agenda. Its economy has rebounded and is now growing as fast as that of the United States.

To America's north, Canada's foreign minister recently spoke out, in a friendly and measured way, noting that the United States has clearly signaled that it is no longer willing to bear the burdens of global leadership, leaving it to countries such as Canada to stand up for a rules-based international system, free trade and human rights. To America's south, Mexico has abandoned any plans for cooperation with the Trump administration. Trump's approval rating in Mexico is 5 percent, his

lowest of all the countries Pew surveyed.

China's leadership began taking advantage of Trump's rhetoric and foreign policy right from the start, announcing that it was happy to play the role of chief promoter of trade and investment around the world, cutting deals with countries from Latin America to Africa to Central Asia. According to the Pew survey, seven of 10 European countries now believe that China is the world's leading economic power, not the United States.

The most dismaying of Pew's findings is that the drop in regard for America goes well beyond Trump. Sixty-four percent of the people surveyed expressed a favorable view of the United States at the end of the Obama presidency. That has fallen to 49 percent now. Even when U.S. foreign policy was unpopular, people around the world still believed in America — the place, the idea. This is less true today.

In 2008, I wrote a book about the emerging "Post-American World," which, I noted at the start, was not about the decline of America but rather the rise of the rest. Amid the parochialism, ineptitude and sheer disarray of the Trump presidency, the post-American world is coming to fruition much faster than I ever expected.

## ETATS-UNIS

### POLITICO Senate rejects Obamacare repeal

The Senate Republicans' push to dismantle Obamacare collapsed in dramatic fashion early Friday morning, when two centrist GOP women and Sen. John McCain of Arizona teamed to sink an already scaled-back effort to dismantle the 2010 health care law.

McCain and GOP Sens. Susan Collins of Maine and Lisa

Murkowski of Alaska sided with all 48 Democrats to reject the Republicans' so-called skinny repeal plan, tanking the measure by a vote of 49-51. The Senate GOP had already pretty much shunned the proposal, viewing it mostly as a route to go into negotiations with the House.

Story Continued Below

But in gripping floor drama that began to unfold after midnight Friday, it appeared McCain had his mind made up that he would be the pivotal third vote to kill off the GOP's Obamacare repeal effort. Vice President Mike Pence talked to him at length, but it didn't seem to change the Arizonan's mind. "I do my job as a senator," McCain said after he left the Senate chamber, saying he voted against

the Obamacare repeal bill "because I thought it was the right vote." He said he wouldn't go through his thought process.

Later, McCain issued a statement offering a more thorough explanation of his vote, saying that he has always believed that Obamacare should be repealed and replaced with a solution that "increases competition, lowers



costs and improves care for the American people."

McCain said the "skinny repeal" that he voted down "would not accomplish those goals." While it would repeal "some of Obamacare's most burdensome regulations" McCain said it didn't offer an adequate replacement. He called for committee work, hearings and bipartisan input in the weeks ahead, the same tone he'd taken when a different repeal and replace effort collapsed earlier this month.

McCain previewed what was to come shortly before he entered the chamber, telling reporters: "Watch the show." Still, the veteran Republican and self-styled maverick ended up stunning his colleagues and others inside the chamber, who audibly gasped when he voted "no" on the Obamacare repeal measure.

"I don't think we all knew until he actually did it," said Sen. Shelley Moore Capito (R-W.Va.).

"This is clearly a disappointing moment," Senate Majority Leader Mitch McConnell (R-Ky.) said shortly after the vote failed at 1:40 a.m. Friday. "We worked really hard to try to develop a consensus for a better way forward."

He added: "Yes, this is a disappointment. A disappointment indeed."

Republicans now have no obvious solution to healthcare policy that does not involve working with Democrats.

"This thing we tried to pass tonight? If you can't get all Republicans to agree to that stuff, I'm not sure what we're going to pass with Republicans," said Sen. John Thune (R-S.D.), the No. 3 GOP leader in the Senate.

The bizarre turn of events — GOP senators were gearing up to vote for a bill few if any of them actually support — came on a frenetic day of the Republican Party's tortured bid to upend the Democratic health care law.

On Thursday afternoon, McCain had already threatened to tank the bare-bones bill, along with Lindsey Graham (R-S.C.) and Ron Johnson (R-Wis.). Saying the bill would wreak further havoc on the health care system, the trio demanded that the bill, if they voted for it, would be just the starting point for negotiations with the House. They worried that if the Senate approved the bill, the House would quickly follow suit and send it to President Donald Trump for his signature.

After Speaker Paul Ryan (R-Wis.) offered a somewhat ambiguous commitment to go to a conference committee, several GOP senators said they still weren't satisfied. The House leader then personally reassured a handful of senators in phone calls that the House will enter negotiations with the Senate if it passes its bill. That was enough for at least Graham and a handful of others to move forward.

The House "will go to conference, and under no circumstances does he believe the skinny bill is good policy or good politics," Graham said of the discussion with Ryan. "He doesn't want us to be the party that repeals part of Obamacare and leaves most of it in place ... The bottom line here is I think Paul sees the skinny bill as a vehicle to find a better solution."

McCain received a personal phone call from Ryan. But it didn't work. He also spoke with his governor, who tweeted that he didn't support the bill earlier Thursday.

But not — ultimately — for McCain.

"I wanted to talk to him some more," McCain said, referring to Arizona Gov. Doug Ducey. "It's always important to talk to your governor."

Asked how he would vote in the early evening, the normally voluble McCain said: "I am not discussing that."

The so-called skinny repeal bill would have killed Obamacare's individual coverage mandate permanently and its employer mandate for eight years. It would

also give states flexibility to opt out of some Obamacare regulations, defund Planned Parenthood for a year, repeal the medical device tax for three years and allow more pre-tax money to pay for health savings accounts.

It was a far less dramatic rollback of the law than most Senate Republicans have previously supported.

The Congressional Budget Office estimated late Thursday that the finalized GOP bill would leave 16 million fewer people insured than under the current law by 2026, while reducing the deficit by nearly \$179 billion over that same time frame.

Senate GOP leaders had viewed the measure as a bridge to continued negotiations, not a policy solution. They didn't want to be blamed for being the chamber that killed Obamacare repeal, and aimed to pass the slimmed down repeal plan in the wee hours of the morning Friday.

Still, the outcome had remained murky late into the night. Ahead of the vote, Capito said she'd decided how she would vote but would not announce her position until bill comes up. Murkowski said the same. A spokesman for Sen. Mike Lee (R-Utah) said he was still undecided after the text was unveiled. But most other Republicans had signed on by Thursday evening, boosting confidence after doubts crept in hours earlier.

Graham, Johnson and McCain had demanded an ironclad commitment from Ryan that the House would not take up and pass the Senate's bill. In a statement a few hours later, Ryan sought to reassure the Senate while declining to guarantee that the Senate's bill, which would cause a spike in premiums and millions more to be uninsured, would not become law.

It was a tepid endorsement of the Senate leadership's drive to pass something — anything — in order to

keep moving forward, but hardly more than that.

"It is now obvious that the only path ahead is for the Senate to pass the narrow legislation that it is currently considering. This package includes important reforms like eliminating the job-killing employer mandate and the requirement that forces people to purchase coverage they don't want," Ryan said. "Still it is not enough to solve the many failures of Obamacare. Senators have made clear that this is an effort to keep the process alive, not to make law. If moving forward requires a conference committee, that is something the House is willing to do."

Most senators agreed that the skinny repeal was not good health care policy and was just a bridge to keeping the debate alive.

"The skinny bill as policy is a disaster," Graham said, explaining it would cause a crisis in the insurance markets. "I need assurances from the House speaker ... if I don't [get them], I'm a no."

On Thursday evening, before the "vote-a-rama" kicked off, GOP leaders were cautiously optimistic they would succeed despite the differing views on Ryan's commitment.

At a party lunch Thursday, McConnell made one last frantic plea to his Senate Republican members to keep the party's Obamacare repeal bid alive. Republicans must get 50 of their 52 members on board; Pence would break a 50-50 tie to pass the bill.

The Senate majority leader picked up some key votes, including Sen. Rob Portman (R-Ohio). Not everyone was sold, but GOP leaders were emphasizing that the bill, which would slash Obamacare's coverage mandates and result in millions more uninsured, is not the ultimate goal. The bill also did not cut Medicaid.



## Senate rejects measure to partly repeal Affordable Care Act, dealing GOP leaders a major setback (UNE)

Republicans suffered a dramatic failure early Friday in their bid to advance a scaled-back plan to overhaul the Affordable Care Act, throwing into question whether they can actually repeal the 2010 health law.

Their latest effort to redraw the ACA failed after Sen. John McCain's decision to side with two other

Republicans against President Trump and GOP leaders. The Arizona Republican, diagnosed with brain cancer last week, returned to Washington on Tuesday and delivered a stirring address calling for a bipartisan approach to overhauling the ACA, while criticizing the process that produced the current legislation.

It was a speech that laid the groundwork for Friday's dramatic vote.

The vote was 49 to 51 — all 48 members of the Democratic caucus joined with McCain and Sens. Susan Collins (R-Maine) and Lisa Murkowski (R-Alaska) to block the legislation.

Senate Majority Leader Mitch McConnell (R-Ky.) had hoped to approve the new, narrower rewrite of the health law at some point Friday, after facing dozens of amendments from Democrats. But the GOP defections left McConnell without a clear path forward.

Sen. John McCain (R-Ariz.) on July 28 voted against the Republican "skinny repeal" health-care bill. Sen.

John McCain (R-Ariz.) on July 28 voted against the Republican “skinny repeal” health-care bill. (U.S. Senate)

(U.S. Senate)

“Our only regret is that we didn’t achieve what we hoped to accomplish,” McConnell said after the failed vote. In a dejected tone, he pulled the entire legislation from consideration and set up votes on nominations that will begin Monday.

“It is time to move on,” McConnell said, culminating a nearly 75-minute set of roll calls. In a last-minute rescue bid, Vice President Pence — there to be the tie-breaking vote if needed — stood at McCain’s desk for 21 minutes cajoling the senator to no avail.

McCain and Pence then walked to the Republican cloak room to confer in private and later to the lobby off the Senate chamber. When McCain returned — without Pence — he stopped in the well of the chamber, cast his “no” vote — sparking stunned gasps and some applause — and returned to his seat.

McConnell and his leadership deputies stood watching, grim-faced and despondent.

“We must now return to the correct way of legislating and send the bill back to committee, hold hearings, receive input from both sides of aisle, heed the recommendations of nation’s governors, and produce a bill that finally delivers affordable health care for the American people,” McCain said in a statement explaining his vote. “We must do the hard work our citizens expect of us and deserve.”

*[GOP female senators face a pointed backlash from male colleagues]*

Trump responded to the news in a late-night tweet: “3 Republicans and 48 Democrats let the American people down. As I said from the beginning, let ObamaCare implode, then deal. Watch!”

Which health-care plans the Senate rejected (and who voted ‘no’)

Some senators in both parties said they hope the two sides can begin talks on shoring up the current health-care system, a debate that is expected to be handled by Senate committees overseeing budget, tax and health-care policy.

“Maybe this had to happen to actually begin to have a conversation,” said Sen. Bill Cassidy (R-La.), who had tried brokering a bipartisan deal in recent weeks.

The bill’s fate began to collapse Thursday as McCain sought an

iron-clad guarantee from Speaker Paul D. Ryan (R-Wis.) that, if the Senate approved this latest proposal, the House would not move to quickly approve the bill in its current form and instead engage in a broad House-Senate negotiation for a wider rollback of the law. Ryan issued a statement intended to assuage the concerns of McCain and two others, Sens. Lindsey O. Graham (R-S.C.) and Ron Johnson (R-Wis.), but the 2008 presidential nominee deemed the speaker’s statement as insufficient.

The standoff between the two chambers highlighted the extent to which Republicans have still not reached a consensus on how to rewrite President Barack Obama’s 2010 health-care law, and the degree to which Republicans are repeating many of the same back-room maneuvers that Democrats used seven years ago to approve the ACA.

McConnell’s draft rattled moderates like Collins and Murkowski and Republicans who wanted a more robust uprooting of the existing law.

“I’m not going to tell people back in South Carolina that this product actually replaces Obamacare, because it does not, it is a fraud,” Graham said at a Thursday evening news conference with McCain and Johnson at his side.

And while GOP senators insisted the bill they were considering would not make it into law, if enacted it would have made sweeping changes to health coverage as well as medical treatment in the United States.

It would have eliminated enforcement of the ACA’s requirement that Americans obtain insurance or pay a tax penalty, and suspended for eight years enforcing the mandate that companies employing 50 or more workers provide coverage.

The measure also would have eliminated funding for preventive health care provided under the 2010 law and prohibited Medicaid beneficiaries from being reimbursed for Planned Parenthood services for one year. Instead, the bill aimed to steer funding to community health centers. It would have ended a 2.3 percent tax on medical device manufacturers for three years.

*['Skinny repeal' of Obamacare would leave 16 million more people uninsured in a decade]*

And it would have empowered federal officials under an existing waiver program to give states wide latitude in how they allocate their Medicaid funding, potentially pooling that money with other programs such as one that helps

lower-income Americans buy private insurance. It also would have increased the limit on contributions to tax-exempt health savings accounts for three years.

Translating their pledge to repeal what they derisively call Obamacare into a law has proved embarrassingly difficult for Republicans. First, the House took an extra six weeks to pass its version of the bill in early May. Most Republicans agreed that the measure was flawed — Trump later called it “mean” for how it would deny insurance to 23 million people — and hoped that the Senate would craft a better bill.

But McConnell’s closed-door negotiations ended in gridlock, leaving him to pull together this “skinny” repeal of the ACA, just to keep alive the possibility of negotiations with the House to come up with a different plan later this summer.

Many conservatives in both chambers objected to the measure because they said it wouldn’t go far enough in repealing the ACA.

For instance, the expansion of federal funding to use Medicaid to provide insurance to about 14 million Americans was left intact, a major victory for a half-dozen Senate Republicans from states that accepted the additional money. Governors, under the new Senate proposal, would have more leeway in how they can spend Medicaid funding overall.

Major insurers warned that the proposal could destabilize the individual insurance market. Blue Cross Blue Shield Association criticized it on Wednesday, and on Thursday the industry’s largest trade group suggested it was unacceptable.

“We would oppose an approach that eliminates the individual coverage requirement, does not offer continuous coverage solutions, and does not include measures to immediately stabilize the individual market,” America’s Health Insurance Plans wrote in a letter to Senate leaders.

Senate Republicans, however, framed the bill as just a vehicle to keep alive their ACA repeal efforts.

“My sense is people aren’t so much focused on the substance as they are this being the lifeline to get to a conference and expanding the bill,” said Sen. Bob Corker (Tenn.).

Before Ryan issued his statement, the prospect of an immediate up-or-down vote in the House raised alarms in the Senate. House Republican leaders instructed their

members not to leave town for their month-long summer recess just yet.

Key House conservatives said they would not back a skinny repeal in its current form. Rep. Mark Meadows (R-N.C.), chairman of the House Freedom Caucus, said that he wouldn’t vote for such a measure and that he didn’t think other conservatives would, either.

Speaking on the Senate floor Thursday, McConnell emphasized that the votes this week would not reverse the ACA even if they culminate in the passage of a bill.

“One phase of that process will end when the Senate concludes voting this week, but it will not signal the end of our work. Not yet,” he said.

*[Analysis: Republicans no longer have a plan to repeal Obamacare, but they’re still trying]*

In an effort to muster enough votes for a narrow bill, GOP leaders suggested that even some proposals that have died in the Senate could resurface once senators entered negotiations with the House. And some members tried to add a few more provisions to the skinny bill, using their leverage to try to strengthen their negotiating positions in conference.

While McConnell has led the negotiations over health-care legislation for weeks, Trump sought to drum up support by pressing wavering Republicans.

Interior Secretary Ryan Zinke called Murkowski and Sen. Dan Sullivan (R-Alaska) separately Wednesday to warn them that the administration may change its position on several issues, according to people briefed on the conversations, given Murkowski’s vote against proceeding with health-care legislation this week.

Since Trump took office, Interior has indicated that it is open to constructing a road through the Izembek National Wildlife Refuge and drilling in the Arctic National Wildlife Refuge while expanding energy exploration elsewhere in Alaska. But now these policy shifts may be in jeopardy.

Your daily guide to where Wall Street meets Washington.

Speaking to reporters Thursday, Sullivan said the Trump administration has been cooperative on Alaska issues with Murkowski, who chairs the Senate Energy and Natural Resources Committee.

“From my perspective, the sooner we can get back to that kind of cooperation between the administration and the chairman of the ENR Committee, the better for Alaska and the better for the

country," he said. Sullivan said he is not telling Murkowski how to respond.

The Alaska Dispatch News first reported the calls; Interior officials did not respond to a request for comment.

Paul Kane, Ed O'Keefe, Dino Grandoni, Mike DeBonis and Tory Newmyer contributed to this report.

## THE WALL STREET JOURNAL

Michelle Hackman and Siobhan Hughes

WASHINGTON—The Republican effort to dismantle the Affordable Care Act collapsed early Friday when a slimmed-down Senate measure to pare back selected pieces of the 2010 health-care law failed, undermining the GOP leaders' efforts to deliver on a longtime campaign promise.

Sen. John McCain (R., Ariz.) cast one of three GOP no votes that sank Senate Republicans' latest effort to roll back a handful of elements of the law. GOP Sens. Susan Collins of Maine and Lisa Murkowski of Alaska also joined with Democrats to block the measure in a 49-51 vote. The bill's failure exposed the difficulty Senate Republicans faced in trying to corral 50 votes for any legislation making changes to the ACA, whether modest or major.

Friday's vote leaves Republicans without any clear next step in their monthslong effort to roll back the ACA and with no significant legislative accomplishment during President Donald Trump's first seven months in office.

"This is clearly a disappointing moment," Senate Majority Leader Mitch McConnell (R., Ky.) said on the Senate floor moments after the vote. "I regret that our efforts were simply not enough this time."

Days earlier, Mr. McConnell had pulled off a come-from-behind victory to begin debate on the bill, boosted by Mr. McCain's return from Arizona after recently being diagnosed with brain cancer. But Mr. McCain's defection Friday morning helped bring down the bill, despite an intense lobbying effort to win him over by GOP leaders.

"One of the major failures of Obamacare was that it was rammed through Congress by Democrats on a strict-party line basis without a single Republican vote. We should not make the mistakes of the past," Mr. McCain said in a statement after the vote, urging GOP leaders to

## 'Skinny' Repeal of Obamacare Fails in Senate (UNE)

Kristina Peterson,

hold hearings and solicit Democratic ideas.

The defeat left Senate Republicans with little to show for their weeks of difficult deliberations. Although the House overcame a setback to pass a sweeping health-care overhaul in May, the Senate GOP's narrow majority and deep internal divisions made such a comeback difficult.

Mr. McConnell said after the vote that it was now Democrats' turn to propose fixes to the ACA. "It's time for our friends on the other side to tell us what they have in mind and we'll see how the American people feel about their ideas," Mr. McConnell said.

Senate Minority Leader Chuck Schumer (D., N.Y.) said Democrats were ready to work with Republicans to shore up the health-care law. "Obamacare was hardly perfect. It did a lot of good things, but it needs improvement," Mr. Schumer said.

President Donald Trump, who'd exhorted Republicans to pass a bill in recent days, tweeted after the vote, "3 Republicans and 48 Democrats let the American people down. As I said from the beginning, let Obamacare implode, then deal. Watch!"

Mr. Trump has often mulled letting fragile insurance markets collapse, but some members of his own party, who represent states where markets have had trouble, oppose this approach. Democrats, meanwhile, have accused Mr. Trump's administration of undermining the ACA and its exchanges.

After weeks of internal debate over how to dismantle and replace the health-care law, often called Obamacare, Senate Republicans had settled on a stripped-down plan to pare back pieces of it, after a series of broader proposals failed earlier this week to secure the 50 votes needed to pass.

But support even for the bare-bones measure foundered Thursday, when Senate Republicans became nervous that the House would take

the bill up and pass it, rather than using it to start fresh negotiations between the two chambers.

"The skinny bill as policy is a disaster. The skinny bill as a replacement for Obamacare is a fraud," Sen. Lindsey Graham (R., S.C.) said Thursday evening. "Not only do we not replace Obamacare, we politically own the collapse of health care."

House Speaker Paul Ryan (R., Wis.) responded late Thursday with a cautious statement saying the House would be willing to negotiate, and he spoke later over the phone to a handful of concerned senators, including Mr. Graham, who ended up voting for the bill.

"If moving forward requires a conference committee, that is something the House is willing to do," Mr. Ryan said in a statement signaling frustration with the Senate Republicans' difficulty in coalescing around a health bill.

The "skinny" repeal would have undone the ACA's requirement that most people purchase health insurance or pay a penalty, and it would have suspended enforcement through 2025 of a related requirement that most employers offer coverage. An unpopular tax on medical devices would have been delayed through 2020, and funding would also be rescinded for a \$1 billion public-health program run through the Centers for Disease Control and Prevention.

The bill also attempted to expand the use of ACA state waivers to get rid of some insurance regulations, such as a requirement that health plans cover mental-health services and maternity care, though lawmakers are limited by budget rules in how much flexibility they can write into the legislation. Republicans blame the ACA's regulations for inflating the cost of insurance premiums, while Democrat say they provide needed protections to consumers.

A Congressional Budget Office estimate released late Thursday said the bill could result in 16 million more people losing insurance in a

decade and premiums rising roughly 20%.

Health and Human Services Secretary Tom Price, said after the vote that he would continue his agency's steps to relax the ACA's regulations, citing an executive order signed by the president that called for using the maximum discretion that the law allowed.

"Since day one of the Trump administration, the team at HHS has taken numerous steps to provide relief to Americans who are reeling from the status quo, and this effort will continue," his statement said.

Democrats criticized the GOP legislative process that led to a bill unveiled only hours before the unsuccessful vote.

"This is nuclear-grade bonkers what is happening here tonight," said Sen. Chris Murphy (D., Conn.). "When you get rid of the mandate, every single insurance company will tell you that rates skyrocket because you're not getting rid of the provision that requires insurance companies to price sick people the same as healthy people."

Health insurers warned this week of the danger of ending the requirement that individuals buy insurance. If younger, healthier people aren't prodded to buy insurance, offsetting the costs of less-well individuals, costs would rise and premiums would jump, they fear.

On Thursday morning, America's Health Insurance Plans, the insurance industry's largest trade group, sent a letter to Mr. McConnell opposing skinny repeal.

Lawmakers will now likely be under pressure to take steps to shore up the individual market, where people can buy insurance if they don't get it through work or the government.

—Louise Radnofsky and Natalie Andrews contributed to this article

## The New York Times

## Senate Rejects Slimmed-Down Obamacare Repeal as McCain Votes No (UNE)

Robert Pear and Thomas Kaplan

WASHINGTON — The Senate in the early hours of Friday morning

rejected a new, scaled-down Republican plan to repeal parts of

the Affordable Care Act, derailing the Republicans' seven-year

campaign to dismantle President Barack Obama's signature health care law and dealing a huge political setback to President Trump.

Senator John McCain of Arizona, who just this week returned to the Senate after receiving a diagnosis of brain cancer, cast the decisive vote to defeat the proposal, joining two other Republicans, Susan Collins of Maine and Lisa Murkowski of Alaska, in opposing it.

The 49-to-51 vote was also a humiliating setback for the Senate majority leader, Mitch McConnell of Kentucky, who has nurtured his reputation as a master tactician and spent the last three months trying to devise a repeal bill that could win support from members of his caucus.

### Audio

49 to 51. Three Republican senators break ranks, ending what could be their party's last plan to repeal the Affordable Care Act.

As the clock ticked toward the final vote, which took place around 1:30 a.m., suspense built on the Senate floor. Mr. McCain was engaged in a lengthy, animated conversation with Vice President Mike Pence, who had come to the Capitol expecting to cast the tiebreaking vote for the bill. A few minutes later, when Mr. McCain ambled over to the Democratic side of the chamber, he was embraced by Senator Dianne Feinstein, Democrat of California. A little later Senator Amy Klobuchar, Democrat of Minnesota, put her arm around Mr. McCain.

The roll had yet to be called, but the body language suggested that the Trump administration had failed in its effort to flip the Arizona senator whom President Trump hailed on Tuesday as an "American hero."

Many senators announced their votes in booming voices. Mr. McCain quietly signaled his vote with a thumbs-down gesture. He later offered an explanation on Twitter:

After the tally was final, Mr. Trump tweeted:

The truncated Republican plan that ultimately fell was far less than what Republicans once envisioned. Republican leaders, unable to overcome complaints from both moderate and conservative members of their caucus, said the skeletal plan was just a vehicle to permit negotiations with the House, which passed a much more ambitious repeal bill in early May.

The "skinny repeal" bill, as it became known at the Capitol this week, would still have had broad

effects on health care. The bill would have increased the number of people who are uninsured by 15 million next year compared with current law, according to the nonpartisan Congressional Budget Office. Premiums for people buying insurance on their own would have increased roughly 20 percent, the budget office said.

Unlike previous setbacks, Friday morning's health care defeat had the ring of finality. After the result was announced, the Senate quickly moved on to routine business. Mr. McConnell canceled a session scheduled for Friday and announced that the Senate would take up the nomination of a federal circuit judge on Monday afternoon.

With so many senators in both parties railing against the fast-track procedures that Republican leaders used, a return to health care seemed certain to go through the committees, where bipartisanship and deliberation are more likely.

"We are not celebrating," said the Senate Democratic leader, Chuck Schumer of New York. "We are relieved that millions and millions of people who would have been so drastically hurt by the three proposals put forward will at least retain their health care, be able to deal with pre-existing conditions."

Mr. McConnell said he was proud of his vote to start unwinding the Affordable Care Act. "What we tried to accomplish for the American people was the right thing for the country," Mr. McConnell said. "And our only regret tonight, our only regret, is that we didn't achieve what we had hoped to accomplish."

The new, eight-page Senate bill, called the Health Care Freedom Act, was unveiled just hours before the vote. It would have ended the requirement that most people have health coverage, known as the individual mandate. But it would not have put in place other incentives for people to obtain coverage — a situation that insurers say would leave them with a pool of sicker, costlier customers. It would also have ended the requirement that large employers offer coverage to their workers.

The "skinny repeal" would have delayed a tax on medical devices. It would also have cut off federal funds for Planned Parenthood for one year and increased federal grants to community health centers. And it would have increased the limit on contributions to tax-favored health savings accounts.

In addition, the bill would have made it much easier for states to waive federal requirements that health insurance plans provide

consumers with a minimum set of benefits like maternity care and prescription drugs. It would have eliminated funds provided by the Affordable Care Act for a wide range of prevention and public health programs.

Before rolling out the new legislation, Senate leaders had to deal with a rebellion from Republican senators who demanded ironclad assurances that the legislation would never become law.

Mr. McCain and Senators Lindsey Graham of South Carolina and Ron Johnson of Wisconsin insisted that House leaders promise that the bill would not be enacted.

"I'm not going to vote for a bill that is terrible policy and horrible politics just because we have to get something done," Mr. Graham said at a news conference, calling the stripped-down bill a "disaster" and a "fraud" as a replacement for the health law.

Mr. Graham eventually voted for the bill after receiving an assurance from the House speaker, Paul D. Ryan, that the two chambers would negotiate their differences if the Senate passed the legislation.

"If moving forward requires a conference committee, that is something the House is willing to do," Mr. Ryan said in a statement. "The reality, however, is that repealing and replacing Obamacare still ultimately requires the Senate to produce 51 votes for an actual plan."

But Mr. Ryan left open the possibility that if a compromise measure had failed in the Senate, the House could still pass the stripped-down Senate health bill. That helped push Mr. McCain to "no."

Republican senators found themselves in the strange position of hoping their bill would never be approved by the House.

"It may very well be a good vehicle to get us into conference, but you got to make sure that it's not so good that the House simply passes it rather than going to conference," said Senator Michael Rounds, Republican of South Dakota. Mr. Rounds, who built a successful insurance business in his home state, said he was concerned that "the markets may collapse" if the Senate bill ever took effect.

Two influential House conservatives made clear that they did not want to simply pass the Senate bill. Representative Mark Walker, Republican of North Carolina and the chairman of the conservative Republican Study Committee, said

he favored a conference, calling the bill "ugly to the bone."

And Representative Mark Meadows, Republican of North Carolina and the chairman of the hard-line Freedom Caucus, said that for many conservatives, it would be a "nonstarter" to send President Trump a bill that has "gotten so skinny that it doesn't resemble a repeal."

But senators had at least some reason to be nervous. The House majority leader, Kevin McCarthy of California, notified House members that "pending Senate action on health care," the House schedule could change, and that "all members should remain flexible in their travel plans over the next few days." That did not sound like a man preparing for protracted House-Senate negotiations.

Representative Chris Collins, Republican of New York and a key ally of Mr. Trump, said the stripped-down bill would be "better than nothing" if it became apparent that the Senate did not have the votes for a more ambitious bill.

"It becomes a binary choice," he said. "If it's this or nothing, who wants to go home and say I did nothing?"

"No one can guarantee anything," he added, sending a message to senators wanting assurances.

Even some senators who voted for the bill Friday conceded that its enactment could have been disastrous. It would have repealed the mandate that most Americans have insurance, without another mechanism to push Americans to maintain insurance coverage. Under those circumstances, healthy people could wait to buy insurance until they are sick. The insurance markets would become dominated by the chronically ill, and premiums would soar, insurers warned.

America's Health Insurance Plans, the Blue Cross Blue Shield Association and the American Medical Association all expressed similar concerns.

"We would oppose an approach that eliminates the individual coverage requirement, does not offer alternative continuous coverage solutions, and does not include measures to immediately stabilize the individual market," said America's Health Insurance Plans, a trade group for the industry.

On the other side, the Trump administration twisted arms. Mr. Trump directed Interior Secretary Ryan Zinke to call Ms. Murkowski,



the Alaska senator, to remind her of issues affecting her state that are controlled by the Interior Department, according to people familiar with the call, who requested

anonymity because they were not authorized to speak to the press.

Ms. Murkowski confirmed to reporters that she had received a call from Mr. Zinke, but she declined

to describe the details. However, people familiar with the call described her reaction to it as "furious."



## The Return of Maverick McCain Saves Obamacare

Michael Tomasky

Wow. John McCain came through.

Thursday evening, as the workday ended, some colleagues and I checked in on the press conference McCain was having with Lindsey Graham, Ron Johnson, and Bill Cassidy. They were saying basically that they'd vote yes on "skinny" repeal as long as they could be sure it failed. "I am not going to vote for the 'skinny' bill if I'm not assured by the House there will be a conference," Graham said. We couldn't bear to watch much, turned it off, and went for a drink.

John, John, John, we muttered; millions of liberals and moderates across the country were surely muttering. What are you doing?

Yes, he was a war hero, no one denies that. Well, someone does, actually, and you know who I mean. But liberals don't. And he used to be a great senator. But all that was very, very long ago. Since 2008, when he caved in to the advisers who pushed Sarah Palin on him as his vice-presidential pick, he's been a different guy.

And when he voted for the motion to proceed Tuesday, liberals thought: Really? You got up off of your cancer bed, where you're getting Cadillac health-care paid for by us the taxpayers, and flew across the country to deny 20 million people health insurance? The mainstream media fell over themselves praising the speech he gave that day. Liberals hated it. Sure, pretty words, but they're completely at odds with that shameful vote you just cast. What a phony.

Well, no more. He did the right thing. He cast a historic vote. Of course, it shouldn't have come to

this. No one should have voted for this travesty, written over lunch and not designed to fix anything; cynically reverse-engineered just to get 50 votes, damn the substance. It didn't deserve one vote, let alone 49.

McCain's vote—and Susan Collins's and Lisa Murkowski's; let's not get so overwhelmed with McCainmania that we forget these brave women—will rightly go down in Senate history. Earlier in the week, James Fallows wrote a terrific piece comparing, unfavorably, McCain to long-ago California Senator Clair Engle, a Democrat, who in 1964 was wheeled into the Senate chamber to cast a vote for civil rights. Engle, too, had cancer. He couldn't speak. When the clerk called his name, he pointed to his eye to indicate he was voting "aye."

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That vote is remembered with admiration, and this one will be too. In historical terms, McCain, Collins, and Murkowski did exactly what the Founding Fathers had it in mind for the United States Senate to do.

This is an important point that we might dwell on for a moment.

Ask yourself: Why even have two legislatures? Most countries have one. We have two basically because we had such large states and small states. At the Constitutional Convention in the summer of 1787, the delegates convened in Philadelphia and started talking about the legislative branch first, before the presidency. The idea was for a house that would be representative based on population. Whoa, said the small states; we'll be screwed. So they came up with a plan for an upper house in which every state would have two senators.

This was the famous Connecticut Compromise. It passed by one vote, 5-4-1. The Senate, said George Washington, should be like the saucer that cools the tea. The House of Representatives, the people's house, would be where the passions of the moment would be given voice. The Senate would be where the people would say "Hey, wait a minute here."

McCain, Collins, and Murkowski said "Hey, wait a minute here." They said what George Washington said they should say.

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This is a total humiliation for Mitch McConnell. Mr. Master Tactician. The tactics he was using here were so beyond the pale. Just so you understand: He went around the normal process in the first place, which would have required 60 votes—a hurdle that Obamacare cleared in 2010. Then he put forward bills that were cynically partisan. No hearings (there might have been one or two quick ones). No deliberation. Everything exactly the opposite of what the Founders wanted the Senate to be. Culminating in a fraudulent bill written in a few hours.

It's a total humiliation for the Republican Party, which has promised its base that it would get rid of Obamacare for seven years and then at the moment of truth couldn't deliver. They couldn't deliver because what they wanted to do was terrible policy that the American people opposed. Our democracy is corrupt in numerous ways, but it's nice to see that public opinion still matters.

And it's a total humiliation for Donald Trump. This man who knows nothing about health care got exactly what he deserved. Look at the Trump White House over the last 24 hours. One staffer refers to another as trying to "suck his own cock" (by the way, don't type that phrase into Google). In the White House. In the White House. These people are beyond disgusting. And boy did they deserve this.

It's a massive win for Chuck Schumer, who held his caucus together on every vote and was on the phone with McCain several times a day. We'll know more about that soon, I'd guess. It's a massive win for President Obama, who wisely kept it zipped. And it's a massive win for the Resistance, which probably didn't influence John McCain but which has been so active and let America know that the opposition to this repeal was broad and not fringe but rooted in our communities, churches, other houses of worship. Real Americans, in other words.

In the future, when we finally have universal health care in this country, this will be remembered as a crucial point in the process of getting there. And it will be remembered as the day John McCain decided to be a real senator again.



## Editorial : Call It 'Sneaky Repeal,' Not 'Skinny Repeal'

The Senate considers itself an august body of statesmen. But on Thursday it became a theater of the absurd when three top Republicans said they would vote for a health care bill only if House leaders guaranteed that it would not become law.

At issue is Majority Leader Mitch McConnell's last-ditch plan to pass a "skinny repeal" of the Affordable

Care Act. But "sneaky repeal" is the more honest description, since it is really a means to preserve Republican hopes of more completely destroying the A.C.A., or Obamacare. That's why the three senators — John McCain, Lindsey Graham and Ron Johnson — demanded the House guarantee it would not accept the bill as written, but instead send it to a conference committee. Without the guarantee,

they fear the House could approve it and President Trump would sign it.

That would be a terrible outcome. There is nothing skinny about it, because the measure would leave 16 million more people without insurance, according to the Congressional Budget Office. That is four-fifths of the 20 million who gained health insurance under the A.C.A.. In addition, people who continue to purchase their own

insurance and earn too much money to qualify for federal subsidies could see premiums jump 20 percent if they could buy comprehensive policies at all. Forget the Republican vow to save the country from a "collapsing" Obamacare. If this bill becomes law, it would magnify weaknesses in Obamacare and leave millions of individuals and families worse off.

Its core is elimination of the A.C.A. requirement that individuals buy insurance or pay a penalty. This is meant to prevent people from buying policies only when they need care, which would lead insurers to charge more, or bar policies for individuals so that the very sick would not be their only customers. With higher prices, fewer people would buy coverage, creating a "death spiral." No wonder America's

Health Insurance Plans and the American Medical Association oppose the plan, as do 10 governors from both parties who sent Senate leaders a letter.

The conference option is also dreadful because lawmakers could use it to cook up a bill with big cuts to Medicaid, which the Senate rejected this week. That bill would be put to a vote in both chambers, with limited debate, under pressure

by congressional leaders and President Trump to vote yes. They have already used underhanded tactics. On Wednesday, Interior Secretary Ryan Zinke told the two senators from Alaska, Dan Sullivan and Lisa Murkowski, that Ms. Murkowski's vote against starting debate on health care had "put Alaska's future with the administration in jeopardy," according to the Alaska Dispatch

News. Health and Human Services Secretary Tom Price has been using Obamacare money for a propaganda campaign against it.

This much is clear: The Republican mission to destroy Obamacare has become a farce, albeit one that may yet harm the health of millions of Americans.

**The  
New York  
Times**

## **Krugman : The Sanctimony and Sin of G.O.P. 'Moderates'**

Paul Krugman

significant way.

Everyone in the world of opinion spends a lot of time talking about the awfulness of Donald Trump — and with plenty of reason. But can we take a moment to consider the awfulness of Senator John McCain? Awfulness somewhat, but only somewhat, redeemed by his last-minute vote.

In case you haven't been following the story, what has been going on in the Senate these past few days is one of the most shameful episodes in that body's history. Policy that will affect the lives of millions of Americans (and may ruin many of those lives), that will shape a sixth of the economy, is being rushed through a process that is both chaotic and cynical.

We don't know yet how all this will turn out, but one thing is clear: McCain has been a crucial enabler of the Senate's shame — and a world-class hypocrite to boot. On Tuesday, he cast the decisive vote allowing this whole process to proceed, with no Democratic votes. Then he gave a sanctimonious speech denouncing partisanship and divisiveness, and declared that while he voted to allow debate to begin, he would never vote for the existing Senate bill without major changes.

And later that day, he voted for that very bill, even though, you guessed it, it hadn't changed in any

Wait: It got worse. On Thursday, Senate leaders reportedly threw together a new bill that would totally restructure health care — health care! — over lunch, to be voted on within a few hours.

And three senators, including McCain, declared in a press conference Thursday afternoon that they would indeed vote for this "skinny reform" — but only if assured that the House would go into conference rather than simply passing it. That is, they were willing to vote for something they know is terrible policy, as long as they were assured that it wouldn't actually become law. The dignity of the Senate, 21st-century style.

You might ask, why not just vote no and try to come up with actually good policy? Because, as they also know, Republicans don't have any good policies to offer, so a bum's rush is the only way they can pass anything. And, until that last-minute vote, McCain, who has demanded a return to "regular order" in the Senate, turns out to be perfectly willing to help the bums get rushed.

When we look at the degeneration of American politics, it's natural to blame the naked partisans — people like Mitch McConnell, with his principle-free will to power, or Ted Cruz, with his ideological rigidity. And Trump has, of course, done more to degrade his office

than any previous occupant of the White House.

But none of what is happening right now would be possible without the acquiescence of politicians who pretend to be open-minded, decry partisanship, tut-tut about incivility and act as enablers for the extremists again and again.

I started with McCain because so many journalists still fall for his pose as an independent-minded maverick, ignoring the reality that he has almost always been a reliable partisan yes-man whenever it matters. Incredibly, some commentators actually praised his performance earlier this week, focusing on his noble-sounding words and ignoring his utterly craven actions.

But he has rivals in the hypocrisy sweepstakes. Consider, for example, Senator Shelley Moore Capito of West Virginia — whose state has benefited enormously from the Affordable Care Act. "I didn't come here to hurt people," she declared not long ago — then voted for a bill that would quadruple the number of uninsured in West Virginia.

Or consider Rob Portman of Ohio, who cultivates an image as a moderate, praises Medicaid and talked big about the defects of Republican health plans — but also voted for that bill. Hey, in Ohio the number of uninsured would only

triple. Let's add Dean Heller of Nevada, who has lauded his state's federally financed Medicaid expansion, but voted along with McCain to let debate proceed on an unknown bill, very much putting that expansion at risk.

Credit where credit is due: two senators, Lisa Murkowski of Alaska and Susan Collins of Maine, have stood up against the effort to betray every promise Republicans have made — and McCain did something right in the end. But every other supposed moderate in the Senate has offered a profile in cowardice.

And let's be clear: This story didn't start in the last few weeks, or the past few months. Republicans have been denouncing Obamacare and pledging to repeal and replace it for seven years, only to be caught flat-footed when given the chance to come up with an alternative. Shouldn't someone in the G.O.P. have asked, "Hey, guys, what is our plan, anyway? If we don't have one, shouldn't we consider helping make this law work?" But nobody did.

So will the Senate pass something awful? If it does, will the House pass it, too, or try to use it as a Trojan horse for something even worse? I don't know. But whatever happens, every Senate Republican besides Collins and Murkowski should be deeply ashamed.

**the Atlantic**

## **John McCain's No Vote Sinks Republicans' 'Skinny Repeal' Plan**

Russell Berman

Senator John McCain brought down the latest Republican health-care plan early Friday morning.

In a moment of high drama on the Senate floor, the Arizona senator, stricken with brain cancer and railing against his party's secretive legislative maneuvering, provided the decisive vote against Majority Leader Mitch McConnell's proposal to partially repeal the Affordable Care Act. The amendment fell, 51-49, thwarting once again the GOP's longstanding efforts to deliver on a

central campaign promise. Senators Susan Collins of Maine and Lisa Murkowski of Alaska also voted against the bill, continuing their opposition to the GOP's partisan repeal effort. But it was McCain who surprised the Senate, breaking with his party after earlier helping it on a key procedural vote.

Had it succeeded, the amendment would have cleared the way for passage of legislation that would set up negotiations with the House on a final bill to send to President Trump's desk. With its failure, Republicans are once again stuck

searching for a plan that can unite the party's narrow majority in the Senate and staring at the possibility of having to work with Democrats to modify rather than roll back the health law.

Immediately after his amendment went down, a distraught McConnell scrapped further votes on the bill and said it was "time to move on" from the GOP's repeal effort. "This is clearly a disappointing moment," the majority leader said. "Yes, this is a disappointment. A disappointment indeed." McConnell offered no way forward for the party, instead turning

to Democrats and suggesting it was time they offered their ideas for fixing the current law. President Trump, meanwhile, suggested on Twitter he would "let Obamacare implode" before seeking a bipartisan deal. "3 Republicans and 48 Democrats let the American people down," he wrote. "As I said from the beginning, let ObamaCare implode, then deal. Watch!"

Democrats tried to refrain from gloating over what appeared—for the moment—to be a major victory in the fight to save the Affordable Care Act. "We are not celebrating.

We are relieved," Senate Minority Leader Charles Schumer said.

The McConnell bill, titled the Health Care Freedom Act, would have scrapped Obamacare's mandates requiring most people to buy insurance and most businesses to offer it to their employees. It would have also defunded Planned Parenthood for a year, delayed for three years an excise tax on medical devices, and increase allowable contributions to health-savings accounts. The proposal would have made it easier for states to obtain waivers from Obamacare requirements, although it would have maintained protections for people with preexisting conditions.

Dubbed the "skinny repeal," the McConnell plan was a far cry from fulfilling the Republican Party's longstanding promise to fully repeal and replace former President Barack Obama's signature legislative achievement. In May, the House narrowly passed a replacement plan that became so unpopular Republican senators rejected it out of hand.

But the task of writing their own proposal proved no easier for the party's slim majority in the upper chamber. McConnell's first proposal, drafted in secret and broadly similar to the House bill, faced defections from both moderates and conservatives. It fell seven votes shy of a majority earlier in the week. Republicans similarly voted down an amendment favored by conservatives

that would have repealed more of Obamacare without a replacement.

What McConnell came up with instead was, by the party's own admission, the "lowest common denominator" of what 50 Republican senators could agree to. And in an inversion of ordinary legislative motivations, it only stood a chance of passage once a group of senators secured assurances from House Speaker Paul Ryan that the skinny repeal would not immediately become law.

Late Thursday afternoon, McCain and Senators Lindsey Graham of South Carolina and Ron Johnson of Wisconsin held a surreal press conference to denounce a policy that, just hours later, two of them would vote to advance. They said they would only vote for the skinny repeal as a means to an end—a vehicle to set up a House-Senate conference committee that would allow Republicans another chance to work out a broader replacement bill. "The skinny bill as policy is a disaster. The skinny bill as a replacement for Obamacare is a fraud," Graham declared.

"I need assurances from the speaker of the House, and his team, that if I vote for the skinny bill, it will not become the final product," he continued. "If I don't get those assurances, I am a no, because I am not going to vote for a pig in a poke, and I'm not going to tell people back in South Carolina that this product actually replaces

Obamacare, because it does not. It is a fraud."

Before the senators spoke, the House had already alerted its members to be prepared to vote on the Senate's bill in the coming days and set in motion a process for expediting its consideration on the floor. But Ryan reluctantly relented, issuing a public statement and then assuring the senators in a phone call that the House would not immediately take up the bill but would move to establish a conference committee.

"Senators have made clear that this is an effort to keep the process alive, not to make law," he said. "If moving forward requires a conference committee, that is something the House is willing to do."

Democrats pleaded with their Republican colleagues to reject Ryan's offer. "Don't delude yourself that this bill won't become law. There is a very good chance that it will," Senator Chris Murphy of Connecticut warned on the Senate floor. He excoriated Republicans for unveiling their bill just hours before the vote, and he likened the underlying policy to "arson." "This process is an embarrassment," Murphy said. "This is nuclear-grade bonkers what is happening here tonight."

"This bill," the Democrat continued, "is lighting the American health-care system on fire, with intentionality."

Ryan's assurance was enough to win over Graham and Johnson. Days removed from a speech decrying his own party's handling of health care, McCain was not so quick to commit and said he would first need to consult with Arizona's governor, Doug Ducey.

In floor speeches, Democrats directly appealed for his vote, knowing that with Collins and Murkowski against the bill, McCain's opposition would be enough to sink the bill. Senator Mazie Hirono of Hawaii, who, like McCain, is undergoing treatment for cancer, implored him to "vote your conscience, vote with us" to defeat McConnell's bill.

McCain answered the Democrats' pleas. A vote planned for shortly after midnight on Friday was delayed by more than an hour after top Republicans—first McConnell and Vice President Mike Pence—huddled with the Arizonan in an effort to change his mind. But McCain, trying to live up to his maverick image one more time, would not budge.

He voted against the amendment, preserving at least temporarily the top domestic legacy of the man who defeated him for the presidency. Applause broke out briefly in the Senate chamber, and the plan went down in defeat.



## Krauthammer: Sessions lessons

Transparency, thy name is Trump, Donald Trump. No filter, no governor, no editor lies between his impulses and his public actions. He tweets, therefore he is.

Ronald Reagan was so self-contained and impenetrable that his official biographer was practically driven mad trying to figure him out. Donald Trump is penetrable, hourly.

Never more so than during his ongoing war on his own attorney general, Jeff Sessions. Trump has been privately blaming Sessions for the Russia cloud. But rather than calling him in to either work it out or demand his resignation, Trump has engaged in a series of deliberate public humiliations.

The intersection of culture and politics.

Day by day, he taunts Sessions, calling him "beleaguered" and "very weak" and attacking him for everything from not firing the acting FBI director (which Trump could do

himself in an instant) to not pursuing criminal charges against Hillary Clinton.

What makes the spectacle so excruciating is that the wounded Sessions plods on, refusing the obvious invitation to resign his dream job, the capstone of his career. After all, he gave up his safe Senate seat to enter the service of Trump. Where does he go?

Trump relishes such a cat-and-mouse game and, by playing it so openly, reveals a deeply repellent vindictiveness in the service of a pathological need to display dominance.

Dominance is his game. Doesn't matter if you backed him, as did Chris Christie, cast out months ago. Or if you opposed him, as did Mitt Romney, before whom Trump ostentatiously dangled the State Department, only to snatch it away, leaving Romney looking the foolish supplicant.

Yet the Sessions affair is more than just a study in character. It carries

political implications. It has caused the first crack in Trump's base. Not yet a split, mind you. The base is simply too solid for that. But amid his 35 to 40 percent core support, some are peeling off, both in Congress and in the pro-Trump commentariat.

The issue is less characterological than philosophical. As Stephen Hayes of the Weekly Standard put it, Sessions was the original Trumpist — before Trump. Sessions championed hard-line trade, law enforcement and immigration policy long before Trump (who criticized Romney in 2012 for being far too tough on illegal immigrants, for example) rode these ideas to the White House.

For many conservatives, Sessions' early endorsement of Trump served as an ideological touchstone. And Sessions has remained stalwart in carrying out Trumpist policies at Justice. That Trump could, out of personal pique, treat him so rudely now suggests to those conservatives how cynically

expedient was Trump's adoption of Sessions' ideas in the first place.

But beyond character and beyond ideology lies the most appalling aspect of the Sessions affair — reviving the idea of prosecuting Clinton.

In the 2016 campaign, there was nothing more disturbing than crowds chanting "lock her up," often encouraged by Trump and his surrogates. After the election, however, Trump reconsidered, saying he would not pursue Clinton, who "went through a lot and suffered greatly."

Now under siege, Trump has jettisoned magnanimity. Maybe she should be locked up after all.

This is pure misdirection. Even if every charge against Clinton were true and she got 20 years in the clink, it would change not one iota of the truth — or falsity — of the charges of collusion being made against the Trump campaign.



Moreover, in America we don't lock up political adversaries. They do that in Turkey. They do that (and worse) in Russia. Part of American greatness is that we don't criminalize our politics.

Last week, Trump spoke at the commissioning of the USS Gerald R. Ford aircraft carrier. Ford was no giant. Nor did he leave a great policy legacy. But he is justly revered for his decency and honor. His great gesture was pardoning

Richard Nixon, an act for which he was excoriated at the time and which cost him the 1976 election.

It was an act of political self-sacrifice, done for precisely the right reason. Nixon might indeed have committed crimes. But the spectacle of an ex-president on trial and perhaps even in jail was something Ford would not allow the country to go through.

In doing so, he vindicated the very purpose of the presidential pardon. On its face, it's perverse. It allows one person to overturn equal justice. But the Founders understood that there are times, rare but vital, when social peace and national reconciliation require contravening ordinary justice. Ulysses S. Grant amnestied (technically: paroled) Confederate soldiers and officers at Appomattox, even allowing them to keep a horse for the planting.

In Trump World, the better angels are not in evidence.

To be sure, Trump is indeed examining the pardon power. For himself and his cronies.

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



## Editorial : For Trump and Sessions, loyalty runs in one direction

Attorney General Jeff Sessions has been nothing if not loyal to President Trump.

As a longtime senator from Alabama, he was one of candidate Trump's earliest and most pivotal backers, helping him to win over social conservatives.

As attorney general, he has gamely enforced Trump's hard-right policies on immigration, mandatory sentencing, intelligence leaks and more.

In fact, so loyal was Sessions that Democrats openly wondered during his confirmation hearings whether he would put that loyalty above his duty to the law and the Constitution.

For Trump to launch a fusillade of attacks on Sessions on a daily basis this week — calling him weak and criticizing some of his actions — is bizarre in the extreme, even by the standards of this White House.

For one, the efforts to

demean Sessions are politically self-destructive. To much of the Republican base, Sessions is a hero for his positions and hostility to East Coast elites.

Sessions also remains popular with many of his former Senate colleagues, who are aghast at the attacks and might be less willing to support Trump on health care and other hot-button issues.

More important, Trump's behavior toward the nation's top law enforcement officer — hanging him out to twist in the wind — is wildly inappropriate for a president of the United States.

His tweet asking why Sessions had not launched an investigation of Hillary Clinton would be unworthy of a banana republic. It was also strange, given how Trump long ago agreed to abandon the "lock her up" nonsense that he used in his campaign.

Moreover, how is Trump going to attract competent people to serve in his administration if he undercuts or abandons them? And how is he going to win over skeptical judges, foreign allies and lawmakers, not to mention the majority of Americans who disapprove of his presidency, if he repeatedly interferes in law enforcement matters?

Earlier this year, Trump rashly fired FBI Director James Comey, who at the time was overseeing an investigation into Russia's meddling in the 2016 election and any possible ties to the Trump campaign.

Now Trump has apparently set his sights on special counsel Robert Mueller, who took over the Russian investigation. Trump can't order Sessions to fire Mueller, because Sessions — appropriately — has recused himself on all matters regarding Russia. And Trump can't get Deputy Attorney General Rod Rosenstein to do it either because Rosenstein, a career prosecutor

and Justice Department lawyer, has too much integrity.

Trump's actions seem designed to pressure Sessions to resign voluntarily, so he can be replaced by someone who would agree to fire Mueller. Trump might even attempt to make an appointment when Congress is in recess, so his designated henchman would not face Senate confirmation.

All of this is deeply disturbing and raises the question: Why is Trump so obsessed with the Russia probe that he would undermine his own abilities to govern?

The attorney general should not allow himself to be bullied by Trump. The Sessions saga shows the lengths to which he will go to humiliate even the most loyal of allies. It also provides further confirmation that for this president, loyalty is a concept that runs in one direction.



## Why split with Sessions may pit Trump agenda against Trump himself

Henry Gass and Patrik Jonsson

July 26, 2017 —The Trump presidency has, at times, adopted the style and tone of "The Apprentice," the reality television show that made Donald Trump a household name.

But this latest incarnation — which sees the president publicly mulling whether to fire Attorney General Jeff Sessions, one of his earliest and most ardent supporters — seems to have brought the varying, and conflicting, priorities of the Trump administration and the Republican Party to a head.

The Sessions imbroglio suggests to political observers that Mr. Trump has fealty to his and his own first, a stance that could jeopardize his own policy agenda and spark more serious conflicts — with Republican allies in Congress, and perhaps even with his own voters. For lawmakers, who have rushed to

defend Mr. Sessions, there's an additional concern: a desire to protect rule of law and the independence of the US Justice Department.

Trump began openly criticizing Sessions last week when he told The New York Times that if he'd known Sessions would recuse himself from the Justice Department investigations into Russian government involvement in the 2016 election, he wouldn't have appointed him. (That recusal ultimately led to the appointment of special counsel Robert Mueller to head an independent investigation, after Trump fired FBI Director James Comey.) This week the attacks have intensified, with Trump criticizing Sessions on an almost daily basis on Twitter. When asked yesterday whether Sessions will stay in his cabinet, Trump responded that "time will tell."

Sessions, for his part, seems to have barely broken stride at the

Justice Department, absorbing Trump's attacks while simultaneously making Trump's campaign promises of tougher drug and immigration enforcement a reality.

### How much do you know about the US Constitution? A quiz.

On Tuesday, after the president tweeted about his "beleaguered" attorney general, the former United States senator from Alabama announced that federal funding to sanctuary cities will be contingent on those cities cooperating more with federal immigration authorities. Today, Fox News reported that Sessions plans to soon announce several investigations into the internal leaks Trump has frequently bemoaned.

### Sessions as standard-bearer

As the first Republican senator to endorse Trump, and on a cabinet stacked with Wall Street types, he's

seen as the standard-bearer of the kind of conservative nationalism that carried the billionaire to the White House. Since becoming attorney general, Sessions has undone or reversed many Obama-era initiatives, including restoring mandatory minimum sentences, backing off investigations into police departments, and expanding the use of civil asset forfeiture.

Indeed, Sessions arguably pushed the Trumpist agenda before Trump did. Sessions' long-held desires for more nationalist, tough-on-crime policies saw Steve Bannon try to talk the then-senator into a 2012 White House run. Mr. Bannon found Trump soon after, and is now the president's chief strategist.

"Sessions probably did as much as anybody to define what Trumpism means when it comes to policy — on immigration, justice, on a variety of issues," says John Pitney, a political scientist at Claremont McKenna College in California.



"But Trump doesn't care about Trumpism.... And if he sees his narrow self-interest conflicting with the ideological agenda, then the ideological agenda falls by the wayside," adds Professor Pitney, author of "The Art of Political Warfare."

The prospect of Trump sacrificing policy goals to try to protect himself and his family from the Mueller investigation, or for any other reason, may even begin to alienate his own supporters, some experts believe.

"If [Sessions] gets thrown under the bus, a lot of conservatives in the South will have their suspicions confirmed that [Trump] is the guy who says, 'You're fired' on TV, not the guy who can be a real effective president," says Dave Woodard, a Clemson University political science professor in South Carolina.

"The South has a little under a third of the population of the country," he adds. "That's a solid base and you don't want to alienate it. It seems to me like this could."

An undercurrent of dissatisfaction may already exist within Trump's

base. Matt Drudge, founder of the right-leaning Drudge Report, is "growing impatient" with the administration, CNN reported today, because he believes Trump is "not following through on his campaign promises – the ideals that helped him win and also brought Drudge's backing."

However, there is always a sense that "you can't count Trump out," says Nadine Hubbs, a professor at the University of Michigan and author of "Rednecks, Queers and Country Music."

"He always has a narrative, he always has a story," she adds. "And for a lot of people [the story they're sticking to is that] Trump means we're getting a badly needed reset from eight years of Obama."

Republicans in Congress, though, have rushed to defend their former colleague this week. Rep. Steve King (R) of Iowa, for one, said that Sessions' dismissal "would be an amputation of [Trump's] own immigration and rule-of-law agenda that would be a massive disappointment to the conservatives of America."

## Protecting an independent investigation

Most Republicans have focused their public comments this week on the damage firing Sessions would have on Trump's policy agenda, but another, potentially more momentous, consequence looms.

The Sessions issue "shows the White House veering down a dark alley that Republicans don't want to go down – firing Sessions and then firing Mueller," says Matt Mackowiak, a GOP consultant in Austin, Texas. "That's absolutely a breaking point."

The Republican-controlled Senate would have no interest in confirming an attorney general replacement who would fire the special counsel, adds Mr. Mackowiak. And Republican congressmen have been trying to carefully warn Trump off that course.

Firing Mr. Mueller "would be a huge mistake," Rep. Tom Cole (R) of Oklahoma told The Washington Post.

"If you think you're going to avoid [the investigations], you're making a mistake, in my view," he added.

"You would be creating a new issue, and you would be confirming the worst suspicions of your enemies and raise doubts among your friends."

It took a long time for candidate Trump to earn the support of establishment Republicans. With Trump now attacking one his earliest and strongest establishment supporters – and potentially alienating his base in the process – political observers believe that fragile support could be in danger of breaking.

Republicans "don't want Trump to do something that disrupts their electoral prospects going forward," like firing Sessions and then forcing out Mueller, says Cal Jillson, a political scientist at Southern Methodist University in Dallas. However, "they don't want to undercut the president so thoroughly that his presidency is rendered moot."

"If Republicans turn on Trump ... he is alone, and the Republican Party's agenda is without a leader," he adds.



## Ignatius : It's time to start thinking about the unthinkable

If President Trump ordered a senior government official to support the firing of special counsel Robert S. Mueller III, how should that person respond?

Adm. Mike Rogers, head of the National Security Agency, answered my question about such a problem onstage last week at the Aspen Security Forum. He began with a caveat that he wouldn't answer a hypothetical, so it shouldn't be taken as a direct comment on Mueller, but he did offer a personal statement that brought spontaneous applause:

"I will not violate the oath I have taken in my 36 years as a commissioned officer." He said that he regularly reminds NSA employees to recall their own oaths and ask themselves: "Why are we here? What are we about? What is it that we are defending? ... I won't sacrifice that for anyone."

The day's most important stories.

In Trump's Washington, it's a fact of life that officials must now weigh whether they would follow presidential orders that might be improper or illegal. Officials mull (and occasionally, discuss quietly) what to do if a presidential request for loyalty conflicts with their sense of right and wrong.

A possible order to fire Mueller is an imminent concern, but there are other tests of loyalty and conscience that could arise with this impulsive, policy-by-Twitter chief executive.

The relationship between President Trump and Attorney General Jeff Sessions has deteriorated in recent months. Here's a look at how they got to this point. The relationship between President Trump and Attorney General Jeff Sessions has deteriorated in recent months. Here's a look at how they got to this point. (Video: Taylor Turner/Photo: Jabin Botsford/The Washington Post)

(Taylor Turner/The Washington Post)

Take Trump's proclamation Wednesday that transgender people shouldn't serve in the military. This apparently caught the Pentagon by surprise and contradicted a wait-and-see statement by Defense Secretary Jim Mattis. How should he and his generals respond to the president's edict?

Mattis and his commanders must also ponder how they would react to an impulsive order to conduct military action somewhere. Can they say no to the commander in chief?

Presidential orders cannot ordinarily be ignored or dismissed. Our system gives the commander in chief extraordinary power. Jack Goldsmith, a Harvard University law professor and former assistant attorney general, explained in an email: "A subordinate in the executive branch has a presumptive duty to carry out the command of the president. If one doesn't want to for any reason, one can resign — or refuse the order and face a strong likelihood of being fired."

For a military officer, the standard is even tougher. Soldiers must obey orders unless they're unlawful. Under our system of civilian control, if the president issues an order (as on transgender soldiers), the military's default response is to carry it out. Courts may find the presidential order to have been unconstitutional, but the military cannot make its own policy or law.

How should Congress and Justice Department officials weigh their choices as Trump threatens openly to fire Attorney General Jeff Sessions, presumably to clear the way for firing Mueller? It's useful to think about the unthinkable — as a way of surfacing, and hopefully preventing, abuse of power.

Let's start with Justice. Because Sessions recused himself from the Russia investigation, an order to fire Mueller, for now, would go to

Deputy Attorney General Rod J. Rosenstein — who has strongly indicated that he would refuse. In June, members of the Senate Appropriations Committee got this commitment: "I am not going to follow any orders unless I believe those are lawful and appropriate orders. Special counsel Mueller may be fired only for good cause, and I am required to put that cause in writing."

Can Congress obtain similar pledges from other senior officials of the Justice Department who would be in the chain of command? During the Watergate scandal, Attorney General Elliot Richardson and his deputy, William French Smith, felt bound by the commitments they had given Congress not to fire special prosecutor Archibald Cox. A similar chain of obligation should be forged now, to circumscribe Trump's ability to sack Mueller.

Given the expectation that Rosenstein (and probably others) would quit rather than fire Mueller, the White House seems to be thinking about installing a new attorney general who wouldn't have the recusal problem and could be counted on to fire Trump's nemesis. Members of Congress are said to be gaming this option, thinking of ways to block a recess appointment or to extract a promise from any Sessions successor to leave

Mueller alone. That's another good firewall.

Protecting Mueller by statute may be impossible because of the

constitutional separation of powers. If he is fired, though, Congress could enact a new independent counsel law, at least providing the authority needed for a continuing

investigation that would get to the truth of what happened. In dealing with this administration, lawmakers and other officials can't wait until the

bomb detonates; they should begin to take precautions now.



## Rotunda : The president can be indicted — just not by Mueller

By Ronald Rotunda

The day's most important stories.

Nearly two decades ago, then-independent counsel Kenneth Starr asked me to evaluate whether a federal grand jury could indict a sitting president — in that case, Bill Clinton. My answer — that such an action would be permissible — was recently unearthed in response to a Freedom of Information Act request from the New York Times, and it may have relevance for a new special counsel and the current president.

My fundamental conclusion remains intact: Nothing in the Constitution would bar a federal grand jury from returning charges against a sitting president for committing a serious felony. But — and this is a big but — differences between the Clinton situation then and the investigation of President Trump now mean that where Starr had the authority to indict Clinton if he chose, Mueller most likely does not possess the same power.

On the underlying question of whether the Constitution bars indictment of a sitting president, no previous case is directly on point. The Justice Department has taken a different view than the conclusion I reached — both beforehand, during the Watergate investigation, and afterward, at the end of the Clinton administration. But the history and language of the Constitution and Supreme Court precedents suggest that the president does not enjoy general immunity from prosecution.

First, the framers knew how to write a clause granting such immunity when they wanted to. Members of Congress enjoy “privilege from arrest” in civil cases when going to and from Congress (now irrelevant because we no longer use that procedure) and may not be criminally prosecuted for “any speech or debate” in Congress. If the framers wanted to protect the president from prosecution while in office and to make impeachment the sole mechanism for proceeding against a president, they could and would have said so.

Second, some argue that criminal prosecution would distract the president and make him unable to perform his duties. During Watergate, Richard Nixon's lawyers argued that “if the president were indictable while in office, any prosecutor and grand jury would have within their power the ability to cripple an entire branch of the national government and hence the whole system.” The Supreme Court never reached that question, and Nixon left office without being indicted.

In my view, questions about “crippling” the government are not compelling, and the precedents in favor of the power to indict a sitting president were strengthened with the Supreme Court's ruling that a private sexual harassment lawsuit against Clinton involving alleged conduct before he took office could go forward even during his presidency.

As I wrote in the memo to Starr, “If the president is indicted, the government will not shut down, any more than it shut down when the Court ruled that the president must answer a civil suit brought by Paula Jones.” In addition, the 25th Amendment offers another answer to the government-could-not-proceed objection, by providing a mechanism to keep the executive branch running if the president is temporarily unable to discharge his powers. In this country, no one is above the law.

Nonetheless, there is a significant — in fact, likely dispositive — difference between the Clinton situation and that facing Trump. Starr served as independent counsel under a now-defunct statute. By contrast, special counsel Robert S. Mueller III serves under Justice Department regulations put in place after the independent counsel law expired.

This is not a technical distinction but one that I discussed in my memo, distinguishing between the independent counsel statute and the regulations such as those establishing Mueller's office.

And this difference has enormous implications for Mueller's power. Supreme Court cases going back 150 years emphasize that the president retains complete authority to control federal criminal prosecutions. Without a statutorily appointed special counsel given special tenure, Trump could fire anyone who tried to indict him.

Moreover, the regulations governing Mueller mandate that he “comply with the rules, regulations, procedures, practices and policies of the Department of Justice.” They permit removal of the special counsel for “good cause, including violation of Departmental policies.”

As Clinton was about to leave office, his Justice Department's Office of Legal Counsel ruled that the president could not be indicted. Is this legal opinion a departmental policy that binds Mueller? It would seem so, given that OLC's stated function is “to provide *controlling* advice to Executive Branch officials on questions of law” (emphasis added). If that creates a Catch-22 situation in which a special counsel can never proceed against a president, my answer is: I don't write the rules, I just read them.

As interesting as this debate is, it also strikes me as entirely premature. In my assessment, the “case” against Trump right now amounts to a mountain of innuendo built on a foundation of loose sand. The facts so far do not come close to making an obstruction case against the president, and for now there is no evidence that he engaged in any underlying crime.

If and when Mueller comes up with something that might create an indictable case, though, he is apt to run into serious questions about the limitations of his office, questions that Starr did not face.



## GOP lawmakers openly defy president as frustration mounts (UNE)

They passed legislation to stop him from lifting sanctions on Russia. They recoiled at his snap decision to ban transgender Americans from the military. And they warned him in no uncertain terms not to fire the attorney general or the special counsel investigating the president and his aides.

Republican lawmakers have openly defied President Trump in meaningful ways this week amid growing frustration on Capitol Hill with his surprise tweets, erratic behavior and willingness to trample on governing norms. But at the same time, they've worked to advance legislation they want him to sign.

In the latest signs of a backlash, Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Judiciary Committee, said Wednesday he would not hold hearings on a replacement if Trump dismissed Attorney General Jeff Sessions, and Sen. Lindsey O. Graham (R-S.C.) said Thursday he would pursue legislation that would prevent Trump from summarily firing special counsel Robert S. Mueller III.

“Some of the suggestions that the president is making go way beyond what's acceptable in a rule-of-law nation,” Graham said. “This is not draining the swamp. What he's interjecting is turning democracy upside down.”

Some of the defiance came from already outspoken Trump critics such as Graham and Sen. Ben Sasse (R-Neb.), who rebuked the president from the Senate floor Thursday.

Sen. John Cornyn (R-Tex.), Sen. Lindsey Graham (R-S.C.) and others are standing up for Attorney General Jeff Sessions after President Trump suggested he wants Sessions to resign. Republican senators are standing up for Attorney General Jeff Sessions after President Trump suggested he wants Sessions to resign. (Photo: Matt McClain/The Washington Post)

(The Washington Post)

“If you're thinking of making a recess appointment to push out the attorney general, forget about it,” Sasse said. “The presidency isn't a bull, and this country isn't a china shop.”

But some generally pro-Trump lawmakers emerged Wednesday as critics of the unexpected transgender ban, which the president announced in a series of morning tweets with no notice to key figures on Capitol Hill who might normally be called upon to defend his actions.

Sens. Joni Ernst (R-Iowa) and Orrin G. Hatch (R-Utah) issued statements Wednesday saying Trump went too far in banning all transgender service members. On

Thursday, House Speaker Paul D. Ryan (R-Wis.) refused to back the ban, saying he would await a Defense Department review of the issue despite Trump's clear wishes.

"I look forward to seeing what they actually produce," Ryan said.

On the sanctions issue, the Senate, on a 98-to-2 vote on Thursday, cleared legislation targeting Russia, Iran and North Korea that the Trump administration had sought to water down — particularly a provision that would require Trump to seek congressional approval before lifting sanctions against Russia. The bill had passed the House earlier this week on a 419-to-3 vote.

Several lawmakers said that if Trump vetoes the measure, Congress was prepared to override it.

"No president likes Congress to tie their hands," said Sen. Marco Rubio (R-Fla.). "This is a very unique and particular case at a key moment. . . . If the president vetoes it, as is his right, there will be a debate, but I believe it will be overridden."

Despite the brush backs, Republican lawmakers are continuing to act on key parts of Trump's legislative agenda. Those items, however, face major hurdles.

The House on Thursday cleared a package of spending bills that boost defense spending and earmark \$1.6 billion to build 74 miles of border fencing — making good on Trump's promise to "build the wall" to separate the United States and Mexico. The bill, however, breaks existing budget caps. Any final

spending agreement will have to be negotiated later in the year with Democrats, who have so far refused to support any wall funding.

The Senate, meanwhile, continued working haltingly toward passage of a health-care bill that swallowed much of the attention and energy on Capitol Hill.

On Thursday evening, a group of senators that included Graham and John McCain (R-Ariz.) faced television cameras inside the Capitol to make an unusual declaration: They would vote for the health-care bill in the Senate only if they were assured by House Republican leaders that they would not in turn pass it into law.

The senators' hope was to convene a conference committee, an open-ended negotiation that could keep the internal battle over replacing the Affordable Care Act alive for months. The effort would potentially distract from other contentious issues, such as a tax overhaul.

That tax initiative took a modest step forward Thursday when key White House officials and congressional leaders issued a joint statement of principles for the overhaul — one that discarded a controversial tax on corporate imports favored by Ryan.

The House, however, has yet to pass a 2018 budget, a key initial step Republicans are counting on to be able to pass the tax overhaul without involving Democrats. House GOP aides indicated Friday that the matter would be left until September, after a planned five-week recess. Lawmakers in

September will have to confront a possible government shutdown and federal default.

The most palpable frustration on Capitol Hill, however, tends not to concern health care or tax reform or appropriations, but rather Trump's chaotic White House and his Twitter musings.

Recent weeks have seen lawmakers who have brushed aside Trump's antics by calling him "refreshing" and "unconventional" more willing to voice their concerns.

After the transgender tweetstorm Wednesday, Rep. Thomas J. Rooney (R-Fla.) expressed frustration that Trump's tweets come out of nowhere, leaving GOP lawmakers out of step with the president.

"When we do stuff in here that we're trying to message, and there's a tweet that comes out that's different than that, it throws us off," he said. "Based on what we're doing in here this week, I don't know what the connection is."

Especially alarming to congressional Republicans are Trump's recent tweets about Sessions and Mueller — such as a Saturday tweet asking why the two are not investigating alleged "crimes" by former Democratic presidential candidate Hillary Clinton and by former FBI director James B. Comey. A subsequent tweet Tuesday accused Sessions of taking "a VERY weak position" on investigating Clinton and leakers of intelligence secrets.

Sessions has seen an outpouring of support this week from his former

colleagues in the Senate, where he served for two decades.

"I think the president has to keep in mind a couple of things," Sen. Richard C. Shelby (R-Ala.) said Thursday. "Jeff Sessions, like all Cabinet members, works for the United States of America. They don't work for the president; they work for the people. . . . The president's a smart man, and he ought to know that."

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Meanwhile, key lawmakers have voiced confidence in Mueller. "I think it's in the president's interest that he stays where he is and continues and does his job," Ryan said Thursday.

Graham said Thursday that a move against Mueller would represent "the beginning of the end of the Trump presidency." His bill, which he said he is drafting in conjunction with Democratic colleagues, would require a federal judge to review any move to dismiss a special counsel.

Fellow Republicans offered support for the move. "I hope that it doesn't become needed," said Sen. Richard Burr (R-N.C.), who is pursuing his own investigation of Trump as chairman of the Senate Intelligence Committee.



## Hiatt : The most appalling line in Scaramucci's rant contained zero profanity

White House Communications Director Anthony Scaramucci insulted White House Chief of Staff Reince Priebus and President Trump's chief strategist Stephen K. Bannon in an interview published by the New Yorker on July 27. The New Yorker on July 27 published a profanity-laced interview with White House Communications Director Anthony Scaramucci. (Video: Bastien Inzaurrealde/Photo: Jabin Botsford/The Washington Post)

White House Communications Director Anthony Scaramucci insulted White House Chief of Staff Reince Priebus and President Trump's chief strategist Stephen K. Bannon in an interview published by the New Yorker on July 27. (Bastien Inzaurrealde/The Washington Post)

"I'm here to serve the country."

In the hate-filled, profane, self-important rant of White House Communications Director Anthony Scaramucci to the New Yorker's Ryan Lizza, there were many appalling statements, but that was the one that stopped me cold.

We all know people who serve their country. They do so by putting on a uniform and fighting overseas, or joining the Foreign Service and representing us in foreign lands. They mentor a young person who needs guidance or take a foster child into their home or help build a house for a family in need. They run for school board or for Congress.

Evening Edition newsletter

The day's most important stories.

Or, yes, they accept a president's offer to work in the White House. If they do so, it is with a sense of respect and humility, an understanding that the opportunity is a privilege. I've known communications directors and speechwriters and chiefs of staff who have served presidents of both parties. I've agreed with them sometimes, and sometimes disagreed; liked and admired some more than others; some may even have thrown a curse word my way once in a while. But never have I known one who felt anything but a sense of wonder and gratitude for the chance to serve at the apex of our democratic government.

And now this: a communications director who, before even unpacking his bags, is disparaging the president's chief of staff as a "f—ing paranoid schizophrenic" and

the president's chief strategist as a man who is just "trying to suck [his] own c—." A staffer who professes loyalty to the president but demeans the presidency and everything it stands for. Who tweets one thing, then retracts it and lies about what he meant.

You might say, what do you expect? This is the kind of person who will be hired by a president who boasts about grabbing "p—," mocks a disabled journalist, hijacks a Boy Scout rally, publicly humiliates his own attorney general — and yet dares call himself "more presidential" than Ronald Reagan, Franklin Roosevelt, Thomas Jefferson or George Washington. And you would be right. Donald Trump is our president.

We accept that, but we don't have to accept Scaramucci's definition of

service to the country, nor Trump's understanding of what it means to act presidential. Trump is entitled to

live in the White House, but it is not his house. It belongs to all of us. His

staffers may sully it, but they cannot destroy the values it embodies.



## Cohen : The West Wing won't thrive as the House of Mooch

David B. Cohen is a Professor of Political Science and Assistant Director of the Ray C. Bliss Institute of Applied Politics at the University of Akron. The views expressed here are his own.

(CNN) In an unprecedented move, President Donald Trump hired Anthony Scaramucci as communications director over the objections of Chief of Staff Reince Priebus. Scaramucci has publicly and humiliatingly criticized Priebus, calling him a "paranoid schizophrenic" who will be pushed out soon, and let it be known that the only person he reports to is the President himself, not the chief of staff -- a stunning arrangement for a communications director and a sign of debilitating weakness for a sitting chief of staff.

Reince Priebus has discovered quicker than most what all chiefs come to learn eventually: that the White House chief of staff position is the most difficult and thankless job in government. In a job where burnout and short tenures are the norm, reports abound that President Donald Trump, frustrated by the new administration's numerous missteps, may replace Priebus in what would be a record-breaking short tenure for a chief of staff in the nation's history (save for those chiefs that finished out the end of an administration). In fact, rumors abound that Anthony Scaramucci himself is being considered as a replacement for Priebus. This would be a disaster. A creature of Wall Street, Scaramucci has never worked in government, the White House, or the West Wing.

If Priebus' days truly are numbered, Donald Trump must reorganize the way his staff system functions, starting with empowering a chief of staff with real authority to manage the President's

time, the flow of information, and the access people have to him. Based on reports of numerous individuals having "walk-in privileges" to the Oval Office, coupled with the competing factions and rivalries battling for favor with the President, it is clear that Priebus lacks this authority. Any chief who doesn't have the power to be gatekeeper of the Oval will be destined to fail as Priebus has to date.

Accordingly, President Trump must select a chief whose personality leaves no room for questioning who is in charge. The rest of the staff must know that the chief is the alpha dog, with authority to hire, fire, and reassign. There should be an air of intimidation and fear when it comes to the chief of staff, and the rest of the White House staff must believe that the chief's word always carries the authority of the President. Priebus' effectiveness has been hurt by the fact that he is perceived as weak and lacking in authority over personnel matters. Historically, chiefs who lack the ability to discipline or fire their West Wing subordinates soon find themselves overseeing mayhem and discord. Speaker of the House Paul Ryan defended Priebus, saying "Reince is doing a fantastic job at the White House and I believe he has the President's confidence."

Another important trait President Trump should prioritize in a new chief, if he replaces Priebus, is White House experience. It's true that Priebus spent years in Washington running the Republican National Committee and has solid relationships with GOP members of Congress -- especially with Speaker Paul Ryan, his fellow Wisconsinite. And some chiefs like James Baker and Howard Baker, who were (unrelated) chiefs of staff during

Ronald Reagan's presidency, were very effective despite lacking West Wing experience.

But the White House is a pressure cooker unlike any other governing institution, and Trump himself has no political experience. Many of the most successful chiefs previously had extensive time in high-level White House jobs (e.g., Leon Panetta, Rahm Emanuel, and Denis McDonough), and some had first served an apprenticeship as deputy chief of staff (e.g., John Podesta, Andrew Card and Josh Bolten). No president, least of all a novice like Trump whose White House is already plagued by chaos and infighting, can afford a chief learning on the job as they attempt to navigate the treacherous waters of the West Wing.

In most cases, no staffer will spend more time with a president than a chief of staff, and thus, that relationship should be comfortable personally for both POTUS and chief. Part of the issue with Reince Priebus' tenure is the fact that he publicly squabbled with Trump during the primary season. Trump does not forget such slights. The next chief needs to be personally vetted by President Trump, himself, to ensure they are not only qualified for the job, but are compatible with Trump's outsized personality and unique work habits.

Finally, and perhaps most importantly, the next chief of staff must have the self-confidence and courage to stand up to the President and let him know when he is wrong -- particularly a president as undisciplined and impulsive as Trump. Too often, staffers are unwilling to disagree with or confront a president for fear of being punished or fired. It is easier to stay on a president's good side by agreeing with him and telling him

what he wants to hear. But a chief that does this fails both the president and the country. Chiefs have a responsibility to always give the president the hard truth regardless of the consequences. Presidents often need to be protected politically -- including from themselves when they are about to make a poor decision. A chief who is willing to alert a president to the folly of a prospective decision or ignore a foolhardy presidential order is a great asset to a president -- even if the president does not appreciate it at the time.

President Trump has the opportunity to change the fortunes of his presidency, as President Bill Clinton did in the summer of 1994 when he replaced his first chief, Thomas McLarty, with Office of Management and Budget Director Leon Panetta, to whom he granted great latitude to reorganize the White House and change personnel. The recognition by Clinton that a drastic change was necessary, and his willingness to go through with a major staff shakeup, were important reasons he was able to improve the performance of his White House and win re-election.

Unless President Trump comes to a similar realization and decides to change the modus operandi of the White House by empowering a strong chief to lead a revamped White House staff system, nothing will change. Trump White House 1.0 has been destined to fail; will Trump White House 2.0 be a completely new design run by a strong chief, or simply a repackaging of the original staff system with a weak chief of staff of a different name? The fate of the Trump administration may lie in the answer to that question.



## Anthony Scaramucci's Uncensored Rant: Foul Words and Threats to Have Priebus Fired (UNE)

Peter Baker and Maggie Haberman

WASHINGTON — When Anthony Scaramucci, the new White House communications director, went on television on Thursday morning to compare himself and his adversary, Reince Priebus, the chief of staff, to Cain and Abel, it seemed to encapsulate the fratricidal nature of an administration riven by biblical rivalries. Cain, after all, killed Abel as they vied for God's favor.

As it turned out, that was the cleaned-up version. In a vulgarly-laced telephone call with a New Yorker writer reported on the magazine's website on Thursday evening, Mr. Scaramucci railed against Mr. Priebus and Stephen K. Bannon, the president's chief strategist, both of whom opposed his hiring last week. He even vowed to get the chief of staff fired. "Reince Priebus — if you want to leak something — he'll be asked to

resign very shortly," Mr. Scaramucci said.

Whether Mr. Scaramucci will turn out to be Cain or Abel, it was clear that his appointment has added another layer of drama and dissent to a White House suffused in it — and revived the perpetual questions about Mr. Priebus's fate. Sean Spicer, the White House press secretary and an ally of Mr. Priebus, resigned in protest when Mr.

Scaramucci was hired last week because, he predicted, it would only add more chaos to the team. On that, at least, he seems to have been proved right.

But President Trump not only tolerates feuds within his team, he fuels them, playing one courtier off another and leaving them all unsteady. He chooses favorites and casts others aside, but even those decisions seem subject to change



at any moody moment. And by several accounts, he personally encouraged Mr. Scaramucci's jihad against Mr. Priebus, once again subjecting his chief of staff to a ritualistic public lashing even as he considered pushing him out.

Left to explain all this was Sarah Huckabee Sanders, the new White House press secretary. "This is a White House that has lots of different perspectives because the president hires the very best people," she said gamely, before the New Yorker article posted, asserting that a "healthy competition" benefits Mr. Trump. "With that competition, you usually get the best results. The president likes that kind of competition and encourages it."

That kind of competition has exhausted even some of Mr. Trump's most loyal defenders. But Mr. Trump has openly told people that he has lost faith in Mr. Priebus. He has said he wants "a general" as chief of staff, and has focused on John F. Kelly, the retired four-star Marine now serving as homeland security secretary. Many of his advisers, however, consider that a bad idea.

Mr. Scaramucci, who has so emulated Mr. Trump's style that colleagues privately call him "Mini-Me," made clear in his conversation with The New Yorker's Ryan Lizza that he is trying to push Mr. Priebus out. "Reince is a fucking paranoid schizophrenic, a paranoiac," he said. Mr. Scaramucci complained that Mr. Priebus had prevented him from getting a job in the White House until now, saying he "blocked Scaramucci for six months."

In the same telephone call, Mr. Scaramucci disparaged Mr. Bannon. "I'm not Steve Bannon. I'm not trying to suck my own cock," he said. "I'm not trying to build my own brand" on the president's coattails.

### Scaramucci and Trump Bring Trash Talk to West Wing

The blunt lingo of President Trump and his new communications director, Anthony Scaramucci, can sometimes sound like a cross between "Goodfellas" and "The Wolf of Wall Street."

By CHRIS CIRILLO and SARAH STEIN KERR on July 27, 2017. Photo by Doug Mills/The New York Times. Watch in Times Video »

"I'm here to serve the country," he added.

Mr. Priebus finds himself isolated inside the White House. He has lost the support of Mr. Trump's family, and other senior aides have long bristled at his demeanor or suspected he was trying to undermine them. Allies like Mr. Spicer are gone or leaving. And some complain that Mr. Priebus used the White House communications office as his own personal fief.

Lately Mr. Trump has resumed subjecting him to frequent indignities in front of the White House staff. According to one aide, the president, who had ceased for a time, has regularly mentioned how Mr. Priebus suggested that Mr. Trump consider dropping out of the presidential race last October after a tape of him boasting about grabbing women by the genitals emerged. "Do you remember when Reince did that?" the president has asked associates. The issue has always been a sore spot between the two men.

Mr. Priebus endured the hazing in silence, as he generally has, and the White House did nothing to defend him against Mr. Scaramucci's tirade. Mr. Scaramucci released a statement after the New Yorker article was published that fell well short of an apology.

"I sometimes use colorful language," he said on Twitter. "I will refrain in this arena but not give up the passionate fight for @realDonaldTrump's agenda."

Ms. Sanders said mildly that Mr. Scaramucci was simply expressing strong feelings, and that his statement made clear that "he's a passionate guy and sometimes he lets that passion get the better of him." She added, "I don't think he'll do it again."

But later in the evening, Mr. Scaramucci shifted blame. "I made a mistake in trusting a reporter," he wrote on Twitter. "It won't

happen again." Mr. Lizza wrote that Mr. Scaramucci never asked to be off the record.

Mr. Priebus's plight was good news for another member of the Trump team. For the first time in a week, it was not Attorney General Jeff Sessions's turn to be the presidential punching bag.

During a visit to El Salvador, Mr. Sessions acknowledged to The Associated Press that "it hasn't been my best week" in his "relationship with the president." Speaking to Fox News, he added, "It's kind of hurtful, but the president of the United States is a strong leader. He is determined to move this country in the direction that he believes it needs to go to make it great again."

So many figures inside Mr. Trump's orbit have been declared on their way out that it takes a scorecard to keep track. Aside from Mr. Priebus and Mr. Sessions, many wonder about the future of Lt. Gen. H. R. McMaster, the national security adviser whose Afghanistan war plan was rejected by the president last week. Secretary of State Rex W. Tillerson disappeared for a few days off, stoking speculation that he may leave. ("Rexit," it was called on Twitter.) And the president, who has already fired one F.B.I. director, this week called for the acting head of the bureau to be dismissed too.

The clash between Mr. Scaramucci and Mr. Priebus offers a case study in how the Trump White House operates, a conflict divorced from facts, untethered from the basics of how government works, enabled by the lack of any organizational structure and driven by ambition, fear, animosity and envy.

The genesis was a dinner hosted Wednesday night by Mr. Trump at the White House that included Mr. Scaramucci; Sean Hannity and Kimberly Guilfoyle, the Fox News hosts; and Bill Shine, a former Fox executive.

Ms. Guilfoyle told the president that Mr. Priebus was a problem and a leaker, someone who was not serving his agenda, according to a person briefed on the conversation.

(A Fox spokesman did not respond to a request for comment.)

Mr. Scaramucci grew angry afterward that Mr. Lizza had learned that the dinner was taking place and that Politico had obtained his government financial disclosure form. At that point, he called Mr. Lizza, demanding to know his source, whom the reporter refused to divulge.

"O.K., I'm going to fire every one of them, and then you haven't protected anybody, so the entire place will be fired over the next two weeks," Mr. Scaramucci replied.

After hanging up, Mr. Scaramucci posted a message on Twitter asserting that the "leak" of his disclosure form was a "felony" and that he would seek an F.B.I. investigation. He included Mr. Priebus's Twitter handle, a move that was interpreted as blaming the chief of staff.

But it was no leak. The disclosure form is supposed to be made public under federal law and all Politico did was ask for it under normal procedures. Mr. Scaramucci deleted the tweet. But on Thursday morning, he called into CNN with Mr. Trump's encouragement, and threw down the gauntlet with Mr. Priebus on live television.

"We have had odds. We have had differences," Mr. Scaramucci said on CNN. "When I said we were brothers from the podium, that's because we're rough on each other. Some brothers are like Cain and Abel. Other brothers can fight with each other and get along. I don't know if this is repairable or not. That will be up to the president."

Some of Mr. Trump's supporters said Mr. Scaramucci was causing more harm than good.

"I would say right now that he's being more pugnacious than effective," Newt Gingrich, the former House speaker, told the radio host Laura Ingraham. "I think he ought to slow down a little bit and learn what he's doing."



## White House tensions flare in the open as Scaramucci rips Priebus in vulgar tirade (UNE)

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

11-14 minutes

The cinematic infighting that has consumed the White House in recent days was pushed into public view on Thursday, exposing the West Wing as the political equivalent of a New York-accented reality television show that runs on

a raucous mix of drama, machismo and suspicion.

The new communications director — Anthony Scaramucci, a flashy New York financier who brags that he and Trump "started out as friends" — has been trying to oust

White House Chief of Staff Reince Priebus in a foulmouthed campaign fueled by months of brewing animus. Scaramucci accused Priebus of leaking to the media about behind-the-scenes maneuverings and his own personal finances, but his broader intent is to

purge senior advisers and low-level staffers who he suspects are not adequately loyal to President Trump.

In an interview with the New Yorker published Thursday, Scaramucci called Priebus a “fucking paranoid schizophrenic, a paranoiac” and claimed that the former Republican Party chairman will “be asked to resign very shortly” in a sweep that he warned could eventually involve much of the staff.

The New Yorker interview gave voice to the profane intensity of the warring West Wing factions that has defined much of Trump’s early administration — but the level of candor and raging frustration Scaramucci expressed yet again stunned a Washington political class that has become increasingly inured to the unorthodoxy of this White House.

At one point in the interview, Scaramucci switched to speaking in the third person while trying to make his mission clear.

“O.K., the Mooch showed up a week ago,” he said. “This is going to get cleaned up very shortly, O.K.?”

Scaramucci’s anger toward Priebus was burning long before he joined the White House this week.

After the election, he sold his company, investment fund SkyBridge Capital, in preparation for a job in the White House, only to be blocked by Priebus. Scaramucci was later shuffled into a position at the Export-Import Bank, where he plotted his next move. Last week, Trump surprised Priebus, chief strategist Stephen K. Bannon and others by announcing that Scaramucci would become the next White House communications director — news that prompted press secretary Sean Spicer, Priebus’s closest ally, to resign.

Priebus is considered an establishment figure in a sea of nontraditional White House staffers, and he has long faced criticism from some of Trump’s staunchest allies who view him as ill-prepared for the job and too concerned about his own reputation. But the attacks that had been quietly waged against him for months in behind-the-scenes trash talk are now being spoken aloud by Scaramucci, who claims he has the president’s blessing to do so.

In the expletive-filled interview with the New Yorker, Scaramucci presented himself as someone who is fully dedicated to the president. He accused Bannon of trying to build his “own brand off the fucking strength of the president.” And Scaramucci angrily lashed out at Priebus for blocking him from the

White House for six months and accused him of leaking the details of a Wednesday night dinner with Fox News personality Sean Hannity at the White House to a reporter.

“What I want to do is I want to fucking kill all the leakers, and I want to get the president’s agenda on track so we can succeed for the American people,” Scaramucci said.

After the article was published, Scaramucci sought to shrug off the controversy with a tweet: “I sometimes use colorful language. I will refrain in this arena but not give up the passionate fight for @realDonaldTrump’s agenda. #MAGA.”

Later in the night he took to Twitter again, this time to lay blame at the feet of New Yorker reporter Ryan Lizza for disclosing their conversation.

“I made a mistake in trusting in a reporter. It won’t happen again,” Scaramucci tweeted. Lizza said Scaramucci never set any rules for the conversation, such as his comments being off-the-record.

The White House at first seemed unfazed by the article or unsure of how to respond. Incoming press secretary Sarah Huckabee Sanders pointed reporters to Scaramucci’s tweet and said, “We’re working on health care.”

Spicer, who will soon leave the White House, walked by reporters staking out his office and passed on the opportunity to comment.

But by early Thursday evening, Sanders spoke to reporters outside the West Wing saying Scaramucci has “made pretty clear he’s a passionate guy. I think he might sometimes let that passion get the better of him. I think maybe that happened, and he used some colorful language that I don’t anticipate he’ll do again.”

Asked if Trump needs to step in to referee the infighting on his staff, she touted the president’s business career and said, “I think he knows when he needs to play a role, and when he does, he will.”

Scaramucci took over the communications job on Wednesday, even though he was not supposed to start until Aug. 15 — a move that a White House official said was designed to thwart any attempt by Priebus to derail Scaramucci yet again.

Scaramucci and his allies are compiling a diagram of the news organizations that they suspect received leaked information from Priebus, and they plan to present it to the president on Friday, according to a White House official

who spoke on the condition of anonymity to discuss the secret plan of attack.

“If Reince wants to explain that he’s not a leaker, let him do that,” Scaramucci said in an interview with CNN early Thursday morning.

On Fox News that same morning, Kellyanne Conway, a counselor to the president, described the leaks that Scaramucci was ranting about as “people using the press to shiv each other in the ribs.”

As all of this was playing out, few came to Priebus’s defense. House Speaker Paul D. Ryan, a longtime friend and fellow Republican from Wisconsin, said at a news conference on Thursday that “Reince is doing a fantastic job at the White House, and I believe he has the president’s confidence.”

Former House speaker Newt Gingrich, who has informally advised Trump on his feud with Attorney General Jeff Sessions this week, was one of the few Trump allies to come to Priebus’s defense on Thursday.

“My advice to Reince is just do your job,” Gingrich said. “Ignore the noise. Assume it’s noise. He’s the chief of staff, and he’s the chief of staff until he isn’t.”

At the White House press briefing on Thursday afternoon, reporters asked Sanders three times if the president still has confidence in his chief of staff. She would not directly answer.

“We all serve at the pleasure of the president, and if he gets to a place where that isn’t the case, he’ll let you know,” Sanders said.

A Republican who is in close contact with those at the White House rated Priebus’s job security in this way: “On a scale of 1 to 10, it’s a 2.”

Priebus attended a medal of valor ceremony on Thursday at the White House, where he was seen smiling broadly and applauding as Trump entered the East Room. When the president left the event, he appeared to briefly shake hands with his chief of staff, who clasped Trump’s right shoulder with his left hand.

Since being named the communications director last week, Scaramucci has taken a very Trumpian approach to the job — blowing a kiss during a press briefing on Friday, sparring with a BBC reporter over whether the president is elitist, threatening to fire his entire staff, cursing and unexpectedly calling into a morning talk show. While this might appear out of control, it creates the sort of

must-watch drama that delights the president.

On Wednesday night, Scaramucci had dinner at the White House with the president, first lady Melania Trump, Hannity and former Fox News executive Bill Shine to discuss how best to overhaul the West Wing staff. The New Yorker’s Lizza tweeted about the dinner, prompting an angry call from Scaramucci, who wanted to know Lizza’s source.

“You’re an American citizen, this is a major catastrophe for the American country. So I’m asking you, as an American patriot, to give me a sense of who leaked it,” Scaramucci said to Lizza.

Scaramucci was also angry that Politico reported on the financial disclosure form he filed while at the Export-Import Bank, which showed that he stood to continue to receive profits from his former company. Politico reporter Lorraine Woellert, who wrote the article, said she obtained the document — which is considered a public record — by simply requesting it from the agency.

Scaramucci told Lizza that he thought Priebus had leaked it and that he had called the FBI and the Justice Department.

“Are you serious?” Lizza asked.

Soon after their conversation, Scaramucci made his suspicions public in a tweet and tagged Priebus: “In light of the leak of my financial disclosure info which is a felony. I will be contacting @FBI and the @TheJusticeDept #swamp @Reince45.”

In an unusual move, the spokeswoman for the Justice Department and Attorney General Jeff Sessions — whom Trump has repeatedly attacked this week for not investigating reports of leaks — released a late-night statement pledging that Sessions “will aggressively pursue leak cases wherever they may lead.”

Two hours after Scaramucci posted the tweet, he deleted it.

The next morning, Lizza appeared on CNN’s “New Day” to share details from the night before — and he was suddenly cut short by a call from Scaramucci, who wanted to explain himself.

“Yeah, so, when I was speaking to you last night, Ryan, I said it was unpatriotic that you weren’t telling me who the leakers were. . . . And so you may have caught it the wrong way,” Scaramucci said, as if having a private conversation with Lizza. “I was teasing you, and it was

sarcastic. It was one Italian to another."

Chris Cuomo, one of the show's hosts, tried to reclaim the interview, and Scaramucci acknowledged that the financial disclosure was a public record — but he repeatedly railed against those in the White House he says are leaking information.

"I told the president this morning, 'When the iceberg hits the boat, the rats are flying up from steerage.' Right? Because the water comes in

steerage," Scaramucci said, comparing the White House to a sinking ship. "So when you mention the FBI and the Department of Justice, you watch how the rats lift in the boat."

Scaramucci claimed that he tagged Priebus in the late-night tweet so that he could investigate the leak, but he also said that journalists assumed he was blaming Priebus because they "actually know who the leakers are."

What's most important from where the world meets Washington

Scaramucci also said that he does not know whether his relationship with Priebus, which last week he insisted was just fine, can ever be repaired.

"We have had differences. When I said we were brothers ... that's because we're rough on each other. Some brothers are like Cain and Abel; other brothers can fight with each other and then get along,"

Scaramucci said, referencing the biblical brothers without mentioning that Cain killed Abel. "I don't know if this is repairable or not — that will be up to the president."

Later in the morning, The Washington Post asked Scaramucci if Trump had authorized him to call in to CNN to discuss Priebus and the leaks, and Scaramucci responded: "He did, yes."

## **The New York Times** In One Day, Trump Administration Lands 3 Punches Against Gay Rights (UNE)

Michael D. Shear and Charlie Savage

WASHINGTON — The Trump administration abruptly waded into the culture wars over gay rights this week, signaling in three separate actions that it will use the powers of the federal government to roll back civil rights for gay and transgender people.

Without being asked, the Justice Department intervened in a private employment lawsuit on Wednesday, arguing that the ban on sex discrimination in the Civil Rights Act of 1964 does not protect workers on the basis of their sexual orientation. The friend-of-the-court brief, filed at the United States Court of Appeals for the Second Circuit in New York, was a striking shift in tone from the Obama administration, which had shied away from that question.

The move ended a day that began with a tweet from President Trump announcing a ban on transgender people serving in the military, surprising Pentagon leaders and reversing a year-old Obama administration policy.

Also on Wednesday, Mr. Trump announced that he would nominate Sam Brownback, the governor of Kansas and a vocal opponent of gay rights, to be the nation's ambassador at large for international religious freedom.

The constellation of events raised alarm among gay rights advocacy groups, which portrayed the moves as a concerted effort to limit advancements in gay rights.

"Yesterday was this administration's anti-L.G.B.T. day," James D. Esseks, director of the American Civil Liberties Union's Lesbian Gay Bisexual Transgender & HIV Project, said on Thursday. "Whether coordinated or not, to have it all happen on the same day certainly brings into focus the profoundly anti-L.G.B.T. agenda of this administration."

Administration officials insisted that the timing of the three actions was coincidental. Wednesday just happened to be the deadline for the Justice Department to submit briefs in the employment discrimination case, they said, and Mr. Trump's tweets about transgender troops unexpectedly skipped past lawmakers and the military brass who were considering the issue.

But whether by accident or intent, the result was a striking reversal from Mr. Trump's predecessor, who repeatedly used administrative actions and legal arguments to press for protections for gays and lesbians.

And taken together, the administration's actions are a prize for religious conservatives who backed Mr. Trump during the 2016 campaign but were far more enamored of his vice-presidential pick, Mike Pence.

Tony Perkins, the president of the Family Research Council, a group that advocates socially conservative and Christian causes, applauded Mr. Trump's decision to bar transgender people from the military. The president, he said in a statement, should be praised for "rescuing our troops from the grip of the Obama years and restoring a sense of true pride to a military devastated by two terms of social engineering."

For Mr. Trump, the issue of transgender service in the military affects a fraction of the population but may resonate with his core political supporters.

Anthony D. Romero, the executive director of the American Civil Liberties Union, said the ban and other moves were "the most cynical of dog-whistle politics" and an effort to "rile up the president's base as this administration flounders on health care reform and the Russia investigation, and as its popularity ratings plummet."

Legal specialists said the most important political fact about the friend-of-the-court brief was that it was filed at all. Normally, the Equal Employment Opportunity Commission, not the Justice Department, weighs in on discrimination cases involving private employers. Moreover, the court had asked only the employment commission, and not the Justice Department, for its opinion.

The commission said the Civil Rights Act's ban on sex discrimination should be interpreted as including protections based on sexual orientation. But the Justice Department contradicted that, submitting its own brief declaring that courts should not extend that protection to gays and lesbians.

The brief was less of a reversal of any concrete position the federal government had taken during the Obama administration, than of its earlier trajectory. During the Obama era, when the Justice Department was called upon to defend the federal government against employment lawsuits, it also sometimes argued that sexual orientation alone was not protected by the Civil Rights Act.

Still, in a 2016 regulation to carry out a provision in the Affordable Care Act banning discrimination in health programs on the basis of gender, the Obama administration said only that it was taking no position on "whether discrimination on the basis of an individual's sexual orientation status alone is a form of sex discrimination." It also seemed to welcome the prospect that "the law will continue to evolve in this area."

Under the Trump administration, the Justice Department has gone out of its way to say the law should not evolve further in the direction of gay rights.

It is a controversial stance inside the department, according to a

person familiar with internal deliberations. When the Civil Division proposed intervening in the New York case, the Office of the Solicitor General was initially skeptical about getting involved, the person said. But the administration ultimately went forward.

The brief's signers included Chad A. Readler, the acting head of the Civil Division, and Tom Wheeler, the acting head of the Civil Rights Division, who had served as general counsel to Mr. Pence when he was governor of Indiana. It was also signed by Hashim Mooppan, a deputy in the Civil Division who was a former clerk to Justice Antonin Scalia.

Sarah Isgur Flores, a Justice Department spokeswoman, declined to discuss the substance of internal deliberations, but said, "The White House Counsel's Office has known about this for a long time."

Ms. Flores also said it was a "total coincidence" that the deadline for the brief happened to fall on the day of Mr. Trump's tweets about barring transgender troops.

The tweets followed an amendment to a military spending bill to ban the Pentagon from paying for transition surgery or hormone therapy. Representative Vicky Hartzler, Republican of Missouri, who had proposed the plan, praised the president's tweets. "We cannot burden our armed forces with the tremendous costs and disruptions that transgender in the military would entail," she said.

At least three organizations on Thursday said they were planning two lawsuits challenging the ban on transgender troops — including a joint lawsuit by two groups focused on gay rights, Outserve and Lambda Legal, and one by the A.C.L.U.

But the groups said they could not file a case until the government took a formal policy step — like changing

regulations or issuing an executive order — which they could then ask a judge to block. To prepare for that, they have begun looking for potential plaintiffs and developing a legal argument that the ban is a form of unconstitutional discrimination.

Jon Davidson, the legal director of Lambda, said courts may be skeptical of the Trump administration's claims that transgender troops would be disruptive, given that Obama-era Pentagon studies concluded otherwise.



## Robinson : The worst is yet to come

The Court of Mad King Donald is not a presidency.

It is an affliction, one that saps the life out of our democratic institutions, and it must be fiercely resisted if the nation as we know it is to survive.

I wish that were hyperbole. The problem is not just that President Trump is selfish, insecure, egotistical, ignorant and unserious. It is that he neither fully grasps nor minimally respects the concept of honor, without which our governing system falls apart. He believes "honorable" means "obsequious in the service of Trump." He believes everyone else's motives are as base as his.

The Trump administration is, indeed, like the court of some accidental monarch who is tragically unsuited for the duties of his throne. However long it persists, we must never allow ourselves to think of the Trump White House as anything but aberrant. We must fight for the norms of American governance lest we forget them in their absence.

Act Four newsletter

The intersection of culture and politics.

It gets worse and worse. The past week has marked a succession of new lows.

Trump has started a sustained campaign to goad or humiliate Attorney General Jeff Sessions into resigning. Trump has blasted

"Courts don't deal in alternative facts," Mr. Davidson said. "There are verifiable studies — not just opinions."

During the campaign, Mr. Trump promised to be the better "friend of women and the L.G.B.T. community" than Hillary Clinton, a promise that gay rights advocates accuse him of betraying.

In May, Mr. Trump issued an executive order that sought to allow clergy members to endorse political candidates from the pulpit. But it still stopped short of demands by conservatives, who had wanted the

Sessions on Twitter, at a news conference, in newspaper interviews and at a campaign-style rally. He has called Sessions "beleaguered" and said repeatedly how "disappointed" he is in the attorney general.

The relationship between President Trump and Attorney General Jeff Sessions has deteriorated in recent months. Here's a look at how they got to this point. The relationship between President Trump and Attorney General Jeff Sessions has deteriorated in recent months. Here's a look at how they got to this point. (Video: Taylor Turner/Photo: Jabin Botsford/The Washington Post)

(Taylor Turner/The Washington Post)

Forget, for the moment, that Sessions was the first sitting U.S. senator to support Trump's campaign, giving him credibility among conservatives. Forget also that Sessions is arguably having more success than any other Cabinet member in getting Trump's agenda implemented. Those things aside, what kind of leader treats a lieutenant with such passive-aggressive obnoxiousness? Trump is too namby-pamby to look Sessions in the eye and say, "You're fired."

That's what the president clearly is trying to summon the courage to do, however. The Post reported that Trump has been "musing" with his courtiers about the possibility of firing Sessions and naming a replacement during the August congressional recess.

president to exempt their organizations from Obama-era regulations aimed at protecting gay people from discrimination.

Gay rights groups also denounced the nomination of Mr. Brownback, a longtime opponent of gay marriage. As a senator, Mr. Brownback pushed for a federal ban on same-sex marriage, and in 2015, as governor, he signed a broad executive order in Kansas prohibiting the state government from acting against religious groups that refuse to provide services to gay people.

Trump has no respect for the rule of law. He is enraged that Sessions recused himself from the investigation of Russia's meddling in the election, and thus is not in a position to protect the House of Trump from special counsel Robert S. Mueller III. According to the New York Times, "Sharing the president's frustration have been people in his family, some of whom have come under scrutiny in the Russia investigation." I'm guessing that means the president's eldest son, Donald Trump Jr., and his son-in-law, Jared Kushner. Who elected *them*, by the way?

Trump seeks to govern by whim and fiat. On Wednesday morning, he used Twitter to announce a ban on transgender people serving in the military, surprising his own top military leaders. A Pentagon spokesman told reporters to ask the White House for details; White House press secretary Sarah Huckabee Sanders told reporters to ask the Pentagon. Was Trump trying to reignite the culture wars? Would the thousands of transgender individuals now serving in the military be purged? Was this actual policy or just a fit of indigestion?

Inside the mad king's court, the interecine battles are becoming ever more brutal. Members of Trump's inner circle seek his favor by leaking negative information about their rivals. This administration is more hostile to the media than any in recent memory but is also more eager to whisper juicy dirt about the ambitious courtier down the hall.

Activists said the administration's embrace of Mr. Brownback, along with the other moves on Wednesday, suggest its renewed interest in rolling back gay rights.

"Yesterday, he went after everyone with a direct assault. He truly declared war on our community," said Chad Griffin, the president of Human Rights Campaign. "I promise you, this is a battle we are going to win."

Trump's new favorite, Anthony Scaramucci, struts around more like a chief of staff than a communications director, which is his nominal role. Late Wednesday night — after dining with Trump and his head cheerleader, Sean Hannity — Scaramucci took a metaphorical rapier to the actual chief of staff, Reince Priebus, by strongly hinting on Twitter that Priebus leaks to reporters. The next morning, Scaramucci told CNN that "if Reince wants to explain that he's not a leaker, let him do that." And in a profanity-laden phone call to the New Yorker's Ryan Lizza, Scaramucci called Priebus "a f---ing paranoid schizophrenic, a paranoiac."

Why bring in Scaramucci? Because, I fear, the mad king is girding for war. Trump is reckless enough to fire Mueller if he digs too deeply into the business dealings of the Trump Organization and the Kushner Companies.

What then? Will Senate Majority Leader Mitch McConnell (R-Ky.) draft and push through a new special-prosecutor statute so that Mueller can quickly be reappointed? Will House Speaker Paul D. Ryan (R-Wis.) immediately open debate on articles of impeachment? Will we, the people, defend our democracy?

Do not become numb to the mad king's outrages. The worst is yet to come.



## Walt : Top 10 Signs of Creeping Authoritarianism, Revisited

Stephen M. Walt

Shortly after Donald Trump was elected, I wrote a column listing possible "warning signs" of democratic breakdown under his leadership. A few other

people did, too. I wasn't predicting Trump would become a dictator — although some of his statements and actions during the campaign were worrisome; the column was simply a checklist of warning signs that would tell us how well U.S.

political institutions were holding up in unusual circumstances (and with a most unusual president).

We're now a bit more than six months into Trump's presidency, and it is high time to review the list

and see how America is doing. Has Trump undermined America's constitutional order? Is he consolidating executive power the way democratically elected leaders such as Russia's Vladimir Putin and Turkey's Recep Tayyip Erdogan



have? Or are U.S. institutions holding up reasonably well, either because they have proved to be surprisingly resilient or because Trump has been less adept at politics than he claimed to be?

The record is mixed. Although some of the warning signs are flashing red, others are glowing yellow (at worst), and one or two don't seem that worrisome at all. My worst fears of further democratic breakdown have not been confirmed — thus far — though in some cases it is not for want of trying.

Grab your No. 2 pencil and go down my original list. Feel free to keep score at home.

**1. Systematic efforts to intimidate the media:**  
*Check*

There's little doubt that Trump and his associates have repeatedly tried to intimidate mainstream media organizations, whether through tweets deriding the supposedly "failing" *New York Times*, the repeated references to the "Amazon *Washington Post*," or White House chief strategist and former *Breitbart* head Stephen Bannon's referring to media organizations as "the opposition party." Trump and Fox News also falsely accused the *Times* of thwarting efforts to kill or capture top Islamic State leaders, and the White House has arbitrarily excluded reporters of some organizations from press pools, press conferences, and other events. The obvious message: Play ball with us a bit more or expect to be marginalized. And that's just a small sample of Trump's war on the press.

But, on the other hand, these efforts don't seem to be working very well. A few media organizations have made ritual acts of appeasement (e.g., CNN keeps hiring Trump apologists as on-air talent), but Trump's presidency has given most media organizations a renewed sense of purpose and a growing audience. And the administration's continued shenanigans, conflicts of interest, ever-changing rationalizations, and sheer buffoonery have created a target-rich environment: The same outrageous behavior that helped boost Trump's 2016 campaign has given the media a mother lode of material to mine and an eager audience for everything they can dig up. So the good news is that while Trump clearly likes to browbeat media outlets that aren't reliably in his corner and would undoubtedly like to discredit them, his efforts to date have mostly failed.

**2. Building an official pro-Trump media network:**  
*Partial check.*

Back in November, I speculated that Trump might "use the presidency to bolster media that offer him consistent support" or even try to create a government-funded media agency to disseminate pro-Trump propaganda. There's little doubt Trump has tried to favor outlets that embrace him, which is why the White House gave press credentials to the right-wing blog Gateway Pundit and has given the reliably wacky and pro-Trump *Breitbart* privileged access. And as one might expect, the Trump administration has backed the expansion plans of the conservative Sinclair Broadcast Group. Apart from the White House press office itself (which has been a train wreck from Day One), there's no sign that the president intends to build a publicly funded pro-Trump media organization. But with Fox News and Sinclair and the various alt-right websites in his corner, he may not need one.

**3. Politicizing the civil service, military, National Guard, or the domestic security agencies:**  
*Partial check.*

An obvious counterweight to executive overreach are career civil servants who remain sensitive to precedents, have lots of expertise, and tend to follow the rule of law. And as Samuel Huntington pointed out many years ago, an important barrier to excessive militarization is having a professional military whose direct political role is limited. My concern in 2016 was the possibility that Trump would try to politicize the civil service in various ways or turn the military and the intelligence and domestic security agencies into tools of the White House instead of independent defenders of the Constitution.

Once again, I'd score this one as mixed. Trump has tried to put his stamp on key government agencies by demanding that senior officials resign or by firing people who declined to do his bidding, such as (now former) Deputy Attorney General Sally Yates and FBI Director James Comey. He has declined to make top appointments in a number of agencies, at one point telling Fox News, "A lot of those jobs, I don't want to appoint, because they're unnecessary." And if Comey and others are to be believed (and, on this issue, I think they are), Trump seems to think civil servants and his own appointees should be more loyal to him than to the Constitution, even though it is the latter they swore an oath to defend. Trump has also questioned the integrity of the nonpartisan and highly respected Congressional Budget Office, and he crossed another line last weekend by telling

uniformed military personnel to call Congress and lobby for his defense spending and health care proposals.

But there's a silver lining here, too: You can't run the federal government without lots of help, and most people don't like being dissed and intimidated by a group of wealthy insiders who clearly view them with contempt and seem to regard the country as their personal plaything. Combine that with Trump's world-class ability to sow divisions within his own team, and you have a recipe for the veritable Niagara of leaks that have made life easier for journalists and kept the White House scrambling from scandal to scandal. (Of course, the White House could have avoided all this by telling the truth from the start and by learning how to fill out security clearance forms properly the first time.) As with his effort to intimidate the media, in short, thus far Trump's desire to get the government bureaucracy to dance to his tune hasn't gone so well.

**4. Using government surveillance against domestic political opponents:**  
*Nothing yet.*

As Richard Nixon taught us, some presidents have been all too willing to use the CIA or FBI to go after their political opponents. There's no reason to think such actions would lie outside Trump's ethical framework, but, as far as we know, he has not been using the National Security Agency, CIA, FBI, or other security agencies to gather dirt on his opponents. His legal team is reportedly trying to find ways to impugn the reputation of special counsel Robert Mueller and his staff (good luck with that!), but that's not the same as asking the CIA to dig up dirt on Democrats or anti-Trump protestors.

Of course, there's an obvious reason why Trump hasn't gone that route: His relations with these agencies are already deeply troubled, and it's unlikely that they would do his bidding if he asked. Trump has insulted the CIA and NSA on numerous occasions, and his decision to fire Comey (who was popular within the agency) has put him at odds with the FBI, too. So this warning sign is still green, at least for now.

**5. Using state power to reward corporate backers and punish opponents:**  
*Worrisome, but not a big problem so far.*

All presidents accommodate powerful interest groups that backed them, and Trump is no exception.

All presidents accommodate powerful interest groups that backed them, and Trump is no exception. It might not be good for the country to have such a business-heavy group of cabinet officials, or for Trump to have appointed so many secretaries who oppose the mission of the agencies they are now leading, but by itself that is not a threat to America's system of government.

As noted above, it is more worrisome to watch Trump favor corporate media interests that support him, and no doubt proposals for tax reform will be heavily skewed toward the 1 percent and provide little relief for middle-class voters who (mistakenly) put their trust in him. But here again, that's just bad public policy, not a threat to the Constitution. But Trump's recent tweets attacking the "Amazon *Washington Post*" and suggesting Congress go after Amazon's tax status have the clear whiff of the authoritarian intimidation that autocrats like Turkey's Erdogan have practiced.

More importantly, the growing sense that Trump lacks the skill to deliver on his promises is going to erode his clout in the corporate world as well. He got some early wins from companies that thought he might shake things up in positive ways, and they were willing to let him take undeserved credit for "saving" jobs while they sought to stay on his good side. But now that he has failed on health care, has done squat on infrastructure, is behind schedule on tax reform, and has low approval ratings at home and abroad, corporate America isn't going to be as eager to curry favor with him. The bottom line: We are still a long while from Russian- or Turkish-level intimidation of business interests, which is a good thing.

**6. Stacking the Supreme Court:**  
*Partial check.*

As I warned six months ago, Trump has already had one chance to fill a Supreme Court seat and he could easily have several more. We don't yet know what sort of justice Neil Gorsuch will turn out to be or whom Trump might appoint down the road, but it's a safe bet they won't be progressives. But the real issue is how Gorsuch or any other appointees would vote on key constitutional questions involving the power of the executive branch. I'm not terribly concerned at the moment, but turning the judiciary into a tame tool is right out of the aspiring autocrats' playbook, and the issue bears watching as relevant cases begin to work their way through the courts.

7. **Enforcing the law for only one side:** *Blinking red.*

When Trump was elected, I was worried he might direct law enforcement officials to crack down on protests and other activities by his opponents but turn a blind eye toward illegal activities by potential supporters. A systematic crackdown on left-wing opposition has not occurred, but Trump & Co. do not seem at all concerned by the growing level of right-wing extremism in the country and utterly indifferent to such tendencies abroad. Trump has been quick to condemn terrorist attacks by Muslims and the shooting of Rep. Steve Scalise (R-La.) in June but said nothing after a disturbed right-wing sympathizer murdered an innocent black American and a Israeli-American teenager issued a series of bizarre threats against Jewish synagogues and community centers. Even more disturbingly, it took the golfer-in-chief more than two full days to respond to the brutal knife attack by a white supremacist that killed two people in Portland, an act he described laconically as “unacceptable.”

Trump's disregard for the rule of law is pretty well-established by now, and he has made it clear that he doesn't think he, his family, or his closest aides should be subject to much legal scrutiny. Yet Trump also likes to portray himself as a “law and order” guy and has backed “beleaguered” Attorney General Jeff Sessions's controversial campaign to reimpose draconic prison sentences. It is hard to escape the impression that Trump thinks the law is something that applies to other people — and mostly to those who probably didn't vote for him.

8. **Really rigging the system:** *Blinking red.*

Trump lost the popular vote by a considerable margin — really! — but he became president due to the peculiarities of the Electoral College. But make no mistake: Given the rules of the system, he was duly elected. As I noted in my original column, the demographics

of the U.S. electorate give him (and the Republican Party) a big incentive to try to stack the deck in his favor, and that incentive only increases the lower his approval ratings go. How else can one explain the transparently bogus “voter fraud commission,” headed by die-hard voter suppression advocate Kris Kobach, which held its first meetings this month? No serious scholar of U.S. voting behavior believes that electoral fraud is widespread or politically consequential, but Trump, Kobach, and others would like to make it as hard as possible for people they deem unlikely to vote their way to actually go to the polls. The effort may go nowhere in the end (in part because local officials from both parties are declining to provide data to the commission), but that's no reason not to be concerned about it.

9. **Fearmongering:** *Check.*

As he did during the campaign, Trump has continued to issue dark warnings about various dangers from which he supposedly needs to protect us. His inaugural address conjured up a weird, Gothamesque description of “American carnage,” and a recent speech in Poland openly asked whether “the West” still had the will to defend itself. He has continued to rail against Muslims (except for the rich ones in Saudi Arabia whom he seems to like) and to inflate threats from North Korea and Iran.

But, to be fair, here Trump is not that different from most of his predecessors. All modern presidents have inflated threats on occasion, and some of them, like George W. “Axis of Evil” Bush, were serious practitioners of this timeless art. Even St. Barack Obama did it on occasion, telling his Nobel lecture audience, “Make no mistake: Evil does exist in the world,” and justifying the “surge” in Afghanistan with overstated worries about terrorist “safe havens.” So Trump's tendency to inflate threats is part of a well-established tradition. The good news is that Trump hasn't been given an opportunity — like a big terrorist attack — to exploit for

political purposes. One can only hope that such a pretext never arises ... for all the obvious reasons.

10. **Demonizing the opposition:** *Check (but he's not alone).*

No American president has been as prone to treat his opponents with contempt, disregard, and blatant hostility. Trump spent the campaign belittling his Republican opponents and vowing to “lock up” Hillary Clinton. He has continued to blame America's problems on everyone but himself, accuse anyone who opposes him of betraying the country, and offer self-pitying tweetstorms about the vast opposition he faces from his supposed enemies (some of whom used to be allies).

Unfortunately, some of Trump's opponents are now imitating his polarizing disinterest in compromise or in genuine give-and-take. The United States was deeply divided before the election, but it's even worse now. The country's two political parties are not equally responsible for this development — just consider that Obamacare included nearly 190 GOP amendments while the Republicans have refused to let Democrats play any role in their efforts to replace it — but Trump's opponents are sometimes guilty of demonizing or dissing their fellow citizens who happen to support him. Needless to say, this is not a healthy condition for any republic.

Where does this leave us? By my score card, there are worrisome developments on nearly all of the 10 indicators, but some of them are only “blinking red,” and in many cases Trump's efforts to expand his power have not made much progress.

I draw three conclusions from the record thus far.

First,

President Trump does not have much respect for the existing constitutional order, especially when

it impinges on his personal power or threatens his own position.

President Trump does not have much respect for the existing constitutional order, especially when it impinges on his personal power or threatens his own position. He has been enabled (thus far) by a mostly supine Congress, but many of his efforts to extend his power have backfired or been thwarted. The vitality of some of America's democratic institutions is therefore reassuring, but I wouldn't take success for granted just yet.

Second, the situation would be far more dangerous if Trump were a smarter, more disciplined, and more effective politician. The crude irreverence that made him an appealing alternative to Clinton (and the mostly colorless GOP field) has been a major handicap to his presidency. Were Trump a better manager or more skilled at concealing his worst tendencies, the threat he poses to the existing political order would be much larger. Trump's incompetence isn't good for America's position in the world, but it may help the American order survive his presidency.

Third, Trump still has at least three-plus years in office, and every day he spends there redefines the expectations for how presidents can or should behave. The real danger may not be the rapid slide into authoritarianism, but rather the possibility that a new generation of Americans — such as those unfortunate Boy Scouts — grows up thinking that it's perfectly OK for presidents to lie, to use the White House as a vehicle to advance their business interests while in office, to see the presidency as the employer of first resort for their unqualified relatives, and to believe that public servants are to be loyal not to the public interest or the Constitution but to whoever happens to be sitting in the Oval Office. That is the way American democracy is most likely to end: not with a bang, but a whimper.



**Editorial : Tax Reform Principles**

The “Big Six” GOP tax

negotiators released a statement of principles Thursday, and the main news is the death of the House border-adjustment tax. A favorite idea of Speaker Paul Ryan, the BAT was savaged by retailers who feared they'd pay more for imports. The problem is that the BAT would have raised as much as \$1 trillion to

pay for lower tax rates, so its defeat raises a new obstacle to reform.

This shows that tax reform may be even harder to pull off than repealing ObamaCare given how politicians have laced the tax code with subsidies and carve-outs. Interests clawing to keep their favors usually defeat the public interest in lower rates. But the potential payoff in faster growth and rising incomes is still worth the

political effort, so give Congress and President Trump credit for setting the goal of a signing ceremony this year.

As the debate begins, this is a good moment to offer some principles to judge how reform is faring:

• *The growth priority.* After 12 years of a lackluster economy, or worse, tax reform's overriding goal should be to lift annual GDP to 3% or more.

The current expansion is into its ninth year and showing signs of age. Europe has grown faster than the U.S. for some time. The Trump bump in financial markets hasn't been matched in the real economy.

Amid a labor shortage and sluggish incomes, a capital spending surge is crucial to give the expansion a second wind. This is where tax reform must focus. This means lowering tax rates on business and

individuals to spur risk-taking and investment.

In particular it means cutting the U.S. corporate tax rate low enough to compete with the rest of the world and return \$2 trillion in capital that U.S. companies have stashed overseas. A corporate rate much higher than 20% won't do the job. The evidence of economic research is overwhelming that cuts in corporate tax rates flow to workers in higher wages.

The political opposition will come from Democrats and many Republicans who view tax reform mainly as a populist lever to redistribute income. They include White House aide Steve Bannon, who wants to raise tax rates on the affluent, and conservatives like Mike Lee on Capitol Hill who think taxes should serve social policy. The risk is that they will steal money for tax credits that do nothing for growth and could be used to reduce rates.

• *Make cuts immediate.* One temptation in every reform debate is to phase-in tax cuts to fit inside Congress's 10-year budget-deficit box. That is a growth killer as

investors delay decisions to wait for lower rates. George W. Bush made that mistake with his 2001 tax cut, which was a growth bust. He corrected it by making his 2003 cuts immediate, and the faster growth that followed saved his re-election.

• *Permanence.* Businesses invest with a long tail, and they will scuttle some projects if they think lower rates go poof after five or 10 years. Mr. Bush made this mistake in 2003 and Barack Obama took advantage in 2013.

Thursday's joint GOP statement says the goal "places a priority on permanence," which is progress. Some provisions, such as business expensing, could end after five years without doing too much harm. But tax rates should be fixed in law so future Congresses will have a harder time changing them.

• *Reform, not merely a tax cut.* One reason tax reform spurs growth is by reducing subsidies so capital can flow where it gets the highest return. This efficiency increases productivity, which increases wages. But this means stripping out as much chaff as possible in the tax

code like subsidies for electric cars, real estate or racetracks.

Ending these subsidies also helps pay for lower rates. But the GOP has already agreed not to change the mortgage-interest or charitable deductions, and now the trillion-dollar BAT is dead. Reformers will have to fight that much harder to end the big-dollar deductions for state and local taxes and for interest on business borrowing.

If that becomes too difficult, the temptation will be to abandon reform and default to the lowest-common political denominator of a simple tax cut. This would be better than nothing, but it won't boost capital investment or the economy nearly as much in the medium- or long-run.

• *The deficit-neutral trap.* The budget outline now moving through the House promises a balanced budget in 10 years including tax reform. That may be necessary to pass the outline but it could be the death of tax reform if it locks the GOP into the fiscal prison of budget "scores" by the Congressional

Budget Office and Joint Tax Committee.

Speaker Ryan has worked for years to get those bureaucracies to better account for rising tax revenues that flow from faster growth, but they still use models that underestimate the growth impact of tax cuts on capital and marginal rates.

Republicans need to find an exit from the deficit-neutral trap. Perhaps that means taking a revenue score from Treasury's Office of Tax Analysis, rather than Joint Tax. Balanced-budget fetishists might keep in mind that Ronald Reagan's 1981 tax cuts would never have happened had Congress not tolerated deficits. Faster growth caused revenues to boom and the deficit eventually fell.

With ObamaCare repeal foundering, Republicans can't afford another "skinny" reform that fails to deliver on Mr. Trump's promise to raise growth and wages. Tax reform will determine whether this Congress was worth electing.