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**FRANCE – EUROPE**



**Macron Vowed to Be Business Friendly. Now He Faces a Protectionist Uproar. (online)**

Liz Alderman  
8-11 minutes

President Emmanuel Macron vowed to review an imminent takeover of

the shipyard STX France by an Italian competitor. Here, he speaks to a worker at the shipyard, which is

in St.-Nazaire, during a visit in May. Stephane Mahe/Reuters

PARIS — Two weeks after taking office, President Emmanuel Macron, donning a white hard hat, stood before hundreds of employees at the nation's largest shipyard, promising to protect a French jewel from falling into foreign hands.

As one of his first major acts, Mr. Macron vowed to review an imminent takeover of the shipyard, STX France, by an Italian competitor. "We're an industrial power," he told cheering workers, who had just completed building the world's biggest luxury cruise liner, the Meraviglia. "We must guarantee the preservation of jobs."

The government is now trying to defuse an uproar in Rome, days after blocking the deal and nationalizing STX.

Mr. Macron campaigned to make France more business friendly by luring foreign investment and easing regulatory complexities. But blocking the deal for STX, along with a series of other maneuvers in recent weeks, is prompting concerns that Mr. Macron may follow the tried and true French tradition of dirigisme — an interventionist approach that his predecessors have employed time and again to promote French interests.

France is finding itself in the middle of debate over protectionism, as a backlash against globalization deepens around the world. President Trump is championing a more nationalistic stance in the United States, while Europe is generally calling for freer trade to stoke growth.

Bruno Le Maire, France's economy minister, on Tuesday traveled to Rome to meet with Italy's economy and industry ministers, who criticized what they called an "incomprehensible" decision over STX, and accused France of lapsing into economic nationalism. Mr. Le Maire said the seizure of STX was temporary and designed only to buy time to renegotiate an accord more favorable to the French government, which owns a third of the company.

"Even if it is temporary, it's part of the French way of doing things," said Famke Krumbüller, the head of research at OpenCitz, a political risk consultant firm in Paris. "Macron says he's going to do things differently, but he also has to work

with existing institutions and the culture, and that won't just go away in a few months."

Successive presidents have declared France "open for business," only to get intimately involved in corporate takeovers, especially when a foreign company is making a play.

As economy minister, Mr. Macron, center, increased the government's stake in the French automaker Renault over the objection of Carlos Ghosn, the chief executive, right. Charly Triballeau/Agence France-Presse — Getty Images

President François Hollande's government tried to thwart a bid by General Electric to buy the power business of Alstom, a top maker of high-speed trains. Under Jacques Chirac, the government sought to prevent the Indian steel giant Mittal from buying Arcelor, a competitor with French operations. Both deals went through in the end.

Despite declaring he would make France's economy more liberal, Mr. Macron has shown a willingness to involve the state in industrial policy.

As economy minister, he increased the government's stake in the French automaker Renault over the objection of Carlos Ghosn, the chief executive. Mr. Macron also oversaw measures granting double voting rights to long-term shareholders, increasing state sway in French companies where it holds shares.

More recently as president, Mr. Macron has exerted that power in the name of saving jobs. When GM & S, a struggling French auto parts supplier, veered toward bankruptcy this summer, his government demanded that the partly state-backed carmakers, Renault and Peugeot, order tens of thousands of euros worth of new parts from the plant.

The 277 workers had booby-trapped the factory and threatened to blow it up unless a buyer was found. Mr. Macron sought to entice a savior by pressuring Renault and Peugeot to also invest millions more in modernizing the plant, on a remote and polluted parcel of land in central France.

Investors hope Emmanuel Macron will be a French Margaret Thatcher, but his first major economic move is all Charles de Gaulle. Paris last week nationalized a shipyard to keep an Italian company from buying it.

A French buyer finally sealed a deal this week. Fewer than half the jobs will be kept.

While Mr. Macron's early actions set a distinct pattern, it is not clear how much further he will go. He is still hoping to lay the groundwork for growth, in part by lightening the French state's hand in companies, which could make such economic intervention less possible.

"It looks bad for France's image right now," said Patrick Artus, the chief economist at the French bank Natixis. "But I don't think his mission is to increase the activism of the state."

Mr. Macron has pledged to revamp France's costly pension system, to invest in education and to build up France's technology and renewable energy sectors. To pay for it, he has hinted at privatizing billions of euros worth of the French government's holdings in a swath of French firms.

"In five years, the French state's presence will be much lower than today," Mr. Artus said. Meanwhile, he added, Mr. Macron's interventions are "all political marketing."

Employees of GM & S, a struggling French auto parts supplier, protesting near the trade court in Poitiers, in western France. Guillaume Souvant/Agence France-Presse — Getty Images

Mr. Macron's poll ratings have slumped recently from near record highs as he prepares to push through steep budget cuts and painful changes to French worker protections and labor laws. French unions have called for street protests in September.

But the decision to temporarily nationalize the STX shipyard, in Saint-Nazaire, has proved popular with the French public, which generally wants the French state to preserve national interests.

"Macron is picking his fights right now in French public opinion, and dropping the tool of nationalization is not one of them, given what he has to do in terms of cutting budgets and implementing labor market reforms," Ms. Krumbüller said. "Not nationalizing STX would have been too expensive for him in terms of popularity."

In the case of STX, Mr. Macron's government said its concerns went beyond jobs. Under the contract signed by former President François Hollande, the Italian state-backed shipbuilder Fincantieri was to take a two-thirds stake in the French shipyard held by a now-bankrupt South Korean owner.

Fincantieri had pledged to keep thousands of jobs and orders for the next five years at Saint Nazaire. The hulking operation makes many of the world's mega-cruiseships and has the capacity to build aircraft carriers and other naval vessels.

The French government said the deal could jeopardize the Saint-Nazaire operations in part because Fincantieri holds stakes in Chinese shipyards, raising concerns about a transfer of technology to China. The deal would also effectively give the Italian state, which owns Fincantieri through a finance company, sway at a strategic French site.

Last week, as the contract was about to take effect, the Macron administration tried to renegotiate a 50-50 split. When Fincantieri balked, the French government seized control by exercising its right to buy out existing shareholders.

On Tuesday, Mr. Le Maire sought to smooth tensions with Rome, where officials questioned why it was acceptable for a South Korean shipbuilder to hold a majority stake, but not an Italian one. Italians are also incensed that French companies have spent billions on takeovers of its own major businesses in sectors like dairy and luxury, without the Italian state putting up a fuss.

Mr. Le Maire, in his talks with Italian officials, offered to work with Italy to create a "European naval shipbuilder champion," in which the two countries would collaborate on building civilian and naval vessels.

Should the Italians reject a deal, he told a French newspaper, "we will stick with the current situation and look for other potential buyers."

#### Correction: August 1, 2017

An earlier version of this article misstated the title held by Bruno Le Maire. Mr. Le Maire is the economy minister in France, not the prime minister.



## Editorial : On the Macron Waterfront

The Editorial Board

3-4 minutes

Aug. 1, 2017 7:01 p.m. ET

Investors hope Emmanuel Macron will be a French Margaret Thatcher, but his first major economic move is all Charles de Gaulle. Paris last week nationalized a shipyard to keep an Italian company from buying it.

The STX France shipbuilding facility at Saint-Nazaire on the Atlantic coast is up for sale after its Korean parent company filed for bankruptcy. Italian state-owned shipbuilder Fincantieri and another Italian investor agreed in April to buy

roughly 55% of the French company.

That already marked a major compromise for Fincantieri, which originally intended to buy the 67% of STX France not already owned by the French government when the

Italian company was the only bidder in the Korean bankruptcy sale last year. Mr. Macron's hapless predecessor, François Hollande, fretted about a single Italian company owning the majority, so he strong-armed Fincantieri into cutting its own stake to about 48%, roping in another Italian investor for some 7%, and selling the rest to a French company.

That's still not good enough for Mr. Macron. He has exercised a clause in French law that allows for a "temporary" nationalization when national security is at stake.

**The  
New York  
Times**

## France, Facing Criticism, Promises the Bare Essentials for Migrants

Adam Nossiter

7-9 minutes

Migrants watched as their camp in Calais, France, was destroyed by the French authorities last fall. After an administrative ruling, France says it will provide water, showers and toilets as well as two new regional centers for migrants. Mauricio Lima for The New York Times

PARIS — After banking on neglect, hostility and mistreatment to discourage a steady trickle of migrants, the new French government was ordered by France's highest administrative body to do better this week and at least provide water and toilets to the people.

That order has defused, for now, a new migrant crisis brewing at the northern port of Calais, the favored would-be jumping off point for Britain. Yet a permanent solution to France's slow-boiling migrant problem still appears to be distant.

That has not stopped the French authorities from trying. In recent days, President Emmanuel Macron proposed opening European-run reception centers in Africa — perhaps in Niger, Chad or even Libya — to discourage migrants from risking the journey across the Mediterranean Sea.

Critics quickly pointed out the fierce determination of Africans to make the journey, regardless of counsel to the contrary, and the huge numbers intent on doing so.

Up to one million migrants are in refugee camps in Libya alone, as Mr. Macron pointed out in a speech in which he highlighted his own recent peacemaking initiative for Libya. He also called for broader European involvement in African development as a long-term solution to the migrant crisis.

This is only partly an economic move motivated by concern for French jobs. The Saint-Nazaire yard, which mostly manufactures cruise ships, is profitable with an order book stretching for years, so it's not in grave danger of closure. Paris's bigger concern appears to be that the yard is the only facility left in France capable of building the keel for an aircraft carrier. France's longstanding principle of strategic autonomy thus dictates that the shipyard shouldn't fall into foreign hands, despite the European Union's efforts to create a single market in defense procurement.

This makes the episode a defense and economic fiasco. The single market for procurement, if it ever materializes, would allow European NATO members that refuse to spend the target 2% of GDP on defense (France spent 1.78% in 2016) to at least get more bang for their euros by buying efficiently produced equipment operable across the EU. France's refusal to trust close ally Italy to make military hardware on French soil undermines that EU goal.

Even politicians with good economic instincts sometimes feel compelled

by politics to make bad decisions, as President George W. Bush did when he imposed steel tariffs in 2002. But so far Mr. Macron has stressed industrial protectionism with no concrete pro-growth policy beyond proposals on labor-law reform that he hasn't moved to implement.

Mr. Macron promised voters better, and now he has more work to do to overcome this early negative signal to investors and blow to French credibility in the EU.

Eight months after the government destroyed a sprawling migrant encampment of about 9,000 migrants at Calais, up to 700 migrants — Eritreans, Ethiopians, Afghans and Pakistanis mostly — are still wandering the area around the Channel Tunnel, sleeping outdoors with no toilets or other facilities.

The migrants have made thousands of attempts to enter the tunnel and board trucks bound for England since the beginning of the year, the police say.

The French migrant numbers are small compared with the thousands pouring into Italy. There, about 95,000 migrants have arrived from across the Mediterranean this year.

But in France, a persistent, and active, humanitarian smuggling network at the Italian border helps fuel the migration, despite a crackdown.

Active mistreatment has not discouraged the migrants reaching France — for example, Human Rights Watch said last week that the police routinely used pepper spray on the migrants. Neither does passive neglect, since the government refused to heed a local court's order to provide water to the migrants.

But that lower court order was upheld Monday by the Council of State, which criticized Mr. Macron's government for "inhuman and degrading" treatment of the newest migrants at Calais, in northern France.

On Monday, the council blasted the government's "manifestly insufficient" accounting for "the elementary hygiene and water needs" of the migrants at Calais by compromising "in a serious and obviously illegal way, a fundamental right."

Mr. Macron's interior minister, Gérard Collomb, immediately promised water, showers and toilets

for the migrants at Calais, as well as two new regional reception centers where demands for asylum could be processed more quickly. He also promised an investigation into the police's conduct.

But the mayor of Calais, Natacha Bouchart, pointed out the dangers of the government's response, saying it would seed a potential rebirth of the sprawling encampment, known as the jungle, that was destroyed last fall. She vowed to resist the order by the council, an agency that conducts studies regarding public policy issues for the government and on its own, according to its website.

Volunteers distributed meals to migrants in Calais, France. The French government has treated NGOs helping the migrants harshly. Philippe Huguenet/Agence France-Presse — Getty Images

"I can't accept the putting in place of facilities which will once again facilitate the creation of encampments and slums," she said in a statement late on Monday.

The majority of residents of Calais might agree. The leader of the far-right National Front, Marine Le Pen, won a majority of the vote against Mr. Macron in the second round of the presidential election in May.

Mr. Macron wants a fresh start on policy regarding migrants, but until last week he had mainly allowed his tough-talking interior minister to set the tone: no coddling of migrants at Calais and harsh words for the humanitarian organizations working there.

The government wanted to avoid setting up new reception centers at Calais or do anything that would encourage migrants to head to that English Channel port, further exasperating local officials.

It has also pledged to step up the expulsion of economic migrants looking for work, as opposed to those seeking political asylum. Less

than a third of the 91,000 illegal migrants arrested in France last year actually left the country.

Mr. Macron turned his attention to migrants last week in a speech in Orléans, vowing then to end the phenomenon of migrant encampments in France. "The first fight is to house everybody decently. Between now and the end of the year, I want no more men and women in the streets, in the woods, or lost," he said.

"It's a question of dignity, it's a question of humanity, and of efficiency also," he said at the end of a ceremony to swear in new French citizens.

"Most of those who are, dreadfully, called migrants today, are not all men and women demanding asylum, coming from countries where their lives are in danger," Mr. Macron said. "There are many, more and more, who come from peaceful countries, and are following the economic migration routes, who are financing the smugglers, the bandits, even terrorists, and in those cases we need to be strict, tough even, rigorous, with those coming by those routes. We can't welcome everybody."

He promoted his own "much more ambitious" European development policy, called the Sahel Alliance, intended to keep the migrants in Africa.

While Africans have welcomed these outlines of initiatives, many reacted angrily to remarks Mr. Macron made at the Group of 20 summit meeting about Africa's "civilizational challenge."

"When you have countries where there are still seven to eight children per woman, you can decide to spend million of euros, nothing will be stabilized," he said.

Despite the angry African reaction, Mr. Macron's remarks are consistent with the demographic reality in



several West African countries that are sources of European migration.

The new president turned aside from the migrant issue in his first months. Instead, he has been preoccupied with reforming France's economy and meeting foreign

leaders, a suddenly plunging popularity rating and a raft of inexperienced parliamentary deputies in his own political movement.

But politically hazardous images of African migrants camping out — in

the streets of Paris, at Calais or near the Italian border around Nice — keep turning up in the French news media.

Last month the police in Paris carried out their 34th evacuation of migrants since 2015, removing

nearly 3,000 from the Porte de la Chapelle, then busing them to gymnasiums in the region for processing.

## CBS : North Korea intercontinental ballistic missile (ICBM) flew near Air France jet flight path

CBS News August 2, 2017, 6:45 AM  
4-5 minutes

Last Updated Aug 2, 2017 6:49 AM EDT

There are new concerns about the safety of commercial passenger planes after North Korea's latest missile test came dangerously close to an Air France jet's flight path.

The intercontinental ballistic missile (ICBM) that Kim Jong Un's regime launched on Friday flew for about 45 minutes before landing in the Sea of Japan -- where the plane carrying hundreds of people had flown by just minutes earlier.

As CBS News correspondent Kris Van Cleave reports, Air France has confirmed that the falling missile presented no danger to the flight, but the relatively close encounter is raising new questions -- not just about North Korea's future threat to foreign nations, but its current potential danger to air travelers.

Pentagon officials have said the latest missile test by the North presented the biggest potential threat yet -- demonstrating technology that could put the U.S. mainland in range of the rogue state's rockets. Officials believe the Hwasong-14 missile tested could possibly even reach New York.

Even though it was an unarmed missile, it still put civilians in harm's way.

"They absolutely are creating danger to commercial air space," former National Transportation Safety Board chairman Mark Rosenker tells CBS News.

At 9:55 a.m. Eastern on Friday, Air France Flight 293 took off from Tokyo, headed for Paris. About 45 minutes later, North Korea launched its missile. It climbed to more than 2,000 miles above the Earth. While the missile was in flight, so was the French jet, with 332 people aboard. The plane's flight path took it about 100 miles off the coast of Japan --

the same area where the missile landed some 10 minutes later.

Air France issued a statement saying "North Korea's missile test zones do not interfere in any way with Air France flight paths... we constantly analyse potentially dangerous fly over zones and adapt our flight plans accordingly."

But Rosenker, now a national transportation safety expert for CBS News, says the global aviation system isn't prepared for an unexpected missile launch.

"I don't believe that air traffic control would have the capacity to be able to warn a commercial aircraft that a missile was in its flight path," he said on "CBS This Morning."

The U.S. responded to North Korea's latest missile test by conducting a test launch of its own over the weekend, as well as a joint military exercise with South Korea and Japan.

On Tuesday, the U.S. military confirmed a second test launch of

an ICBM, saying that while it was "not a response to recent North Korean actions, the test demonstrates that the United States' nuclear enterprise is safe, secure, effective and ready to be able to deter, detect and defend against attacks on the United States and its allies."

The unarmed Minuteman III missile was launched early Tuesday morning from Vandenberg Air Force Base, California. Unlike North Korea, U.S. protocols include clearing commercial airspace before any test missiles are launched.

On Monday, President Trump promised to hold North Korea accountable.

"We're gonna be able to handle them. It will be handled," he said.

Japan's ambassador to the United Nations has said he expects the Security Council to draft a new sanctions resolution against North Korea within days.



## Italy and France Still Split Over Shipyard

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5-6 minutes

1 août 2017 à 13:47 UTC-4 1 août 2017 à 19:01 UTC-4

- Rome talks fail to bridge differences over majority ownership
- Two governments look to Sept. 27 meeting to show progress

France and Italy failed to find common ground over the STX shipyard on France's Atlantic coast, with the intense negotiations that have strained relations between the two governments set to continue into next month.

"Our positions remain very different," Italian Economic Development Minister Carlo Calenda said in Rome on Tuesday at the end of a meeting that included the French and Italian finance ministers.

France's Le Maire speaks in Rome.

Source: Bloomberg

In the talks, which lasted less than an hour, Italy didn't budge from its demand that Fincantieri SpA and Italian banking foundation CR Trieste have a majority stake in STX, according to a person familiar with the discussions. Italy said it "deeply regrets" France's position on STX.

In a joint statement, the two sides said they will seek to make progress on STX, as well as on planned Franco-Italian naval cooperation, by Sept. 27, the date of scheduled talks between the two governments.

"There will be time from now to Sept. 27 to close differences," Italian Finance Minister Pier Carlo Padoan told reporters in Rome. His French counterpart, Bruno Le Maire, said both governments have a "political responsibility to overcome" their differences.

"We're going to open talks in coming days, both on the composition of STX's capital and on civilian and

military naval cooperation," Le Maire said.

### Barbed Comments

The Rome meeting followed intense negotiations and barbed comments from both sides after French President Emmanuel Macron froze a bid for the STX facility from Trieste-based Fincantieri. About a month before Macron was elected, the Italian company had agreed to buy 48 percent of the shipbuilder from South Korea's STX Offshore & Shipbuilding Co. Ltd. with about another 6 percent going to CR Trieste. Macron said that meant Italy would effectively control the firm and refused to accept it.

Le Maire said last week that France, which already owns 33 percent of the 155-year-old shipyard, would nationalize the company to block Fincantieri's bid. He said it is "a temporary decision" that aims to "defend France's strategic interests in shipbuilding."

The Italian government has insisted that Fincantieri won't invest unless

the Italian firms can amass a majority stake between them.

### 'Preferred Option'

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According to the joint statement on Tuesday, "the stake of Fincantieri in STX France shall be defined in line with its leading industrial role" under a "mutually acceptable solution" by Sept. 27. Until then, "the French State commits not to open the capital of STX France to any third party and to consider Fincantieri as its preferred option for the future of the company," according to the statement.

"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," Padoan and Calenda said in a statement on July 27. "Nationalism and protectionism are not an acceptable basis for a relationship between two major European countries."



## SocGen Lags French Rivals in Equities Trading, Shares Fall (online)

Reuters  
4-5 minutes

PARIS — Societe Generale reported lower second-quarter profits on Wednesday, missing out on an equities trading surge that benefited rivals including BNP Paribas and Natixis.

SocGen's equity trading revenue fell more than 3 percent while BNP Paribas last week reported a 25.7 percent rise in its equities and prime services business which serves hedge funds and Natixis's revenue from equity trading was up 33 percent.

"Figures speak for themselves, they have done better than us, that's it," Didier Valet, head of SocGen's investment bank, told reporters, referring to the performance of SocGen's French rivals. "It's clear that we want to do better," he said.

SocGen's shares fell more than four percent, underperforming the broader European banking index which was down 0.9 percent.

France's second biggest bank said volatility in global markets had moved "ever lower" in the second

quarter and there was a widespread "wait-and-see" attitude among investors. Its equity derivatives perform strongly when markets are volatile.

Valet said volatility would not remain low forever and that it would pick up later on, given that some market-moving events, such as elections, or monetary policy decisions, were on the horizon.

SocGen, more focussed on equities than its rivals, has shaken up management and invested more in fixed income and prime services, aimed at hedge fund clients, in the past few years.

"We have a model which has as an objective a resilient revenue contribution," Chief Executive Frederic Oudea said in a video presentation.

Rival Natixis said on Tuesday that it had outperformed rivals in equities trading and derivatives, as its business does not depend on trading volumes or flows, but on specific products for clients on their transactions.

SocGen's investment bank, which accounts for about a third of group revenue, is bigger than that of Natixis and depends more on flows,

meaning fees from clients, such as asset managers.

"Flow products continued to experience limited activity, in conjunction with very low volatility, leading to a drop in volumes, primarily on flow derivatives and cash," the bank said.

In Germany, Commerzbank on Wednesday also pointed to weak markets as a reason for its bigger-than-expected net loss in the second quarter.

### COST CUTTING

SocGen fared better in fixed income trading, where it reported a 6.8 percent fall in second-quarter sales versus a 16 percent drop at BNP Paribas.

"SocGen's results were a bit worse than those of their French peers due to a weaker performance in corporate and investment banking, even if there was a positive surprise on their risk provisions," Keren Finance fund manager Benoit de Broissia. His firm does not own SocGen shares but holds BNP Paribas shares.

SocGen continued to cut costs in the investment bank in the second quarter, which helped to offset lower

revenue from trading and financing and advisory to bring net profit up 11 percent to 499 million euros.

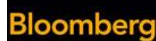
As well as cutting costs, French banks in general are aiming to win market share from European rivals, such as Credit Suisse and Deutsche Bank which are cutting jobs and exiting businesses.

SocGen's second-quarter group net income fell to 1.06 billion euros from 1.46 billion euros a year earlier, in line with the average of estimates from five analysts in a Reuters poll.

Group revenues fell 26 percent to 5.20 billion euros, below 5.39 billion euros expected by the analysts. A recovery in retail banking in eastern Europe and Africa helped partly to offset pressure on margins in French retail banking from low interest rates, and a decrease in trading sales.

(\$1 = 0.8472 euros)

(Reporting by Maya Nikolaeva, Julien Ponthus and Sudip Kar-Gupta. Editing by Jane Merriman)



## SocGen Litigation Cloud Lingers Over International Growth

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7-8 minutes

By

Fabio Benedetti Valentini

2 août 2017 à 00:47 UTC-4 2 août 2017 à 07:19 UTC-4

- Profit drops 28% amid \$354 million in further provisions
- Structured products help trading arm outperform some rivals

Societe Generale SA's backlog of litigation for past misconduct eclipsed demand for structured products and better results from consumer banking in eastern Europe.

France's third-largest bank increased provisions in the second quarter by 300 million euros (\$354 million), the bank said Wednesday, citing unspecified legal disputes.

SocGen's 963 million-euro settlement with Libya in May was already covered and didn't hit the bottom line or its capital position.

French lenders have become some of Europe's best performers in recent years, drawing on their prowess with derivatives used to structure products, where Chief Executive Officer Frederic Oudea had a stint in his early years at SocGen. While that business helped shore up trading revenue during a quiet market, the bank was forced to set aside more funds for alleged past misconduct, including a U.S. probe into violations of trade sanctions.

"We have these litigations, we'll try to put that behind us as quickly as possible," Oudea said in an interview with Bloomberg Television. For now, "there is no significant development" on any outstanding legal cases, he said.

Higher legal charges contributed to a 28 percent drop in second-quarter net income to 1.06 billion euros, in line with the average of six analyst estimates compiled by Bloomberg. The stock declined as much as 4.9

percent to 47.71 euros and was trading down 4.1 percent to 48.12 euros as of 12:38 p.m. local time, among the worst performers on the Bloomberg Europe 500 Banks Index.

"It's not a particularly bad set of results but expectations had gone pretty high," said Jonathan Fearon, who helps manage 280 billion pounds (\$331 billion) at Standard Life Plc and doesn't own SocGen shares. "There's not enough to move the stock on today."

### Capital Strength

The bank's common equity Tier 1 ratio, a measure of financial strength, rose to 11.7 percent at the end of June from 11.6 percent three months earlier, supported in part by the initial public offering of its car-leasing unit ALD SA.

Societe Generale's capital level "would have been flat ex-disposals," said Omar Fall, an analyst at Mediobanca Securities in London who has a hold rating on the stock. "There's no capital raising risk here

but the dividend outlook is not straightforward."

Chief Financial Officer Philippe Heim described the bank's capital level as "very comfortable" during a call. The lender reiterated that it aims to pay half of its profit as dividends.

### Equities, Bonds

Societe Generale slightly trailed expectations in equities and beat them in fixed income, contrary to the pattern at BNP Paribas SA and HSBC Holdings Plc. Those banks reported some of the smallest drops in trading revenue during a weak quarter across the securities industry.

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"The economic perspectives are better, so I think we can still see activity on the corporate side" and "on the markets we have had very low volatility also because probably people were waiting for some elections," Oudea said. Flow and volume may improve now that

European countries including France have new governments in place, he said, without being more specific about revenue prospects. Oudea is working on targets for 2020 that he plans to present in November.

SocGen's equity-trading sales fell 3.3 percent to 549 million euros, compared with the 559 million-euro average of analyst estimates compiled by Bloomberg. Revenue from buying and selling bonds, currencies, commodities and other debt products fell 6.8 percent to 586 million euros, less than estimated.

"The results were tainted by several exceptional elements," said Alex Koagne, an analyst at Natixis SA who recommends buying SocGen shares. "The mix is difficult to read and the market doesn't like that."

Robust revenues from structured products failed to offset by "soft cash and flow derivatives" in the equities business, Societe Generale said. Demand for products structured on fixed income was sustained but activity around rates declined, it said.

#### Russia, Romania

Societe Generale's profit rose 11 percent after stripping out

exceptional items, including gains from acquisitions and disposals.

Profit from international retail banking and financial services jumped 30 percent to 568 million euros as the Russian business returned to profit and net income from Romania more than doubled. In Russia, its biggest emerging market, net income reached 31 million euros in the second quarter, with provisions "substantially lower," the bank said.

Societe Generale gets less than 40 percent of its revenue from global banking and investor solutions, a business that includes trading as

well as private banking and lending to large corporations. French retail banking generates more than 30 percent, as does revenue from financial services and international networks.

At home in France, revenue contracted under pressure from record-low interest rates. Income from domestic consumer banking fell about 2 percent to 2.05 billion euros in the second quarter, as the unit's profit slumped 11 percent.

— *With assistance by Caroline Connan, and Chris Malpass*

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## Laurent : The Banker President Only Gets France's Banks So Far

Lionel Laurent

4-5 minutes

French banks are a less risky proposition today than at the start of the year, thanks to the election of Emmanuel Macron and an improving economy. But it will take a while before growing confidence translates into significantly better business.

The perceived creditworthiness of France's top banks -- among them Societe Generale SA, BNP Paribas SA, and Natixis -- has improved dramatically. An expanding economy has propped up their domestic operations, with loan impairments falling and businesses borrowing more money.

Unimpaired

Loan-loss provisions at Societe Generale's French retail bank

Societe Generale, France's third-biggest bank by market value, said on Wednesday loan losses at its

domestic consumer arm had fallen to the lowest since at least 2014, while lending to small businesses jumped by 10 percent. There is, according to CEO Frederic Oudea, a "better level of confidence" in France.

Societe Generale's problem?

Firstly, those trends didn't stop Societe Generale's profit falling by almost a third due to swelling litigation provisions.

Secondly, it's getting harder to make money from French retail banking, which has long been a cash cow thanks to juicy fees and high savings rates. Revenue at Societe Generale's domestic arm fell to the second-lowest level since at least 2014.

Income is being dragged down by persistently low interest rates, which are encouraging customers to renegotiate existing debts. The cost of running a branch network isn't being cut fast enough to compensate. Squeezed margins aren't just a French issue, as

Commerzbank AG's quarterly loss demonstrates, but it's a sign that the boost in economic confidence is no growth panacea.

There's also the sense that windfall of falling loan impairments won't last forever. The quality of French banks' loan books is set to stabilize, according to Moody's. With profit under pressure, banks are pulling other levers to raise cash and boost balance-sheet strength: in June, Societe Generale listed a stake in ALD, its auto-leasing business.

Whether these banks can grow revenue -- a headache that extends beyond consumer banking and into corporate advisory and trading -- will decide whether investors stick with shares that have by-and-large outperformed European peers over the past six months.

French banks have rebounded since the election, though the effect is petering out

Bloomberg Intelligence's Jonathan Tyce thinks Societe Generale's domestic and investment-banking

revenue needs to improve -- though the absence of volatility in financial markets may make the latter difficult. If Macron pulls off planned reforms to labor markets and the tax code, that might make French firms more confident and willing to spend, but we aren't there yet.

BNP Paribas, Societe Generale and Credit Agricole trade at a discount of about 15 to 25 percent to their book value, according to Bloomberg Intelligence. That's a skinnier markdown than Deutsche Bank AG or Barclays Plc -- but it's still more than Spain's Banco Santander SA and Italy's Intesa Sanpaolo SpA.

Market-friendly election results and economic performance have helped improve valuations this year. But there seem to be few quick-fix solutions on offer: the firms are too large to attempt easy mergers; cost cuts will take time; and they need to walk a balance between boosting capital and paying dividends. Even Macron's helping hand can't do everything.

## Science Magazine : After French drug trial tragedy, European Union issues new rules to protect study volunteers

By Hinnerk Feldwisch-Drentrup Aug. 1, 2017, 4:36 PM

4-5 minutes

One subject died and four others suffered from brain damage in a 2016 study run by Biotrial in Rennes, France.

David Vincent/ASSOCIATED PRESS

The European Medicines Agency (EMA) has issued new, stricter rules for studies that test drugs in people for the first time. They aim to better protect participants in such first-in-human studies—often healthy

volunteers who receive a financial reward.

The guideline, which was issued on 25 July, will take effect in February 2018. It comes in the wake of a tragedy in a French drug study last year that led to the death of one man and serious neurological damage in four others. But some say the revision isn't going for enough.

The new guideline emphasizes that drug developers must perform comprehensive preclinical tests of a new compound, including how it binds to its target and whether it has so-called off-target effects; experts argue such studies fell short for the

French study. EMA also provides more detailed guidance on dosing and how to monitor subjects' safety. Trial sponsors need to have strategies to minimize risks at every step and have to deal with adverse events timely and adequately.

Also new in the guideline are provisions for trials consisting of multiple substudies, which have become far more common the past decade. (The French trial, run by Biotrial in Rennes for a Portuguese drug company named Bial, used multiple groups of volunteers to test many different dosing regimens and interactions with food.) In some cases, drug developers need to

analyze all the results of an earlier part before moving on to the next.

Neuropharmacologist Daniele Piomelli from the University of California, Irvine, welcomes several of the new rules. Bial and Biotrial made the "incomprehensible decision" to test daily doses of up to 100 milligrams, he says, when much smaller doses had been shown to completely inhibit the target enzyme; the new rules would have prevented that.

But the guideline doesn't sufficiently address another mistake, Piomelli says. After the first volunteer was hospitalized with stroke-like symptoms, the remaining subjects



received another dose the next morning. Under EMA's new rules, a serious adverse reaction in even one subject should be considered a reason to stop if it is "at least possibly related" to the drug candidate. But Piomelli says that with healthy volunteers, any serious adverse event should be presumed to be drug-related. "In doubt, you stop," he says.

EMA "certainly tried to improve" the guideline, says Joerg Hasford of Ludwig Maximilians University of Munich in

**Bloomberg**

## Editorial : Take Your Time, Bank of England

by The Editors  
More stories by The Editors

4 minutes

Is Mark Carney getting hawkish?

Photographer: Chris J. Ratcliffe/Pool/Getty Images

The Bank of England meets tomorrow to decide whether to raise interest rates. The choice isn't clear-cut, and the central bank's policy makers appear to be divided -- but with the economy showing signs of slowing and inflation under control, they'd be wise to wait a while longer before tightening.

The Bank of England responded to the Brexit referendum by cutting its benchmark rate to 0.25 percent and resuming its program of asset

**THE WALL STREET JOURNAL.**

Giovanni Legorano

7-9 minutes

Updated Aug. 1, 2017 2:28 p.m. ET

The eurozone's economy quickened in the second quarter, raising expectations the European Central Bank will begin to phase out its stimulus measures next year as the region emerges from the shadow of the past decade's financial crises.

Gross domestic product in the 19-country euro currency zone grew by 0.6% in the three months to June, an annualized pace of 2.3% and a slight improvement from the 0.5% expansion in the first quarter.

The acceleration in the eurozone's recovery means it is playing a more equal role with the U.S. in driving global growth. Over the last 18 months, the region has grown a little faster than the U.S., having been well behind in 2015 and prior years. If that pattern continues, global

Germany, the chair of the Association of German Research Ethics Committees. But the wording is "supersoft," Hasford says. Drug developers want studies to go fast, and EMA appears to accommodate them, he says. Studies with multiple parts, for instance, are attractive to trial sponsors because they have to apply for approval and produce participant information only once. But Hasford says such setups should not normally be allowed for first-in-human trials.

purchases. The economy initially proved more resilient than the Bank forecast. Inflation moved up too: It now stands at 2.6 percent, higher than the Bank's target of 2 percent. Hence the calls to reverse the stimulus.

Two of the current eight members of the monetary-policy committee voted in June to raise rates, and others are turning more hawkish. Andy Haldane, the Bank's chief economist, says he is leaning towards voting for a hike. Governor Mark Carney has been more cautious, but he too has hinted he's moving in that direction.

On balance, though, the case for raising interest rates is still weak. Higher inflation reflects temporary factors, especially the steep depreciation of sterling after the referendum. The pound has since

economic growth should be stronger this year.

But more balanced growth wasn't the expectation of most economists entering 2017. They expected the contribution of Europe's economic heartland to decline in response to political uncertainty and rising oil prices. U.S. growth was expected to pick up in anticipation of the tax cuts and increases in infrastructure spending promised by the new president.

"All in all, the eurozone economy has rounded out the first half of the year in a very healthy state and seems to be set up nicely for continued firm growth for the rest of 2017," said Bert Colijn, an economist at ING Bank.

Some crisis-era effects linger in the region, however, including high unemployment in Southern Europe, lack of growth in laggards such as Italy and Greece, and widespread popular discontent with political elites. But improving growth is dispelling fears of the euro's demise, reviving the confidence of the EU's political class that it can fend off

The guideline also lacks sufficient ethical guidance on weighing the benefits against the risks before a trial starts, he adds. Some researchers criticized the Bial trial because the company had not shown that the test drug, called BIA 10-2474, was a promising drug candidate. "It was not clear that this compound was useful for anything," Piomelli says.

In an email to *ScienceInsider*, an EMA spokesperson says that the guidelines need to cover many different scenarios and that the

stabilized, which will keep the cost of imports in check. The Bank shouldn't let short-lived fluctuations drive policy.

In addition, the economy no longer looks so healthy. Consumers are feeling the pinch from lower real wages, and business investment and exports aren't taking over as strong drivers of growth. The economy expanded by just 0.3 percent in the three months to June, suggesting that a slowdown is setting in.

True, consumer borrowing is rising sharply, a sign that low rates could be fuelling a credit binge. But the Bank can deal with this in other ways: In June, it told lenders to set aside 11.4 billion pounds (\$14.5 billion) in case some of these loans turn sour.

challenges from nationalist or antiestablishment parties and boosting optimism that the continent is mostly returning to normality after a lost decade.

Antonio Vallejo, finance director at Spanish restaurants and bars company Grupo Mercado de la Reina, said business has been improving steadily since the end of 2015. "People started to go out for dinner again," he said. "You can see clearly that people spend more."

The return of growth rates above 2% annualized is likely to further encourage ECB officials who want to decide this fall, probably in September, to reduce monetary stimulus starting in early 2018.

The ECB has launched a series of stimulus measures since mid-2014 that are intended to raise inflation to its target of just below 2%. At 1.3% in July, inflation remained well short of that goal. But central bank officials expect that if growth continues to be robust, inflation eventually will pick up, and the need for their stimulus measures—

agency can't produce an "omni-comprehensive document." Trial sponsors have to interpret and apply the provisions in a manner "that is proportionate to the level of uncertainty linked to the novel drug and the characteristics of the subjects," he says. And the revision focuses on technical aspects, he emphasizes; ethics committees are responsible for weighing studies' ethical questions.

As Brexit approaches, uncertainty over Britain's economic prospects is intense, and things could get worse before they get better. A change of policy now might have to be reversed in short order, adding to the problem. Financial markets, according to a survey by Bloomberg, would see a rise in interest rates this week as a surprise -- another reason for caution. For now the Bank's best bet is to be patient.

--Editors: Ferdinando Giugliano, Clive Crook

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especially bond purchases—will diminish.

Financial markets are watching closely for signals about when and how quickly the ECB will reduce the bond-buying program, known as quantitative easing. The timing of the decision to phase it out is the ECB's most important decision in years.

The next hint could come when ECB President Mario Draghi addresses the U.S. Federal Reserve's economics conference August 24-26 in Jackson Hole, Wyo.

The ECB could signal as soon as its next policy meeting on Sept. 7 that QE will be gradually wound down next year, according to officials with the bank.

But the decision could be delayed until October, depending on the latest economic data, these officials say.

In July, Mr. Draghi described the recovery as "robust" and said policy makers would decide in the fall on the future of their bond-buying



program, which is tentatively scheduled to end in December. ECB watchers expect the program to be extended into 2018, but at a reduced scale. Most doubt the purchases will continue into 2019.

The ECB has already raised its growth forecast twice this year and may do so again in September. It now expects the eurozone economy to grow by 1.9% across 2017.

The European Union's statistics service, Eurostat, gave no breakdown of Monday's GDP growth data, though economists suspect both consumer spending and business investment contributed to the improvement.

Spain has already released data showing acceleration in the second quarter, while France said its growth rate was unchanged. Germany and Italy, the bloc's other major economies, have yet to report.

The recovery has lifted business and consumer confidence to highs

not seen since before the global financial crisis. It has also helped reduce the eurozone's unemployment rate to 9.1%—still high by international standards, but down from peak levels of around 12% during the crisis. Much of the fall in unemployment has occurred in Spain and Germany; job creation remains more sluggish in France and especially in Italy.

Growth is also easing the strains on government coffers in Spain. "Finally, some money has become available for public services, which is remarkable after so many people were laid off to cut costs," said Tomás Domingo, a high-school teacher from Tenerife in the Canary Islands.

Mr. Domingo said his school finally obtained money to fix the leaky roof of its sports pavilion, something it has been asking for since 2009.

"When it rained, it used to get flooded and the kids couldn't use it,"

he said, adding the school will also replace around 25 old computers.

Germany, Europe's biggest economy, is the other main pillar of the improvement. At machine-tool maker Trumpf Group from near Stuttgart, sales rose 11% to €3.1 billion (\$3.6 billion) in the year to June 30. The company's order book is brimming, said chief executive Nicola Leibinger-Kammüller.

The same holds across much of Germany's engineering sector, which has long profited from global trade but now is also enjoying rising orders from eurozone countries, according to industry association VDMA.

The mood among German businesses is "euphoric," Clemens Fuest, head of German economics think tank Ifo said last month after the institute's business-confidence index hit a high.

Some early signs suggest growth might slow slightly in the second half

of the year. A survey of 3,000 manufacturing companies released Tuesday found that activity in July increased at the slowest pace in four months. But at 56.6, the Purchasing Managers Index for the sector still pointed to solid growth.

**Write to** Paul Hannon at paul.hannon@wsj.com, Tom Fairless at tom.fairless@wsj.com and Giovanni Legorano at giovanni.legorano@wsj.com

#### Corrections & Amplifications

The eurozone's gross domestic product has grown faster than the U.S.'s over the last 18 months. A headline in an earlier version of this article incorrectly said that the eurozone's GDP grew faster than the U.S. in the three months to June on an annualized basis.

Appeared in the August 2, 2017, print edition as 'Eurozone Posts Another Period of Growth.'

## INTERNATIONAL

THE WALL  
STREET  
JOURNAL

### Tillerson Tamps Down Talk of North Korean Regime Change

Paul Sonne  
5-7 minutes

Aug. 1, 2017 8:25 p.m. ET

WASHINGTON—The U.S. doesn't seek regime change in North Korea, Secretary of State Rex Tillerson said Tuesday, a statement at odds with suggestions last month from Central Intelligence Agency Director Mike Pompeo that the U.S. would like North Korean leader Kim Jong Un to go.

Mr. Tillerson, speaking at a news conference in Washington ahead of a multicountry trip to Asia, said the U.S. had reaffirmed its stance toward North Korea, which has conducted two intercontinental ballistic missile tests this year and five nuclear weapons tests since 2006.

"We do not seek a regime change," Mr. Tillerson said. "We do not seek the collapse of the regime...We're trying to convey to the North Koreans: We are not your enemy. We are not your threat. But you are presenting an unacceptable threat to us, and we have to respond."

Instead, Mr. Tillerson wants to have a dialogue with North Korea and said the U.S. was working with the Chinese to put peaceful pressure on the regime to set the stage for talks.

But Mr. Tillerson set a precondition for any such dialogue—namely, that Pyongyang enter the talks understanding there is no future for a North Korea with nuclear weapons.

"We don't think that having a dialogue where the North Koreans come to the table assuming they are going to maintain their nuclear weapons is productive," Mr. Tillerson said.

White House press secretary Sarah Huckabee Sanders said Tuesday that President Donald Trump isn't ruling anything out. "The president obviously has been very outspoken about how he feels about North Korea," she said. "We are weighing all options, keeping all options on the table."

The Trump administration has been sending mixed messages about regime change in North Korea. Mr. Kim's government is fast approaching a moment where it will be able to strike the continental U.S. with a nuclear-tipped missile—a threat Mr. Trump has vowed to neutralize. The president has accused China of not doing enough to tackle the North Korean nuclear threat.

Mr. Pompeo, speaking at the Aspen Security Forum on July 21, said the U.S. should "separate" Mr. Kim from his nuclear weapons, leaving open

the possibility of a U.S.-backed regime-change effort to tackle the threat.

"It would be a great thing to denuclearize the peninsula, to get those weapons off of that, but the thing that is most dangerous about it is the character that holds the control over them today," Mr. Pompeo said. He said the most important thing the administration can do is "separate those two."

"I am hopeful we will find a way to separate that regime from this system," Mr. Pompeo added. "The North Korean people I'm sure are lovely people and would love to see him go as well. As you might know, they don't live a very good life there."

Experts say the North Korean government would have little incentive to enter talks if the precondition was giving up nuclear weapons, which Mr. Kim sees as a guarantor of his regime's survival.

"Asking the North Koreans to come to the table after they denuclearize is a nonstarter," said Suzanne DiMaggio, a senior fellow at the Washington-based New America Foundation. "It's unrealistic and it conveys that the U.S. is not yet really serious about engagement."

Ms. DiMaggio, who has directed nongovernmental diplomatic efforts

between the U.S. and North Korea in the past, known as "track-two diplomacy," said all members of the Trump administration must send the same policy message and should quietly explore "talks about talks."

"I do think the administration now is sending a flurry of mixed signals, and it would be in everyone's interest to really get the policy straightened out and communicate with one voice," Ms. DiMaggio said. "The room for misinterpretation and miscues is quite large."

China also has advocated for negotiations and proposed a so-called "freeze for freeze," whereby Pyongyang would pause its nuclear weapons and ballistic missile tests in exchange for the U.S. and South Korea stopping some military exercises. But so far the Trump administration has rebuffed the proposal.

After North Korea's most recent missile test last week, Mr. Trump tweeted that he was "very disappointed in China." He said that "they do NOTHING for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!"

Mr. Tillerson appeared to dial back the president's comments in his news conference Tuesday. He said the U.S. didn't blame Beijing for the situation in North Korea but

emphasized that China—which he said accounts for 90% of trade with North Korea—was in a unique position to help solve the problem.

"Only the North Koreans are to blame for this situation," Mr. Tillerson said. "But we do believe China has a special and unique relationship because of this

significant economic activity to influence the North Korean regime in ways that no one else can."

Write to Paul Sonne at paul.sonne@wsj.com

Appeared in the August 2, 2017, print edition as 'Tillerson: U.S. Isn't Seeking to Oust Kim.'



## Rex Tillerson: U.S. Wants North Korea Talks at 'Some Point'

David  
Brunnstrom / Reuters

3-4 minutes

(WASHINGTON) - The U.S. does not seek to topple the North Korean government and would like dialogue with Pyongyang at some point, but only on the understanding that it can never be a nuclear power, Secretary of State Rex Tillerson said on Tuesday.

Speaking to reporters at the State Department days after Pyongyang tested its second intercontinental ballistic missile (ICBM), Tillerson reiterated that Washington sought to persuade North Korea to give up its missile and nuclear weapons programs through peaceful pressure.

"We do not seek a regime change, we do not seek a

collapse of the regime, we do not seek an accelerated reunification of the peninsula, we do not seek an excuse to send our military north of the 38th Parallel," Tillerson said.

"We are not your enemy ... but you are presenting an unacceptable threat to us, and we have to respond. And we hope that at some point they will begin to understand that and we would like to sit and have a dialogue with them."

However, "a condition of those talks is there is no future where North Korea holds nuclear weapons or the ability to deliver those nuclear weapons to anyone in the region, much less the (U.S.) homeland," he said.

North Korea has vowed to develop a nuclear-tipped missile capable of hitting the United States and U.S. officials said the latest test had shown it may now be able to reach most of the country.

Tillerson repeated calls for North Korea's neighbor and ally China, which has urged a resumption of talks with Pyongyang, to use its influence to create the conditions for "productive dialogue."

He said other options were "not particularly attractive."

President Donald Trump's administration has said all options are on the table in dealing with North Korea, including military ones. However, given the potential for massive casualties from North Korean retaliation in allied South Korea and Japan and among U.S. troops there, it has stressed the need for a diplomatic solution.

Earlier on Tuesday, a leading Republican senator, Lindsey Graham, said Trump had told him he was willing to go to war with North Korea "if they continued to try to hit America with an ICBM."

"He's told me that. I believe him. If I were China, I would believe him, too, and do something about it. You can stop North Korea, militarily or diplomatically," he said on NBC's "Today Show."

"There is a military option: To destroy North Korea's program and North Korea itself," Graham said. "I prefer the diplomatic approach. But they will not be allowed to have a missile to hit America with a nuclear weapon on top."

Asked about Graham's remarks, White House spokeswoman Sarah Sanders reiterated that the administration was "keeping all options on the table."



## Tillerson to North Korea: 'We are not your enemy'

<https://www.facebook.com/anne.gearan>

6-8 minutes

The U.S. does not seek to topple the government of North Korea and would like to have a dialogue with Pyongyang at some point, Secretary of State Rex Tillerson said Aug. 1. The U.S. does not seek to topple the government of North Korea and would like to have a dialogue with Pyongyang at some point, Secretary of State Rex Tillerson (Reuters)

(Reuters)

Secretary of State Rex Tillerson called Tuesday for a dialogue with North Korea and acknowledged that U.S. relations with Russia have worsened during the Trump administration.

During wide-ranging comments at the State Department marking six months since his confirmation, Tillerson told reporters that the United States does not aim to depose the government in Pyongyang or use military force.

"We do not seek a regime change, we do not seek a collapse of the regime, we do not seek an accelerated reunification of the peninsula, we do not seek an

excuse to send our military north of the 38th Parallel," he said.

"We are trying to convey to the North Koreans: 'We are not your enemy, we are not your threat. But you are presenting an unacceptable threat to us, and we have to respond.'"

Tillerson added that the United States hopes that "at some point," North Korea will understand and sit down for a dialogue.

Secretary of State Rex Tillerson said that relations with Russia are "under considerable stress," but that the two countries hope to work together on the war in Syria. Secretary of State Rex Tillerson said that relations with Russia "under considerable stress." (Reuters)

(Reuters)

The secretary of state said the administration has been attempting to exert "peaceful pressure" on North Korea, "because the options available to us are limited, particularly if we think we are operating under a short period of time."

Tillerson talked to reporters during a surprise appearance in the briefing room, his first since becoming secretary six months ago. He expressed concern about Iran's

regional ambitions, unrest in Venezuela and war in Ukraine. He also said he has a "good" relationship with President Trump, who calls him daily, including late at night and on weekends, "when something comes to his head."

Tillerson said that despite the United States' deteriorating relationship with Russia, the countries still can cooperate on Syria and counterterrorism, items that will be on the agenda when Tillerson meets Russian Foreign Minister Sergey Lavrov this weekend at a summit in the Philippines.

"I don't think the American people want us to have a bad relationship with a huge nuclear power, but I think they are frustrated," he said.

Tillerson quoted Trump telling Lavrov, "We need some good news with Russia," when they met in the Oval Office. Tillerson said he has warned Russian President Vladimir Putin and Lavrov that "the situation's bad, but believe me, it can get worse. And it just did."

Putin's decision to slash the staff at the U.S. Embassy in Moscow, Tillerson suggested, was a play to domestic politics after Barack Obama expelled Russian diplomats and seized two Russian properties

in the closing weeks of his presidency.

"He felt he had to do something," Tillerson said of Putin. "Does it make our life more difficult? Of course it makes our life more difficult."

Tillerson voiced skepticism about whether the nuclear deal with Iran, officially known as the Joint Comprehensive Plan of Action, has value for the United States.

"It's an agreement that should serve America's interests first and foremost, and if it doesn't serve that interest, then why would we maintain it?" Tillerson said.

Iran was supposed to "become a good neighbor," but instead has continued its ballistic missile program, he said.

"The spirit of the agreement has been violated," Tillerson said, adding that that view is shared among the European countries that were also parties to the agreement.

"Do we want to tear it up and walk away?" he said. "Do we want to make the point to Iran that we expect you to get back in line with the spirit of the agreement, and we're going to stay here and hold you accountable to it?"

Tillerson has argued that the deal is flawed but should be maintained, at least for now, because the alternative is worse.

Checkpoint newsletter

Military, defense and security at home and abroad.

"I think there are a lot of alternative means with which we use the agreement to advance our policies in the relationship with Iran," he

said. "And that's what the conversation is around, generally, with the president, is what are all those options."

Tillerson also expressed alarm about Venezuela, and suggested that the United States would be pleased if President Nicolás Maduro decided to leave office.

"The situation from a humanitarian standpoint is already becoming dire," Tillerson said.

He brushed off the criticism of his management of the State Department. Hundreds of senior positions are unfilled, and some of his positions have been rebutted by the White House or a presidential tweet. The criticisms have fed rumors that he is frustrated about sparring with the White House over policy and complaints within the department he is trying to "redesign" for the 21st century, and that has considered resigning. But Tillerson

sounded resolute Tuesday, describing his relationship with Trump as "very open."

"It's one in which I feel quite comfortable telling him my views," he said. "He and I have differences of views on things like [the Iran nuclear deal] and how we should use it. I think if we're not having those differences, I'm not sure I'm serving him."



## North Korean Missiles May Be Too Advanced for More Sanctions

Bloomberg News

7-9 minutes

1 août 2017 à 16:00 UTC-4 1 août 2017 à 19:13 UTC-4

- Analysts say Kim Jong Un looks unstoppable on ICBM progress
- Economy grew at the fastest pace in 17 years with China's help

It may already be too late for sanctions to halt North Korea's missile program.

That's the view of analysts who have watched Kim Jong Un accelerate progress on North Korea's decades-long quest for a functioning intercontinental ballistic missile. Friday's launch, the second in a matter of weeks, showed it's just a matter of time before he has a full-fledged ICBM that could hit any part of the U.S. with a nuclear weapon.

As North Korea's economy holds up, and the regime moves beyond the startup costs of its nuclear program, efforts to choke off its finances become less effective, the analysts say.

That leaves U.S. President Donald Trump with limited options. A military strike could have devastating consequences for the Korean peninsula. At the same time the U.S. is loath to make the concessions that Kim demands to get him to the negotiating table.

"No amount of sanctions will stop Kim Jong Un from having his ICBM," said Andrei Lankov, a professor of Korean studies at Kookmin University in Seoul, who has written several books on North Korea. "As long as the Kim family stays in power -- and they're likely

to stay in power for a long time -- denuclearization is not possible. Period."

The U.S. has said it won't call another meeting of the United Nations Security Council after the latest missile test, with Ambassador Nikki Haley saying another resolution would be pointless. The U.S. and Japan both blame China and Russia -- veto-wielding members of the Security Council that oppose more sanctions -- for propping up Kim's regime.

Who is Kim Jong Un?

Trump, who blasted China on Twitter for doing "NOTHING" on North Korea, is considering trade restrictions and sanctions against the world's second-biggest economy, Politico reported on Monday. In June, his administration sanctioned a regional Chinese bank, a shipping company and two Chinese citizens over dealings with North Korea.

The U.S. president is keeping "all options on the table" when it comes to North Korea, White House spokeswoman Sarah Sanders said Tuesday at a briefing. Still, Secretary of State Rex Tillerson urged continued "peaceful pressure" on Pyongyang, telling reporters the U.S. goal isn't to topple Kim's regime or find "an excuse to send our military north."

Trump's options for dealing with North Korea: QuickTake Q&A

China fears a collapse of Kim's regime could lead to a refugee crisis and U.S. troops on its border. Even though relations between the neighbors have been frosty of late, China still accounts for about 90 percent of North Korea's total trade.

North Korea's economy seems to be doing well despite the sanctions. Growth stood at 3.9 percent in 2016, the fastest rate in 17 years,

according to South Korea's central bank. Data from China's customs bureau show trade remained active this year, with North Korea logging a trade deficit of \$800 million in the first six months -- suggesting it has cash to buy goods.

While no reliable estimates exist on how much it costs Kim to test his weapons, analysts say the biggest investments -- building facilities -- have already been made.

### 'Irreversible Path'

"It's ridiculous if you believe the North needs billions of dollars to develop its nuclear weapons and missiles," said Lim Eul-chul, director for strategic planning at the Center for International Cooperation for North Korean Development at Kyungnam University in South Korea. "He doesn't pay his scientists that much and North Korea can make most of the weapons components internally on its own."

U.S. Marine General Joseph Dunford, chairman of the Joint Chiefs of Staff, said last month that North Korea is on an "irreversible path" to obtaining a fully-functional ICBM. Weapons analysts debate how much more work is needed.

North Korea started developing its nuclear technology in the 1960s, mostly with help from the Soviet Union and then Russia. The Kim dynasty managed to avoid large outlays by making incremental advances over decades.

The missile launched Friday flew as high as 3,700 kilometers (2,300 miles) before it fell into the sea near Japan 1,000 kilometers away. If it was launched at a normal trajectory, analysts say it could have traveled about 10 times further -- enough to hit Denver or Chicago, depending on the flight path.

### 'Very Small Impact'

Questions remain over whether North Korea has mastered the ability to put a nuclear warhead on a missile that can survive re-entry into the Earth's atmosphere. It also needs to be able to put multiple warheads on a missile to evade defense systems, and ensure it accurately hits a specific target.

The test missiles have used liquid fuel, which can take hours to fill, making them susceptible to attack. North Korea's goal is to have a solid-fuel rocket that would allow a mobile ICBM to be launched without much preparation.

North Korea's capabilities are currently on par with the U.S. and Soviet Union in the 1960s and 1970s, according to Jeffrey Lewis, director of the East Asia Nonproliferation Program at Middlebury Institute of International Studies at Monterey.

"There is a technology diffusion that has gone on so far that export controls and sanctions have a very, very small impact," he said in Tokyo this week.

At this stage it may be possible to limit North Korea's weapons advancement through a combination of pressure, incentives and security guarantees, according to Michael Kovrig, a senior adviser on Northeast Asia for the International Crisis Group.

"Tighter sanctions could slow but not stop Pyongyang's progress," Kovrig said. "North Korea's regime likely sees a nuclear deterrent as essential for its survival, and probably would be willing and able to suffer through extreme hardship without budging."

— With assistance by Peter Pae, Peter Martin, Kanga Kong, and Isabel Reynolds



## Ted Cruz : How to degrade the growing power of North Korea

By Ted Cruz

5-7 minutes

North Korean leader Kim Jong-un presides over an operations

meeting on the Korean Army Strategic Rocket Force in 2013. (KCNA/REUTERS)

By Ted Cruz August 1 at 10:01 AM



*Ted Cruz, a Republican, represents Texas in the U.S. Senate.*

Four years ago, North Korea's Rodong newspaper released a photograph of Kim Jong Un sitting in front of an intercontinental-ballistic-missile targeting map depicting Washington, Los Angeles and Austin. What once may have sparked laughter is no longer a joke. Kim's latest successful ICBM test, last week, could make the entire continental United States vulnerable to a nuclear strike from Pyongyang.

We can no longer defer our response to this crisis. North Korea has demonstrated time and again that it may upend the tenuous armistice along the 38th parallel at any moment and drag the United States and our allies into a devastating conflict. What the United States needs now is swift action backed by a realistic strategy to secure the denuclearization and reunification of the Korean Peninsula.

We can achieve this if we effectively nullify Pyongyang's ability to target the United States and our allies, freeze the resources that North Korea funnels to its ballistic missile and nuclear capabilities, and send a signal to disenchanting Korean Workers Party elites that they could have a future in a reunified Korea.

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Today, only the Ground-Based Midcourse Defense system — designed to intercept ICBMs as they travel through space — protects the United States from nuclear attack. The Terminal High-Altitude Area Defense system, calibrated to destroy medium-range missiles as they reenter Earth's atmosphere, defends South Korea. Both platforms, and accompanying missile-interceptor programs such as the Multi-Object Kill Vehicle, must remain top priorities, but North Korea's ICBM tests necessitate new measures.

We must now take missile defense into space.

Although the Institute for Defense Analysis reported in 2011 that the United States possesses the requisite technology to field a space-based interceptor (SBI) program within 10 years, little progress has been made in the six years since. Legislating to advance SBI and expand the scope of the Missile Defense Agency has been a critical priority for me on the Senate Armed Services Committee. Only with a serious space-based capability can we target missiles in their boost phase and maximize discrimination of decoys during midcourse flight.

Our aim must be to outpace the North Korean threat by orders of

magnitude, not merely to keep up with it. Space-based missile defense can get us there.

However, simply defending against North Korean projectiles is insufficient. We must also deprive Pyongyang of the resources it directs to its nuclear and ballistic missile programs. Unfortunately, during the Obama administration, the White House was more interested in securing a climate deal with China than enforcing sanctions against Pyongyang.

President Trump is right when he says that China holds unique sway over North Korea. Beijing is effectively its only real trading partner, and the illicit network that finances North Korea's atomic pursuits runs through Chinese banks and companies.

I applaud the Treasury Department for recently designating the Bank of Dandong as a primary money laundering concern; now is the time to take further action against other key violators that bankroll the North Korean mafia state, including Bank of China. U.N. reports, Justice Department documents and nongovernmental organization research have proved that Kim depends on the U.S. financial system to pay his elites, generals, security forces and soldiers. We must, through our financial regulations, compel U.S. banks with correspondent accounts linked to North Korean entities to begin mapping out the complex financial

web of beneficial ownership that Pyongyang obscures with Chinese assistance.

Yet even a sanctioned North Korea remains a threat. Endemic to the regime is the enduring Juche ideology that deifies the Kim family and promises reunification of Korea in a communist utopia. Like all authoritarian regimes before it, the Korean Workers Party propagates these lies in a vacuum of truth.

Reauthorization of the North Korea Human Rights Act (which I am co-sponsoring) can enable the United States to reach the people of North Korea with targeted messages of hope and support, as well as examples of the freedoms we enjoy every day. We should take this a step further and begin to initiate targeted information operations focusing on North Korean political elites who, like everyday North Koreans, have also felt the brunt of Kim's paranoid persecution. We must begin to quietly signal to these elites that there is a future for them if they are prepared to do the right thing when it matters most.

The only way to degrade the growing power of Pyongyang is through a coordinated approach that nullifies North Korea's missile advances, stymies its illicit cash flow and challenges the lies that underpin Kim's hold on power. This would turn the tables on Pyongyang and give us back the advantage.

## THE WALL STREET JOURNAL

### Jenkins Jr. : Nukes Won't Save North Korea

Holman W. Jenkins, Jr.

5-7 minutes

Aug. 1, 2017 5:53 p.m. ET

In 2012, the commander of U.S. allied forces in South Korea explained the nature of the thousands of North Korean artillery and conventional rocket systems aimed at Seoul, a city of 24 million.

"These systems are capable of ranging Seoul without moving, and can deliver both high-explosive and chemical munitions with little or no warning."

This would seem a pretty good deterrent given the improbable scenario, as North Korea surely understands, of a U.S. and South Korean attack on the North. Then why nukes? Penetrating North Korean rationalizations is never a sure thing, but a likely answer is to be found in the recent joint Chinese-Russian proposal of a freeze in North Korea's missile and bomb

testing in exchange for an end to U.S.-South Korean annual military exercises.

When North Korea is already spending 22% of gross domestic product to maintain its military, the cost of mobilizing in response to near-constant U.S. and South Korean maneuvers is a killing burden. Washington's and Seoul's war games are their most effective sanction and always have been.

North Korea upped the tempo of its training flights sixfold, to 700 a day, on the first day of the 2013 U.S. and South Korean "Key Resolve" annual maneuvers. That naturally sent Seoul's analysts to their calculators, concluding triumphantly that the North was either draining its war reserve or starving its civilian economy of fuel.

The North especially goes ape over carrier deployments. When President Obama dispatched the USS George Washington, the North denounced "imperialist aggression" and promised "unpredictable disasters." When President Trump

sent the USS Carl Vinson, the North raged about "maniacal military provocations."

When the U.S. and Japanese navies are operating in nearby waters, the North must keep its jets in the air and defenses mobilized. When U.S. and South Korean and (recently) Chinese troops are on the move near its border, it must activate troops in response.

Blood-curdling threats are the norm, possibly because they are cheaper than jet fuel. The North's deputy United Nations ambassador warned earlier this year amid various Trump deployments that "thermonuclear war may break out at any moment."

Or not. Both sides have been playing this game for a long time. Miscalculation is always possible, but much less so than in 1950.

Adm. Harry Harris, chief of the U.S. Pacific Command, said before Congress in April that the goal is to "bring Kim Jong Un to his senses, not his knees." Tellingly, the admiral

noted North Korean "shortfalls in training and equipment."

In 2013, when Gen. Mike Flynn headed the Defense Intelligence Agency, he testified that "the North's military suffers from logistics shortages, largely outdated equipment, and inadequate training."

The U.S. and its allies can maintain their mobilization virtually indefinitely. North Korea can't. Motor fuel is a sore point, but so are food, equipment, and sanitation and health care for troops in the field.

Ultimately, the Kim family regime remains in power by distributing resources to its loyalists, which actually shows every sign of being the growing priority today. In April, foreign reporters were invited to witness a ribbon cutting on a sumptuous new apartment block in Pyongyang for Kim favorites. The Chosun Ilbo, a South Korean paper, recounted the scene:

"Premier Pak Pong-ju then delivered a speech in which he

claimed the opening of the street is more powerful than 'hundreds of nuclear bombs.' A Los Angeles Times correspondent tweeted that the street is 'impressive' and the skyscrapers lining it as 'very modern' but pointed out that the thousands of soldiers massing in the capital 'looked severely stunted. A reminder of widespread malnutrition outside of Pyongyang.' "

**The  
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natiusbks

5-7 minutes

North Korean Supreme Leader Kim Jong Un supervising the test-fire of a strategic ballistic missile. (North Korean Central News Agency via European Pressphoto Agency)

Here's a contrarian thought: President Trump had the right instinct to insist that China help resolve the nightmare problem of North Korea. A peaceful solution is impossible without help from the other great power in East Asia.

As Trump nears the threshold of a military crisis with North Korea, he needs to sustain this early intuition — and not be driven into actions that may look tough but would leave every player worse off. The template hasn't really changed from the Korean War in 1950: North Korea's aggressive actions bring an American response and then a general war that devastates the Korean Peninsula. The conflict ends in stalemate and at huge cost.

Trump in his first months saw the need for a negotiated halt in North Korea's program. But he has been pushed toward military options by Kim Jong Un's reckless continuation of his missile testing — despite China's efforts to restrain the impulsive young leader. War fever is growing, as in Sen. Lindsey O. Graham's (R-S.C.) comment

In theory, what North Korea wants is a peace treaty ending the Korean War of 1950-53 and removal of U.S. forces from the region. Unfortunately, the North can't afford the treaty it claims to want, because it can't do without a U.S. threat to justify its sociopathic dictatorship.

In the end, the irresolvable dilemma is North Korea's, not the West's. The Kim regime doesn't have a realistic solution for itself except to make sure the standoff goes on

forever. The answer to North Korea's nukes is a deep breath and to invest in missile defense, which the world needs anyway. The upside is likely to be a marked deterioration in its conventional forces.

In the meantime, the U.S. and South Korea maintain their long-term watching brief on the Northern regime's effort to hold itself together. Keep up the pressure through the annual war games

variously known over the years as "Team Spirit," "Key Resolve," "Foil Eagle" and "Ulchi-Freedom Guardian." No regime is forever. And North Korea's is more mercenary than most—suggesting an endgame in which the Kim family essentially sells out one day.

Appeared in the August 2, 2017, print edition.

## Ignatius : Trump is right about China and North Korea

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

Tuesday that conflict is "inevitable" unless Pyongyang stops testing weapons.

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What is wise policy? Even as Trump ratchets up the pressure, he should quietly urge China to take the lead in a diplomatic solution. He should continue to make clear to Beijing that its economic and security interests would be severely harmed if the United States is forced to address the North Korea problem on its own, militarily.

Here's a suggestion for Beijing: China should invite the other key players — the United States, Japan, South Korea, perhaps Russia — to gather in New York during the U.N. General Assembly meeting for talks about how to handle the North Korea problem. The model would be the "P5+1" group that sponsored the Iran nuclear talks. China was an observer back then; this time it would be the convener. Xi Jinping's global status would be enhanced as he heads toward this fall's big party congress that will shape his future as president.

Three months ago, Trump was ready for face-to-face diplomacy with Kim, under Chinese sponsorship. He seemed to be packing his bags back on May 1,

when he said: "If it would be appropriate for me to meet with him, I would absolutely, I would be honored to do it." Ingratating language aside, that was the right instinct. But now, Trump feels burned that the Chinese couldn't stop Pyongyang's missile tests, and the White House wants Xi to take the lead.

There was a tone of personal betrayal in Trump's tweets last weekend: "I am very disappointed in China ... they do NOTHING for us with North Korea, just talk."

Because of Trump's pique toward Beijing, trade is back on the table. The United States is readying harsh trade sanctions against Chinese steel producers and perhaps against several big Internet companies, too. Sources tell me that a milder trade deal worked out by Commerce Secretary Wilbur Ross last month was scuttled by the White House, humiliating the Chinese, and Ross too, but sending the message that Trump is serious in demanding China's help on North Korea as the price of trade flexibility.

The U.S. Pacific Command is readying military options. But Defense Secretary Jim Mattis knows better than anyone that a military conflict would be a catastrophe. A preemptive strike by the United States would risk the deaths of hundreds of thousands of Koreans and Japanese (and U.S. residents of Seoul), albeit with little

risk to the American homeland. That may appeal to some members of Congress, but it would outrage the rest of the world. It would also spin the problem of nuclear proliferation into a lawless zone of unilateral action, harming U.S. interests.

China knows that the road ahead is potentially ruinous. China's U.N. ambassador, Liu Jieyi, said last month: "Currently tensions are high and we certainly would like to see a de-escalation. ... If tension only goes up ... then sooner or later it will get out of control and the consequences would be disastrous." China's state-run press also keeps hammering Pyongyang.

Russia, too, seems willing to be helpful on North Korea, as it was on Iran — because its interests are harmed by an erratic nuclear-weapons state.

Trump has the opportunity for a foreign policy reset in the shadow of the North Korea crisis. Russian President Vladimir Putin has overreached and been rebuffed by congressional sanctions. Kim has overreached with his relentless missile testing. Xi has overreached by offering more than he has delivered on curbing Pyongyang.

The world is beginning to worry that Trump could go to war. Maybe that's the moment when China helps to organize one of those "win-win" solutions that Xi is always talking about.

**THE WALL  
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## U.S. Plans Trade Measures Against China (UNE)

Jacob M. Schlessinger and Bob Davis

6-8 minutes

Updated Aug. 1, 2017 10:15 p.m. ET

WASHINGTON—The Trump administration is planning trade measures to force Beijing to crack down on intellectual-property theft and ease requirements that

American companies share advanced technologies to gain entry to the Chinese market.

The administration is considering invoking a little-used provision of U.S. trade law to investigate whether China's intellectual-property policies constitute "unfair trade practices," according to people familiar with the matter.

That would pave the way for the U.S. to impose sanctions on Chinese exporters or to further

restrict the transfer of advanced technology to Chinese firms or to U.S.-China joint ventures.

American business frustration with Chinese trade and market-access practices has mounted in recent years, with U.S. business groups urging the government to take a tougher trade line with China. Many organizations have complained that the Trump administration hasn't pushed hard enough in areas like intellectual property, as it has focused more on Chinese

manufacturing and China's \$347 billion trade surplus with the U.S. last year.

That discontent has intensified as China's economy continued to expand and its computer and software sectors became bigger competitors internationally. Western firms fear China will use the regulations to bar foreign investments in areas that Beijing targets for investment, including semiconductors, advanced-machine tools and artificial intelligence.

One big question hanging over the White House review is whether the administration pursues any complaint through the World Trade Organization, or whether it chooses to impose penalties on its own without first seeking permission from the international body, which some Trump advisers have argued is incapable of dealing with China's trade practices. Trump aides have regularly vowed to pursue a more unilateral approach to trade but have so far done little along those lines.

It is unclear how long the administration's internal review will take before an announcement is made. Officials at one point had signaled that an announcement could come as soon as this week.

A White House spokeswoman declined to comment on the prospect of trade sanctions.

The White House has been wrestling in recent weeks with how to navigate trade relations with China following a stalemate during mid-July bilateral economic talks that yielded no concrete progress. President Donald Trump in recent days has also expressed open disappointment with Chinese efforts to curb North Korea's nuclear program and administration officials have been increasingly outspoken in their criticism of Chinese trade practices.

Mr. Trump's commerce secretary, Wilbur Ross, wrote an op-ed in

Tuesday's Wall Street Journal blasting China, as well as the European Union, for "formidable nontariff trade barriers" and vowing to "use every available tool" to fight those limits.

The White House expects that a crackdown on alleged Chinese intellectual-property expropriation would have widespread support among U.S. businesses, which have complained about Chinese business practices.

The response may be more divided, say industry officials. Those U.S. companies that want to keep their most advanced technology from Chinese hands would probably back the move, while others that want to license technology to Chinese firms could find the measures a hindrance.

China could also retaliate by blocking U.S. investments or making life tougher for U.S. companies in China.

Still, any action on Chinese intellectual property is bound to be more popular with the business sector than other trade moves the president has made, including his decision to withdraw from the Trans-Pacific Partnership as well as his threats to pull out of the North American Free Trade Agreement and to impose tariffs on steel imports.

The Trump administration's exploration of new trade remedies against Beijing is significant in that

they might involve dusting off long-ignored or little-used powers. In this case, one option under discussion is to use Section 301 of the Trade Act of 1974, which gives the U.S. government the authority to investigate alleged wrongdoing by trading partners and decide by itself the relevant penalty—to act, in the eyes of critics, as judge, jury and executioner.

Another option under discussion would be to invoke the International Emergency Economic Powers Act, a 1977 law that gives the president broad powers to regulate commerce after declaring a "national emergency."

Widely used in the 1970s and 1980s, Section 301 cases have largely disappeared since the 1995 creation of the WTO, which has its own dispute-settlement process. A main goal of the Geneva-based institution was to curb such unilateral trade actions and to have them handled by a more neutral international arbiter. U.S. administrations over the past two decades have decided to steer nearly all trade complaints through the WTO and have rarely touched Section 301.

But Trump aides have often said they didn't consider WTO rules sufficient to deal with Chinese practices and have indicated they may resort to pre-WTO unilateral practices.

"If any other administration self-initiated a Section 301 investigation, I would have found it highly unusual," said Chad Bown, a trade-remedy expert at the Peterson Institute for International Economics. "But with Trump's administration of U.S. trade policy, it appears that even the most obscure and unused U.S. law on the books is fair game."

In May, more than four dozen U.S., European and Asian trade associations wrote a letter to the Communist Party group overseeing cybersecurity, for instance, complaining about a new law that the associations felt would require their companies to place data centers in China, find Chinese partners and transfer technology to the joint ventures. Beijing generally argues that it is trying to protect itself from efforts by Western intelligence services to tap into Chinese computer systems.

"All countries have legitimate concerns over privacy and national security, but China is the principal country addressing these concerns by requiring foreign companies to transfer their technology and to surrender their brand and operating control in order to do business," the group wrote.

—Ian Talley  
contributed to this article.

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## Editorial : How America can honor a Chinese dissident — and help protect his widow

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

10-13 minutes

Opinion

**Opinion** A column or article in the Opinions section (in print, this is known as the Editorial Pages).

August 1 at 8:00 PM

IN 1984, the U.S. Senate passed an amendment to rename the street outside the Soviet Embassy after Andrei Sakharov, the Russian nuclear physicist, dissident and Nobel Peace Prize laureate. Sakharov Plaza was named both to honor a human rights defender and to rebuke the government that spent years persecuting him. Though the move raised tensions with the Soviet Union, it also sent a strong message to Soviet diplomats and

beyond that Sakharov and activists like him were not forgotten. Two years later, Sakharov was released from internal exile — a decision that his stepdaughter attributes, at least in part, to the naming of the plaza.

Now a similar measure is on the table to memorialize the late Chinese dissident Liu Xiaobo. Sen. Ted Cruz (R-Tex.) has introduced a bill to rename the street in front of the Chinese Embassy "Liu Xiaobo Plaza." He could not have chosen a more worthy person to commemorate. Mr. Liu embodied the spirit of democracy in a country that has done its utmost to crush it. For more than two decades, Mr. Liu risked his security and freedom to press the Chinese Communist authorities for open elections and the rule of law. He was a beacon of hope for human rights advocates in China and all over the world — until

his death in Chinese captivity on July 13.

Naming a street in his honor would not only be a tribute to his life and achievements but also tell Beijing that its crackdown on human rights has not gone unnoticed. Each time a Chinese diplomat entered or left the embassy, he or she would confront Mr. Liu's legacy — and maybe spare a thought for the hundreds of human rights lawyers and activists currently detained by the Communist Party. This should be impetus enough for the change.

Act Four newsletter

The intersection of culture and politics.

But there is another reason to keep the pressure on China. Mr. Liu's widow, Liu Xia, has been kept under house arrest by the Chinese government though she has never

been charged with a crime. Friends and family have not been able to contact her since her husband's funeral, raising concerns about her safety. As The Post's Josh Rogin reported this week, Chinese authorities are vehemently opposed to naming a street for Liu Xiaobo. Moving ahead with Mr. Cruz's legislation could be an effective way to remind China that Ms. Liu's fate is an important issue for the United States.

Critics have argued that renaming the street is a largely symbolic gesture. They are right. That doesn't mean it is not worth doing. Someday, we hope, Chinese officials representing a different sort of government will step out of their embassy onto Liu Xiaobo Plaza and take pride in a compatriot who sacrificed everything for the country they hold so dear.



# Islamic State and Climate Change Seen as World's Greatest Threats, Poll Says

Lisa Friedman

9-11 minutes

Climate change is essentially tied with the Islamic State as the most-feared security threat across much of the world — except in the United States, where cyberattacks are considered a greater danger than global warming, according to a Pew Research Center report released on Tuesday.

Residents of 13 countries ranked climate change as the greatest threat to national security, while in 17 countries the Islamic State was considered a more immediate problem.

In the United States, however, a gaping partisan divide pushed climate change to third-most severe perceived threat, after ISIS and cyberwarfare. Just 56 percent of Americans surveyed identified global warming as the most serious threat to the country, compared to 71 percent for cyberwarfare and 74 percent for Islamic State attacks.

The American intelligence community concluded that Russia used cyberweapons to interfere with the presidential election last year, perhaps accounting for the heightened sense of threat. The Trump administration has consistently played down the dangers of a warming climate and has withdrawn the United States from the Paris accord on climate change signed by nearly 200 nations.

Jacob Poushter, Pew's senior researcher and a co-author of the study, said that in most countries terrorism and climate change were seen as the most pressing dangers. The United States was an exception, he said.

Demonstrators gathered in front of the White House in March to oppose President Trump's executive order rolling back many of President Barack Obama's climate-change policies. Stephen Crowley/The New York Times

"The stark partisan divide between those on the left and the right means there is a large portion in the United States that doesn't see climate change as a threat," Mr. Poushter said. "But there's a large percentage that does, so that lowers the number."

The survey of 41,953 people in 38 countries was conducted from February through May. Beyond the top line figures, the survey offers other insights about how people around the world view global warming.

## Latin America is deeply worried about climate change

While Latin America is certainly vulnerable to the consequences of climate change, its countries rarely rank among the most at risk. That unfortunate distinction tends to go to Chad, Sudan, low-lying island states and other places where poverty and civil strife meet rising seas, floods and drought. So it's not surprising, perhaps, to see so many countries in Africa put climate change at the top of their worry lists.

But 74 percent of people surveyed in seven South American and Latin American countries cite climate as their top global concern, the highest of any region surveyed.

The Intergovernmental Panel on Climate Change offers some clues, citing "significant trends in precipitation and temperature" across the region. Paula Caballero, global director of the climate change program at the World Resources Institute, a Washington-based think tank, noted the multiple devastating floods this spring in her native Colombia.

"In Latin America the impacts of climate change both in terms of extreme events as well as the intensity and frequency of events has really gained momentum," said Ms. Caballero, who formerly served as Colombia's lead United Nations negotiator on climate change.

Even in Venezuela, the only Latin American country surveyed that did not name climate change as its top concern, global warming came in just below worries about the economy. In the midst of its own political and economic crisis last month, Venezuelan leaders ratified the Paris Agreement.

## Russians are among the least concerned about warming

The Russian heat wave of 2010 was made three times more likely by climate change, a study later found. But Russians are generally apathetic about rising greenhouse gas emissions, the Pew survey confirmed. The country backed the Paris agreement on climate change

but the Russian president, Vladimir V. Putin, did not denounce President Trump for abandoning the accord, as so many other world leaders did.

Mr. Putin's views on the subject are opaque, though. Before the Paris accords he told world leaders that global warming "was one of the gravest challenges humanity is facing."

Russia ranked climate change fifth among its global concerns in the Pew survey, below the Islamic State, the economy, the refugee crisis and the influence of the United States.

What do the Russians worry about even less than climate change? Cyberattacks.

## American opinion on climate change is highly partisan

We have long known Americans break heavily along party lines over the causes, solutions and very existence of man-made climate change. The Pew study lays that chasm bare.

Among Americans who consider themselves left-leaning, 86 percent cite rising emissions as a dangerous threat, compared with only 31 percent on the right. That 55 percent divide is larger than the partisan split on ISIS and on the migrant crisis.

Terrorism is the biggest worry for Americans, with 74 percent putting ISIS as the top threat to the country. Close behind are cyberattacks.

Mr. Poushter noted the surveys were conducted in the spring amid national attention on the finding that Russia meddled in the 2016 presidential election by hacking Democrats' emails and distributing online propaganda.

Climate change is ranked third among Americans, with 56 percent of people surveyed believing it is a major threat.

Lower levels of concern about climate change were found in Poland, Russia, India, Israel, Jordan, Tunisia, Turkey, Ghana, Nigeria and Venezuela.

Anthony Leiserowitz, director of the Yale Program on Climate Change Communication at Yale University, said the ideological split in America underscores the divisions he has

witnessed in his own studies of how Americans perceive climate change.

"Climate change is in many ways a small skirmish in the midst of a much larger political struggle that's been going on in this country since its founding," he said. "What's the relationship between government and a society of free individuals? That's playing out across the board on a lot of other issues, from tax policy to health care."

## Coal importers and exporters have divergent views

Pew did not survey many of the top oil exporters other than Russia, so it's hard to know how people feel in Saudi Arabia, the United Arab Emirates or Kuwait. But among the world's biggest coal exporters the story is a fairly nuanced one.

Citizens of Indonesia, a top coal exporter in 2014, according to the World Coal Association, listed ISIS as their highest concern. Attacks in Jakarta this spring have set people on edge, and the country's military chief has warned that the Islamic State group has so-called sleeper cells all over the country. But climate is still seen as the third biggest threat, after the economy. Australia, also a coal-exporting giant, cited climate change as the second greatest threat after ISIS.

And among the big coal importers? Only 47 percent of people in India surveyed named climate change as a top concern, but that was enough to put the issue second after ISIS. In South Korea, 79 percent of people are worried about the climate.

Mr. Poushter said Pew did not survey China this year because of a law restricting research by foreign organizations. But a similar survey Pew conducted in 2015 found 19 percent of Chinese people polled considered themselves "very concerned" about climate change. That is low, particularly compared with the 79 percent of Indians who were very concerned about warming at the time. But it also was the highest level of worry Chinese residents assigned to any global threat.

## Correction: August 1, 2017

An earlier version of this article misstated when Venezuela ratified the Paris climate accord. It was July, not this month.



# Donald Trump Is Pushing America's Special Forces Past the Breaking Point

Elias Groll | 58 mins ago

11-14 minutes

With little policy guidance or public attention, the Donald Trump administration has further expanded former President Barack Obama's use of lethal counterterrorism operations in nonbattlefield countries — namely Yemen, Pakistan, and Somalia. During the final 193 days of Obama's presidency, there were 21 such operations. Over a comparable number of days under President Trump, there have been five times as many operations: at least 92 in Yemen, four in Pakistan, and six in Somalia.

The workhorse for these expanded missions is the military's Joint Special Operations Command (JSOC) — a sub-unified command of U.S. Special Operations Command (SOCOM). We know that JSOC, and not the CIA, is the lead executive authority for these operations because they are overt, rather than covert. Military officials have publicly explained the missions, and the Defense Department has even issued press releases about them. (The only operations undeclared were the reported four drone strikes in Pakistan — a country that the CIA has been bombing intermittently since the summer of 2004.) Operations in Yemen and Somalia — which fall under Title 10, the part of U.S. law that outlines the role and authority of the armed forces — are broadly acknowledged and even reported to Congress every six months.

Despite that, the public knows relatively little about the organization carrying them out. We can catch glimpses inside JSOC from anecdotal reporting or from rare histories, like Sean Naylor's masterful *Relentless Strike*. But the extent of America's understanding of the primary military command responsible for "direct action" operations is best summarized by President George W. Bush's declaration in 2008: "Listen, JSOC is awesome."

Through a series of discussions and interviews over the past few years, I have uncovered insights into how the command has evolved, how the congressional oversight of its lethal operations is really exercised, and what the limits are to what JSOC, however "awesome" it may be, is able to accomplish.

Headquartered at Fort Bragg, North Carolina, JSOC was stood up in 1980, as a response to the organizational and planning shortcomings of the ad hoc, failed rescue mission of 52 Americans held hostage in Iran. The operational core comprises special mission units, such as the Army's Delta Force, the Navy's SEAL Team 6, the Army's 75th Ranger Regiment, Army and Air Force aviation units, and other generally classified commando groups. While much of what JSOC does remains secret, former commanders and operators have described, in detail, their role in killing and capturing terrorists, rescuing hostages, collecting intelligence, doing sensitive site exploitation, and conducting before-and-after analysis to support additional missions. These JSOC units operate separate from "general purpose forces" — such as Army divisions, Air Force wings, and Navy carrier battle groups — but rely on their transportation, logistics, and combat search and rescue support. And although you would never know it given the disproportionate public attention they receive, especially since the beginning of the global war on terror, service members in the entire special operations community make up only 5 percent of the U.S. military.

The most important thing to keep in mind about special operations forces is that they are reticent to simply kill suspected terrorists.

The most important thing to keep in mind about special operations forces is that they are reticent to simply kill suspected terrorists. Instead, they express a distinct preference for capturing terrorist suspects — a dead terrorist cannot provide the intelligence that allows special operators to increase their situational awareness of a given country. Gen. Joseph Votel, who is now the head of U.S. Central Command but served as SOCOM commander from 2014 to 2016, acknowledged this in 2015. "We get a lot more of that," he said, referring to intelligence about terrorists' activities and intentions, "when we actually capture somebody or we capture material than we do when we kill someone."

In his current role, Votel recently played down the enduring utility of killing terrorists when asked about the reported death of Islamic State leader Abu Bakr al-Baghdadi: "We've been doing this long enough to know that leaders are killed and we've killed plenty of them. And that

there's always somebody who is going to step up into those positions." The degradation of command and control to the Islamic State — or any of the other many targeted militant armies — may appear meaningful at the time, but over the long term special operators recognize that they are ephemeral.

Another facet of JSOC operations emerges from the time when Gen. Votel led JSOC, from June 2011 to July 2014. During that time, then-Lt. Gen. Votel oversaw a drone strike against a convoy of cars in Yemen (I could not confirm exactly where and when this strike occurred). One general officer involved in the operation told me, "We killed some bad guys, but they were the wrong bad guys." Afterward, Votel ordered an internal organizational study to identify the root cause of this mistaken strike, as well as previous strikes that had more explicitly killed noncombatants. The verdict was that JSOC's organizational culture was overwhelmingly "predisposed toward action," according to the general officer.

To mitigate against this systemwide bias, JSOC created an internal semi-independent review unit situated outside of the command's routine planning, analysis, and operational processes. The unit, called the Pre-Strike Pause Cell, consists of a handful of civilian and military analysts. They are provided real-time access to all of the supporting intelligence that purportedly validates the enemy status of a targeted individual or group. At any point in the process, this cell could "throw down a red card" by, for example, requesting clarifying information about the target(s), challenging untested assumptions, or raising questions about the probability of civilian harm. I am told that the Pre-Strike Pause Cell exists to this day and various models of it have been integrated into other operational commands, to varying degrees of effectiveness.

Congressional oversight of JSOC has also changed as the intensity and political importance of its lethal operations increased in Yemen and Somalia in the early days of the Obama administration. In 2012, Congress passed a defense bill that mandated confidential quarterly briefings from the Pentagon outlining counterterrorism operations and activities involving special operations forces. In 2017, Congress upped the frequency of these briefings to monthly (though in reality Pentagon officials were

already briefing members of Congress and their staff regularly between the required quarterly briefings).

In both the Senate and House armed services committees (known as SASC on the Senate side and HASC in the House), the briefings are given before each committee's Subcommittee on Emerging Threats and Capabilities, currently chaired by Sen. Joni Ernst and Rep. Elise Stefanik, respectively. Regular attendees include the chairs and ranking members of HASC and SASC, as well as Ernst, Stefanik, and their subcommittee's respective ranking members.

In theory, all 27 members of the SASC and 61 members of the HASC — as well as a handful of cleared staffers — could attend each monthly briefing. In reality, far fewer show up: On average, seven to 15 representatives attend the monthly HASC hearings, depending on their travel schedules and legislative calendar. For briefings on prominent JSOC operations, however, the attendance level increases substantially. After the Jan. 29 raid in Yemen that reportedly killed dozens of civilians and resulted in the death of one Navy SEAL and the destruction of a \$70 million aircraft, for example, more than 35 members showed up to the HASC briefing to question military officials and find out what happened.

At these hearings, JSOC is generally represented by a group of civilian military officials from the office of the assistant secretary of defense for special operations/low-intensity conflict, specifically sections J-37 (special operations) and J-39 (global operations). They usually begin with a big-picture overview of the JSOC-led campaign efforts in a particular country or region. They also provide specific information about individual drone strikes or special operations raids, especially those that have received (or are anticipated to receive) media attention. However, for both the SASC and HASC monthly briefings, members generally do not probe for details about the operations but want to know, according to staffers from both committees, "Where is this all heading?" and "How do these operations get us there?" According to one Obama-era Pentagon official who routinely led the then-quarterly JSOC briefings, briefers "always wanted to provide more information, more granular details about the way things were trending. But Congress was not

interested — unless an operation went south and made the papers.”

Indeed, the big-picture question for the specialized military units that comprise JSOC is whether and how their lethal operations support any military end state — ideally one characterized by a diplomatically brokered peace among combatants, vastly reduced political violence, and fewer combatants and potential combatants from which enemy armies could draw from.

Of these metrics of success, the third — eliminating combatants — falls mostly in JSOC’s wheelhouse. However, as JSOC has assumed more responsibility, the U.S. military’s record in achieving this goal has been mixed, at best. Consider the three-year anti-Islamic State campaign, during which JSOC has received White House and

congressional backing.

When President Obama announced the start of the U.S.-led intervention in August 2014, the CIA estimated that the militant army held between “20,000 and 31,500 fighters.”

When President Obama announced the start of the U.S.-led intervention in August 2014, the CIA estimated that the militant army held between “20,000 and 31,500 fighters.” According to the State Department’s annual “Country Reports on Terrorism,” released last month, the Islamic State’s estimated strength was reduced to between “12,000 and 15,000 members” in 2016. In other words, using the U.S. government’s mean averages, the Islamic State has shrunk 48 percent from 25,750 fighters in 2014 to 13,500 in 2016. However, the current SOCOM commander, Gen.

Tony Thomas, declared on July 21 that the U.S. military has killed, conservatively, “60,000 to 70,000” Islamic State fighters — more than two and a half times the size of the force that was in Iraq and Syria three years ago. This is a remarkable ability to regenerate, even in the face of an unrelenting U.S.-led “annihilation” campaign.

In Yemen, despite more than 200 JSOC (and occasional CIA) airstrikes over the past eight years, the State Department’s estimated strength for al Qaeda in the Arabian Peninsula grew from “several hundred members” in 2010 to 4,000 fighters now — a force size it has maintained for the past half-dozen years.

There is no reason to doubt that Trump will turn more and more to JSOC, just as his predecessors did,

in pursuit of counterterrorism objectives. But this overreliance on lethal force is not just exhausting America’s special operators; it is wholly insufficient to comprehensively confront the underlying causes of militancy and terrorism — a mantra Pentagon officials repeat when they all but beg Congress to adequately fund the State Department. But because JSOC is both “awesome” and piles up body counts, it will always remain the leading actor in the global war on terror. The natural question is whether any such war could be managed at some socially acceptable level or, indeed, will ever end.

Photo credit: NICHOLAS KAMM/AFP/Getty Images

## POLITICO Tillerson spurns \$80 million to counter ISIS, Russian propaganda

By NAHAL TOOSI

12-15 minutes

Secretary of State Rex Tillerson is resisting the pleas of State Department officials to spend nearly \$80 million allocated by Congress for fighting terrorist propaganda and Russian disinformation.

It is highly unusual for a Cabinet secretary to turn down money for his department. But more than five months into his tenure, Tillerson has not issued a simple request for the money earmarked for the State Department’s Global Engagement Center, \$60 million of which is now parked at the Pentagon. Another \$19.8 million sits untouched at the State Department as Tillerson’s aides reject calls from career diplomats and members of Congress to put the money to work against America’s adversaries.

Story Continued Below

The \$60 million will expire on Sept. 30 if not transferred to State by then, current and former State Department officials told POLITICO.

The struggle over the money is a case study in Tillerson’s approach to managing the State Department and the frustration it is engendering among American diplomats. Current and former U.S. officials call it the latest example of a severe slowdown in department decision-making; of Tillerson’s reliance on a coterie of political aides who distrust State’s career staffers; and a casualty of President Donald Trump’s intention to slash State’s budget, which has Tillerson looking for ways to reshape the department and spend less money, not more.

Sources cited another sensitive factor at play: Russia. One Tillerson aide, R.C. Hammond, suggested the money is unwelcome because any extra funding for programs to counter Russian media influence would anger Moscow, according to a former senior State Department official.

“This is an extraordinary example of the dysfunction that is ripping through the State Department,” said Brett Bruen, a former U.S. diplomat in contact with State employees involved in the funding fight. “What we’re seeing is a small group of people with very thin knowledge making all the decisions in a very centralized and isolated process. It causes unnecessary delays and confusion.”

Hammond said the funding issue is receiving prompt attention and that officials seeking the money had not presented a clear plan for how to spend it—an assertion denied by the former senior State Department official.

The Global Engagement Center is an interagency unit based at the State Department that was created in spring 2016. It replaced the Center for Strategic Counterterrorism Communications, and its staff of about 80 is responsible for coordinating governmentwide efforts to counter the online messages of terrorist groups such as the Islamic State.

A Pentagon spending bill signed into law by former President Barack Obama in December broadened the center’s mandate to include battling state-sponsored disinformation campaigns by countries such as China, North Korea and Russia. U.S. intelligence officials say Moscow used fake news reports

and malicious Twitter accounts to influence the 2016 election, and lawmakers in both parties have called for a more robust U.S. response.

Aside from its governmental coordinating work, the center also partners with the private sector to test novel ways to defeat false information spread by U.S. adversaries. One project has employed guerrilla marketing tactics to place anti-terrorism videos in the Facebook feeds of young people showing an interest in jihadi media. To help pay for such efforts, the legislation in December authorized the Defense Department to send the State Department \$60 million in fiscal year 2017 and \$60 million in fiscal year 2018, but the secretary of state needs to request the money from the Pentagon.

“Over the last five to 10 years, there’s been a tsunami of disinformation and anti-American propaganda around the world,” said Rick Stengel, who, as a former undersecretary of state for public diplomacy, oversaw the center. “The Global Engagement Center is one of the few, if only, areas in the U.S. government that could be tasked with countering and rebutting disinformation against America.”

State Department officials began urging Tillerson to seek the first \$60 million from the Defense Department soon after he took office in February, according to the former senior State Department official.

But they quickly found themselves mired in a new, confusing and bottlenecked decision-making process imposed by Tillerson’s top aides. For example, officials involved with the center first put in

their request in an “action memo,” the standard document sent to the secretary of state when a decision is required. Tillerson’s aides retorted that he “didn’t like being told what to do,” the former senior State official said, and ordered that the request be refashioned as an “information memo.”

Further stalling the request were staffing shifts among Tillerson’s top aides. Eventually, the officials’ request reached Hammond, a former public relations professional who served as a spokesman for Newt Gingrich’s 2012 presidential campaign. At the State Department, Hammond serves as a spokesman for Tillerson—but is also a member of the department’s policy planning staff, making decisions on substantive issues.

Hammond threw up objections to the request on multiple fronts, the former senior State official said. Hammond indicated to officials involved with the Global Engagement Center that with the department facing potential budget and staffing cuts, it didn’t make sense to take an infusion of new funds, the former senior State official said. Hammond also questioned why the U.S. doesn’t ask other governments, particularly in Muslim countries, to play a larger role in the information battle.

Hammond further expressed hesitation about needling the Russians at a time when Tillerson was trying to find common ground with the Kremlin on sensitive matters such as the war in Syria. The Kremlin-backed news outlet Sputnik has compared the Global Engagement Center to George Orwell’s Ministry of Truth.



"Hammond said the secretary is in the process of working through disagreements with Russia, and this is not consistent with what we're trying to do," the former senior State official said.

Most of the people interviewed for this story requested anonymity, either to protect their own jobs or to safeguard others they are in touch with at the State Department and the White House. And few issues are as sensitive as Trump's relationship with Russia. The president has questioned the intelligence community's belief that Russia interfered in the 2016 election to help him, while Tillerson, a former ExxonMobil CEO who has long known Russian President Vladimir Putin, has sought to improve relations with Moscow.

Despite speculation that Tillerson may wish to overhaul or eliminate the Global Engagement Center, Hammond told POLITICO that there are "no plans" to do so.

"Regarding Russia," he added, "we have not sought to reduce efforts to spotlight and combat Moscow's 'active measures' or information activities."

Hammond said Tillerson hadn't sought the \$60 million because Global Engagement Center officials hadn't offered a vision for how to spend it. "They put in a request in for additional funding. We asked them to map out a plan of how they would spend the money," Hammond said.

But the former senior State official denied that was the case. He said the center's leaders had crafted a spending plan after consulting with experts at the National Security Council, the Defense Department and those

working in the regional bureaus of the State Department. Hammond and other Tillerson aides dismissed that effort, according to the former senior State official, saying that any such plan needed to be approved by the State Department's policy planning office.

Hammond and other sources said Tillerson is aware of the funding requests. But some officials involved said it's not clear if the secretary understands all the details or is aware of his aides' machinations.

Current and former State Department officials are particularly mystified as to why, aside from the \$60 million at the Pentagon, the Global Engagement Center has also been denied access to \$19.8 million dedicated to fighting the messaging of the Islamic State and other terrorist groups. That \$19.8 million is in the State Department's coffers but has yet to be directed to the Global Engagement Center.

Observers say the dispute over the various funds reflects a confused decision-making process fueled by Tillerson aides who distrust the State Department's foreign service and civil service employees, believing them hostile to Trump's agenda.

"There's paranoia and inertia — decisions are not being made," said one State Department official familiar with funding squabble.

Whether to fund the Global Engagement Center is one of numerous decisions on hold at State. Current and former officials told POLITICO that up to 200 "action memos" have piled up in the executive suites at Foggy Bottom. The backlog is unusually large; in one instance, according to a former

State Department official briefed on the matter, a bureau asked months in advance for approval of talking points for use at an international conference. The response came too late, leaving U.S. officials unable to make meaningful remarks at the event.

Tillerson is said to be a methodical thinker whose step-by-step decision-making reflects his training as an engineer. His CEO experience seemed a potential asset when Trump tapped him to lead the 75,000-employee State Department. But critics say Tillerson hasn't fully grasped that the U.S. diplomatic apparatus has many moving parts that need simultaneous attention, so decisions can stack up fast.

Tillerson's inability to fill the vast majority of leadership slots at State, including undersecretaries and assistant secretaries also means more decisions land in his office. At the same time, Tillerson is trying to get a sense of how State uses its resources, and he's hinted that he's reluctant to make major decisions on hiring or new programming until he's developed a plan for reorganizing the department.

"They use the reorganization as an excuse to not act on anything," one former State official complained. "That's why people doubt the motivations of the reorganization. They think it's all about starving the beast."

Hammond insisted that major decisions are made quickly and that Tillerson needed to prioritize urgent threats.

"Issues are given diligent attention and are processed as fast as possible," Hammond said.

"I feel bad for the guy working on the Bermuda desk," he added, "but unless the island is sinking into the ocean ... I think I've made my point."

Supporters of the Global Engagement Center say it should be a high priority given the enmity between Washington and Moscow, not to mention the ongoing worries over terrorist recruiting online.

Multiple sources said their read of the law suggests that if the first \$60 million chunk at the Pentagon is not transferred to State by Sept. 30, it will no longer be available for use. What's less clear is whether the money, if transferred, would have to be spent before Sept. 30 or if it can also be spent in the following fiscal year. At that point, the second \$60 million also can be transferred to the State Department, if Tillerson requests it.

Last month, Republican Sen. Rob Portman of Ohio pressed Deputy Secretary of State John Sullivan on whether Tillerson considers the Global Engagement Center a priority and urged that hiring caps be lifted so the center can expand.

Sullivan called the center "a priority" for Tillerson, saying it is "an important part of our mission."

After Tillerson testified at a June 13 Senate Foreign Relations Committee hearing, Portman submitted written questions asking about the fate of the \$60 million. He has yet to receive an answer.

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## Editorial : Whose Message to Believe on Russia?

The Editorial Board

5-6 minutes

Vice President Mike Pence addressed service members at an air base outside Tbilisi, Georgia, on Tuesday. Pool photo by Zurab Kurtsikidze

Far from the chaos and cacophony of Washington's unending debate over Russia policy, Vice President Mike Pence has been delivering a remarkably consistent message on a trip to Eastern Europe this week — praising old alliances and reaffirming America's commitment to defend democratic nations against those countries that would undermine them. Too bad these sentiments aren't as eagerly

embraced and celebrated by the man he works for back in the White House.

On Tuesday, Mr. Pence commended Georgia for its democratic development since the collapse of the Soviet Union, pointedly noted that Russian tanks are still deployed in South Ossetia nine years after Moscow invaded the region, and promised: "We are with you. We stand with you."

A day earlier in Tallinn, he told the leaders of Estonia, Lithuania and Latvia, all NATO members, that the United States "stands firmly behind" the alliance's Article 5 mutual defense pledge and "rejects any attempt to use force, threats, intimidation or malign influence in the Baltic States or against any of our treaty allies."

Mr. Pence left no doubt why he regarded a united NATO as "more necessary today than at any point since the collapse of communism" a quarter century ago. "No threat looms larger in the Baltic States than the specter of aggression from your unpredictable neighbor to the east," he said, blaming Russia for continuing to "redraw international borders by force, undermine the democracies of sovereign nations and divide the free nations of Europe one against another."

The vice president's blunt analysis of the problem and robust alliance commitments reflect fairly traditional American thinking on Russia. In the face of increased Russian aggression, and worsening tensions between Moscow and Washington, his trip, as well as earlier visits to Ukraine and elsewhere in Europe

by the secretaries of defense and state, is an important signal to allies and partners living in Russia's shadow.

Like Mr. Pence, most administration security officials view Russia as a leading adversary. Adding to their concerns are Russian plans to send as many as 100,000 troops to the eastern edge of NATO territory at the end of the summer, one of the biggest moves yet in the military buildup launched by President Vladimir Putin.

Mr. Pence repeatedly told his listeners that he was speaking for President Trump as well as for himself. But saying that doesn't make it so. Mr. Trump continues to undermine such reassurances by word and deed, the result being an incoherent policy that is bound to be

read as weakness or uncertainty by Mr. Putin, as well as allies, and will not serve American interests. In Poland recently, Mr. Trump reaffirmed adherence to the mutual defense obligations enshrined in Article 5 of the NATO agreement. But can he be trusted on that score given that the words came only grudgingly, under pressure, after months of anti-NATO diatribes?

Mr. Pence told the Georgians that the United States stands by a 2008 NATO statement that their country would one day be a NATO member. But here, too, there are doubts about the strength of Washington's

commitment and whether Mr. Trump would risk further undermining his relations with Mr. Putin by following through on the promise.

Suspicious about Mr. Trump's views on Russia began with his admiring comments about Mr. Putin and only grew when American intelligence agencies found that Moscow had hacked the 2016 campaign. Meanwhile, Mr. Trump has not so far responded to Mr. Putin's sweeping order on Friday that the United States shrink its embassy and consulate staff by 755 people, to 455, as well as Moscow's

announcement that it was seizing two American diplomatic properties.

The tweeter in chief's failure to criticize Mr. Putin on this matter has raised obvious questions, as has his delay in signing legislation passed by Congress last week imposing tough but necessary economic sanctions on Russia for meddling in the election; the impending sanctions precipitated Mr. Putin's expulsions.

Mr. Trump came to office wanting to improve relations with Russia, a reasonable goal with such an important country. And even though Mr. Putin's interference in the

election and other destabilizing behavior, including the annexation of Crimea, have narrowed the room for cooperation, it is in the interest of both sides to try. But to have any real hope of managing this complex and delicate relationship, Mr. Trump will have to put together a firm, consistent and credible approach that can persuade Mr. Putin, the allies and Americans that he knows what he is doing and that his team is on the same page.

**The  
New York  
Times**

Eric Schmitt and  
Andrew E.

Kramer

4-5 minutes

A Ukrainian soldier firing a weapon toward the positions of the armed forces of the self-proclaimed Donetsk People's Republic in the front-line town of Krasnohorivka, in Donetsk region, Ukraine, in July. Maksim Levin/Reuters

WASHINGTON — The Pentagon and State Department have proposed to the White House a plan to supply Ukraine with anti-tank missiles and other arms, according to Defense Department officials.

The proposed transfer — which also would include anti-aircraft arms that would be defined as defensive weaponry — comes as fighting between Ukrainian troops and Russian-backed separatists has increased in recent days, and the United States is taking steps to deter aggressive military actions by Moscow.

**THE WALL  
STREET  
JOURNAL**

## Editorial : A Trump Card in Ukraine

The Editorial  
Board

4-5 minutes

Aug. 1, 2017 7:00 p.m. ET

Vladimir Putin has assumed he can seize territory without endangering his grip on power at home, and he's been right. But what if the U.S. changed that calculus by raising the cost of Moscow's aggression in Ukraine?

President Trump will soon have a chance to test that question when he receives an imminent recommendation from the State Department and Pentagon to sell

The plan by the Pentagon and State Department has been presented to the White House, but no decision has been made, said a Defense Department official, who spoke on condition of anonymity to discuss a proposal still under review. It was not clear if President Trump had been briefed on the proposal.

Whether to provide more substantial weaponry to Kiev's beleaguered forces has embroiled American policy makers for several years.

Two years ago, eight former senior American officials urged the Obama administration to send \$3 billion in defensive arms and equipment to Ukraine, including anti-armor missiles, reconnaissance drones, armored Humvees and radars that can determine the location of enemy rocket and artillery fire.

President Obama ultimately decided against providing such lethal assistance, despite a series of striking reversals that Ukraine's forces suffered on the battlefield.

Fearing that the provision of defensive weapons might tempt President Vladimir V. Putin of

Russia to raise the stakes, the Obama administration limited American aid to "nonlethal" items, including body armor, night-vision goggles, first aid kits and engineering equipment.

But the issue was rekindled when Mr. Trump took office.

Under the new proposal, which was reported earlier by The Wall Street Journal, the administration would provide anti-tank weapons, most likely Javelin missiles, as well as possibly anti-aircraft weapons, in addition to other arms. Ukraine has long sought Javelins to counter Russian-made armored vehicles in rebel-held areas.

"They are making the same proposal to the White House as we did, but taking the opportunity posed by Russia's retaliation and, unfortunately, I suspect, some movement on the ground in Ukraine," said Evelyn Farkas, the Pentagon's top Russia policy official at the end of the Obama administration. "We should have our eyes on that."

Ukraine lethal, defensive weapons such as anti-tank Javelin missiles. These weapons would help Ukrainians defeat Russian armor and make it harder for Mr. Putin's proxy forces to advance further into Ukraine's eastern provinces, which the Russians invaded in 2014.

Ukrainian President Petro Poroshenko has sought this kind of help for years. But Barack Obama refused on grounds that lethal aid would merely escalate the conflict; he shipped only such non-lethal aid as short-range radar and night-vision goggles. Mr. Putin escalated anyway, violating the Minsk cease-fire accords brokered by John Kerry.

The Russians have declared separatist strongholds in Donetsk and Luhansk and built up forces in the occupied areas. Kurt Volker, the U.S. Special Representative for Ukraine Negotiations, told Radio Free Europe/Radio Liberty last week that "there are more Russian tanks in there than in Western Europe combined." That's in addition to Russia's plans to deploy as many as 100,000 troops for military exercises in Belarus on NATO's front lines this summer.

As President, Mr. Trump hasn't been the patsy for Mr. Putin that his U.S. critics claim. He endorsed NATO's deployment of troops to Poland and the Baltic states. Vice President Mike Pence visited

While it has not supplied anti-tank missiles thus far, the American military has been assisting the Ukrainian army by training soldiers in methods to halt armored vehicles without missiles, such as by laying traps of wire that coil into the treads of tracked vehicles.

The American training at the Yavoriv base in western Ukraine is focused on forging a disciplined, professional military from the mix of volunteer groups that first fought the Russian incursion, rather than placing bets on any high-tech weapons systems.

The utility of anti-aircraft weaponry, for example, is unclear, as the Russian-backed rebel army has no air force. The war is fought along a line of trenches that has not moved much since February 2015.

Still, the Ukrainian military has been clamoring for better equipment. The defense minister, Stepan Poltorak, said last month the military was ready to receive U.S.-made lethal weaponry if President Trump approved the transfer.

Estonia Monday and affirmed the U.S. will "always" stand with its Baltic allies, and on Tuesday he said in Tbilisi that the United States "strongly condemns Russia's occupation on Georgia's soil."

Mr. Trump now has a chance to show he's no Obama echo and make Mr. Putin pay attention by helping Ukraine, which has shown it is willing to fight for independence. Russia's invasion has cost 10,000 lives and displaced more than two million civilians. Mr. Poroshenko has plowed money into upgrading Ukraine's armed forces, embraced U.S. military training, and quietly forged good relations with countries like Poland and Lithuania.

Opponents of lethal aid say Mr. Putin can always trump any Ukrainian effort, but then why hasn't he done so already? Russia could occupy all of Ukraine if it wanted to, at least for a time, but it fears the political and military cost. The point of lethal aid is to raise the price Mr. Putin pays for his imperialism until

he withdraws or agrees to peace under the Minsk terms.

Mr. Putin launched his attack when Kiev had no soldiers protecting the eastern border, but his proxy troops were forced to slow down when the Ukrainians organized and started to inflict casualties. The Russian doesn't want dead soldiers arriving

home before next year's presidential election.

Bolstering Ukraine's defenses would also send a message to Mr. Putin that Mr. Trump wants to negotiate with Russia from a position of strength. This could help the U.S. position in Syria, where Mr. Trump has been too willing to

accept Russian and Iranian dominance after the fall of Islamic State. Mr. Putin took advantage of Mr. Obama after concluding the American was weak and would never push back. Selling lethal weapons to Ukraine would show the Kremlin those days are over.



## Bershidsky : Sending 'Defensive' Arms to Ukraine Would Be Deadly

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Leonid Bershidsky

9-11 minutes

War

Both Russian and U.S. generals have an interest in testing their newer weapons against each other.

by

1 août 2017 à 11:07 UTC-4

Not what Ukraine needs.

Photographer: DMITRY KOSTYUKOV/AFP/Getty Images

As part of the latest escalation of the U.S.-Russian crisis, there is reportedly a joint plan by the Pentagon and the State Department to provide "lethal defensive weapons" to Ukraine. That presents an enticing prospect for both U.S. and Russian generals, who may be able to test some of their most modern weaponry against each other. But it's likely to make the eastern Ukraine conflict even bloodier in the process.

The Wall Street Journal report mentions that the U.S. would supply Ukraine with Javelin anti-tank missiles and possibly anti-aircraft systems. Since no air war is being fought in eastern Ukraine, the latter are superfluous at this point and not likely to be engaged unless Russia launches a full offensive -- something it has missed numerous chances to do and probably will never attempt. The Javelins are another matter. Ukrainians want them for very practical reasons.

QuickTake Standoff in Ukraine

The new U.S. special envoy for Ukraine, Kurt Volker, has said that "there are more Russian tanks in there than in Western Europe combined." He may have heard this in Kiev, where various numbers of tanks fighting under the banners of the two unrecognized, pro-Russian "people's

republics" of Donetsk and Luhansk have been bandied about. These estimates go up to 1,000, and Russian television once briefly showed a military balance table that gave the statelets 700 tanks. Germany and France have a combined 949 tanks.

Russia has denied sending any tanks to the separatists, claiming they are trophies or remnants of Ukraine's enormous cache of Soviet weapons. That's likely untrue. The Stockholm International Peace Research Institute, which follows international arms transfers, has recorded Russian tank supplies to the rebels. It will send more as needed, and there's evidence that it did in 2015 to ensure the Ukrainian military's biggest defeat in the war, near the important railroad junction of Debaltsevo.

"The Javelin anti-tank missiles would have been a big help then," Ukrainian parliament speaker Andriy Parubiy told a press conference in June. "If we'd burned several hundred Russian tanks at Debaltsevo, it would have been an important step toward restoring peace in our country's east."

In fact, using Javelins on most of the separatists' tanks, or indeed on most of the Russian tanks used in eastern Ukraine, would be like swatting flies with a sledgehammer. Russia has so many more tanks than any country in the world -- more than 20,000 -- because an overwhelming majority of them are dispensable, easy-to-burn, old models, such as the T-72, first introduced in 1973, and the T-80 that came the next decade. Lots of these are necessary to ensure overwhelming force so that no matter how many the enemy burns, some will break through.

Russia has used them with mixed results in local conflicts from the civil war in Chechnya in the 1990s, where the rebels quickly learned to turn them into funeral pyres, to the brief invasion of Georgia in 2008, when the small Transcaucasian country was simply overwhelmed by

the speed of the Russian move. The Ukrainian army relies on these old machines, too. Both countries have been upgrading the T-72s, but the modernization has only been partial.

T-72s and T-80s have been successfully destroyed with the largely Soviet weapons at the disposal of both Ukrainian troops and pro-Russian separatists. The Javelin, adopted by the U.S. military in the mid-1990s, is needed to blow up the best tanks Russia uses these days -- the T-90s with modern Relikt explosive reactive armor (a type of protection that employs an explosive outer layer with armor underneath). The Javelin is designed to deal with such systems more effectively than most existing anti-tank missiles.

There's no record of a T-90 being hit by a Javelin. Last year, Syrian rebels wielding an older U.S. missile, the BGM-71 TOW-2A hit a T-90 that had the dated Kontakt 5 explosive reactive armor; the tank escaped almost unscathed. A Javelin probably would have destroyed it -- but then, it's unclear how things would have turned out had the tank had a newer armor system.

Russia claims that tanks built on its most modern T-14 Armata platform will be able to withstand any anti-tank weapons North Atlantic Treaty Organization armies possess today: They have even more advanced protective systems than the Relikt. But the Armata is still undergoing testing.

Russia treats the battlefields of recent conflicts as testing grounds for its weaponry. President Vladimir Putin has said participation in the Syrian war was a better use of Russia's military exercise budget than exercises: "Only under battle conditions can we really test what we're using, find out what the problems are and fix them." There will be a temptation to test the previous and perhaps even the new generation of Russian tanks against the Javelin.

U.S. generals are likely also eager for such a test. If the U.S. doesn't have an effective defense against modern Russian tanks, that's a problem.

Although Bellingcat, the investigative group that tracks the Russian involvement in the eastern Ukraine conflict, has spotted T-90s in the area, the conflict has largely been fought with Soviet weaponry. It would, however, be reasonable to expect that the rebels will be armed with more modern hardware if U.S. supplies start coming in. That can only make the war, which has already taken 10,000 lives, even deadlier.

Two years after both sides have largely kept to existing demarcation lines (minor encroachments aside), it is militarily unnecessary to provide Ukraine with lethal weapons unless the U.S. wants to encourage it to try to reclaim the "people's republics." That would be a mistake. Though Russia doesn't have enough resources to take over and hold Ukraine while still staying on the lookout for other military threats, it has plenty of money, firepower and determination to defend the separatist statelets. Giving them up would mean the end of Putin's aura of invincibility, leaving him vulnerable at home and overseas.

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It's highly likely, however, that the U.S. will step up the confrontation for domestic political reasons -- the same ones that sent U.S. Vice President Mike Pence to Estonia, Georgia and Montenegro this week to assure them of America's support, and the same ones that now push President Donald Trump to sign the Russia sanctions bill. Unlike those actions, however, arming Ukraine will likely lead to more bloodshed.



## Iran Says New U.S. Sanctions Violate Nuclear Deal

Rick Gladstone 4-5 minutes

The speaker of Iran's Parliament, Ali Larijani, said that "a complaint



had to be filed" against the United States. Fatemeh Bahrami/Anadolu Agency, via Getty Images

Furious over new American sanctions, Iran said on Tuesday that it had lodged a complaint with the commission that polices possible violations of the Iranian nuclear agreement.

The complaint, disclosed by the speaker of Parliament, Ali Larijani, accused the United States of breaching the 2015 agreement, known as the Joint Comprehensive Plan of Action, between Iran and six world powers, including the United States.

Some analysts interpreted the move as posturing aimed at ensuring that if President Trump withdrew the United States from the agreement, as he has threatened, then his administration would be blamed and not Iran.

The agreement, which eased or ended many sanctions on Iran in return for its verifiable pledges of peaceful nuclear work, is regarded as one of the Obama administration's signature foreign policy achievements.

Mr. Trump, who has often railed against Iran, has ordered subordinates to find ways to show that Iran is not complying, which would presumably provide a rationale for him to scrap the accord.

He also suggested in an interview last week with *The Wall Street Journal* that his administration would conclude that Iran is violating the agreement when the next 90-day review period comes up, in mid-October, under an American law aimed at ensuring Iranian compliance.

Many of Mr. Trump's advisers, and even some top Republican critics of Iran in Congress, have urged him not to abandon the agreement.

Iran and the United States have often accused each other of violating the "spirit" of the agreement. But Mr. Larijani's remarks indicated that Iran had gone a step further.

"With regard to the imposition of new sanctions by the U.S., in addition to diplomatic measures, which should be taken, a complaint had to be filed with the relevant

commission and this has been done," Mr. Larijani was quoted by the Iranian news media as saying in Tehran.

The commission includes representatives from all seven countries in the accord — Iran plus Britain, China, France, Germany, Russia and the United States — and is coordinated by Federica Mogherini, the European Union's top foreign policy official.

Catherine Day, a spokeswoman for Ms. Mogherini's office, did not comment on the Iranian complaint, which concerned some American sanctions announced after the commission's last meeting on July 21. But in an emailed statement, Ms. Day said Iran's views about sanctions had been "extensively discussed" in the most recent meetings.

Even with the increasingly sharp exchanges between the United States and Iran, the commission has said the accord is working. The Trump administration has also said, albeit grudgingly, that Iran is complying.

At the same time, the Trump administration has sought to penalize Iran with sanctions not directly covered by the nuclear agreement. The administration announced sanctions on July 18 related to Iran's development and testing of missiles, along with its support for Syria's government and software theft. It further penalized Iran with more sanctions on Friday after Iran launched a satellite into orbit.

New sanctions against Iran also are part of legislation passed by Congress last week that penalizes Russia and North Korea, which Mr. Trump is expected to sign.

Iran has strong motivations to preserve the nuclear agreement, which has led to increased revenue from oil, its most important export, and slowly expanding foreign investment. But analysts said Iran also was preparing for other outcomes.

Cliff Kupchan, the chairman of the Eurasia Group, a consultancy, said, "If this nuclear agreement goes south, the Iranians want blame to lie squarely on Washington's front porch."

**The  
New York  
Times**

Simon

5-6 minutes

## Andreasen and Simon : Is Trump Scheming to Kill the Iran Deal?

Steve Andreasen  
and Steven

president's Iran assignment, and while anything could happen, it's a good bet that they will cherry-pick facts to give the president what he wants: an excuse to scuttle the Iran deal.

Will Secretary of Defense James Mattis, Secretary of State Rex Tillerson, Gen. H. R. McMaster, the national security adviser, or Gen. John Kelly, the White House chief of staff, let this happen? Some might resign; these are not men known for their willingness to tolerate such shenanigans. But whether they resign or try to stick it out, a political decision to decertify Iran would signal a clear defeat for the administration's foreign policy professionals, and a victory for the ideologues.

Decertifying Iran in this way could also mean an even more serious rupture with our European allies. Walking away from the Paris climate agreement and clashing with Europe over trade have already created a fissure with Germany and France. But Europe no doubt hopes that these early defections won't be followed by still more egregious efforts to undermine the trans-Atlantic consensus.

An abrupt sprint away from the Iran deal — a deal negotiated by all five permanent members of the United Nations Security Council, Germany and the European Union — without

evidence of serious violations could represent a point of no return. Presumably, the rest of the signatories will insist on maintaining the deal, setting off a cascade of diplomatic and economic reprimands against Europe and scouring relations for years to come.

And then, of course, there's what decertification would mean for the Middle East, and the likelihood of a renewed showdown with Tehran. Mr. Trump has already taken steps to isolate Iran, aligning closely with Saudi Arabia and right-wing forces in Israel, who have long made torpedoing any agreement a key goal in their relationships with Washington.

Mr. Trump seems eager to please them, even at the risk of regional destabilization. Granted, Tehran has capitalized on regional unrest to extend its influence. But decertifying Iran would almost certainly increase the already considerable suspicion and hostility between Tehran and Washington — and this time, America will not be able to count on Europe, Russia, China and the rest of the world as a diplomatic partner. This would be a high price to pay for aligning the United States with our Gulf allies in a Saudi-inspired attempt to settle scores with Tehran.

Finally, when the president starts directing his White House staff to

concoct facts and arguments for ill-considered policies, that is usually a sign of bad things, including illegal acts, to come.

Both Richard Nixon's "plumbers" and Ronald Reagan's Iran-contra fiasco began with a president frustrated by laws, facts or conditions he could not control. More recently, George W. Bush's White House, bent on removing Saddam Hussein from power, cherry-picked intelligence in making a case for the presence of weapons of mass destruction in Iraq and trying to establish a link between Hussein, Al Qaeda and the Sept. 11 attacks. Under circumstances like these, somewhere, someone, is likely to step — or be pushed — over the legal line.

When that happened in the Nixon and Reagan White Houses, one president was forced to resign when the White House tapes confirmed he had personally directed illegal actions; the other saved himself by convincing the American people that he was unaware of the illegal shenanigans happening within his White House walls, aided by senior advisers unwilling to turn on their boss. President Bush left office with his, and America's, credibility in tatters and Iran's influence over the region growing rapidly.

With recertification being gamed to wreck the nuclear deal, the clock

will start ticking on President Trump, too.



## Ross : Tillerson Can End the Qatar Standoff

Dennis Ross

5-6 minutes

Aug. 1, 2017 5:54 p.m. ET

Defeating Islamic State is the Trump administration's most important national-security priority. But removing ISIS from Mosul and Raqqa may end up meaning little absent the ability to secure, reconstruct and govern these and other cities. Preventing a dangerous power vacuum from forming in areas liberated from ISIS control requires the urgent involvement of unified Sunni Arab states.

Unfortunately, the Saudis, Emiratis, Bahrainis and Egyptians are currently distracted by a diplomatic imbroglio with Qatar over its support for Hamas and the Muslim Brotherhood. Secretary of State Rex Tillerson has tried to mediate, but he erred by traveling to the region before negotiating a plan for ending the conflict. Good statecraft requires making it unacceptable to say "no" to the U.S.

Already there are signs that both sides may be more amenable to a face-saving settlement. The Saudi-led coalition has softened its original 13 demands, which included shutting down Al Jazeera and closing a Turkish military base.

Instead they are asking for Qatar to act on a set of principles, including combating terrorism and extremism, denying financing and safe haven to terrorist groups, ending incitement of hatred, and refraining from interfering in the internal affairs of other countries.

These principles are broad enough to create space for both sides to reach understandings, and Qatar's emir, Tamim bin Hamad Al-Thani, has said he is open to dialogue.

The Al-Thani regime allows the U.S. to use Al Udeid Air Base and has invited American universities such as Northwestern, Texas A&M and Georgetown to open campuses in Qatar. Yet the tiny oil-rich emirate also hosts senior Taliban leaders, supports radical Islamists in Libya and Syria, and finances media platforms for the Muslim Brotherhood to broadcast its message. Any resolution to the conflict must ensure that Qatar gives up this double game.

Assuming that Mr. Tillerson has the support of President Trump, the former Exxon CEO should quietly but bluntly inform all sides how the standoff will end—with Qatar implementing its recently signed memorandum of understanding with the U.S. on terror financing, committing to arresting or expelling all those that the U.S. has

designated as supporters or facilitators of terror, and ceasing to provide material support to any group that the U.S. deems a threat to regional stability.

Mr. Tillerson must make clear that if the Qataris balk, the U.S. will withdraw its forces from Al Udeid. This is the type of threat that should concentrate Mr. Al-Thani's thinking. The Qataris view the American military presence as a security guarantee. Preventing a U.S. withdrawal gives them the political cover they need to end the current standoff. The last thing the Qataris want is to be seen giving in to the Saudis.

Effective American intervention now is necessary for several reasons. A wounded ISIS could exploit the current confusion to regain its strength. Iran and its Shiite militias are already positioning themselves to fill any power vacuum in both Iraq and Syria, further destabilizing the region. And, for Mr. Tillerson, his future effectiveness as secretary of state could depend on it.

Mr. Tillerson's reluctance or inability to fill out senior State Department positions and the Trump administration's often contradictory messaging have cast doubt on his ability to speak for the president. This is an untenable position for a secretary of state. Mr. Tillerson

needs to demonstrate that he can solve diplomatic problems by exercising leverage and producing results. He needs to put a win on the board, lest America's partners and adversaries begin to question whether it makes sense to work with him.

The most effective secretaries of state were characterized not by their strategic brilliance but their unmistakable authority. No one questioned whether Henry Kissinger or James Baker spoke for the president. The power and authority they exuded made their threats and inducements believable. Without leverage, diplomacy rarely works.

Unlike Messrs. Kissinger and Baker, Mr. Tillerson can't count on the White House's messaging to reinforce his diplomacy. Unless he wants to see his authority slowly erode over time, Mr. Tillerson needs a high-profile diplomatic success—and soon. The standoff with Qatar provides a perfect opportunity.

*Mr. Ross has held senior national security positions in several presidential administrations and is counselor at the Washington Institute.*



## Editorial : An Arab model for curbing domestic violence

The Christian Science Monitor

3 minutes

August 1, 2017 —Experts on the Middle East often draw a connection between the region's conflicts and the high rate of violence against women. In the past decade, legal rights for Arab women have slowly improved, offering hope of decreasing violence overall. On July 26, Tunisia set a new standard for the region. The North African country approved a law that recognizes abuse against women in the home as a crime against society.

The new law shifts the blame for violence against women to the perpetrator. It outlaws harassment

in public spaces and abolishes the right of rapists to escape punishment if they marry their victims. And it calls for practical assistance for victims of domestic violence, such as emergency shelters and restraining orders against abusers.

Compared with other Arab states, Tunisia is already a model of gender equality. Its legislature has the highest rate of female representation. More women than men graduate from its universities. And its women can initiate a divorce and establish a business without spousal consent.

But it still has one of the highest rates of domestic violence. About half of Tunisian women experience violent attacks in their lifetime. Worldwide, according to the United

Nations, a third of women have suffered sexual or physical abuse.

The new law is seen by rights activists as representing a "mental revolution" against the notion that violence in the home is a private matter. It still needs to be funded and implemented, an essential step that will be a test of changing cultural attitudes, not only in Tunisia but in many Arab countries.

A poll released in May by the UN Development Fund for Women is telling about gender inequality in the region. It surveyed 10,000 men in Egypt, Lebanon, Morocco, and the Palestinian territories and found a majority expect to control their wives' personal freedoms. Yet a quarter or more support at least some aspects of women's equality and empowerment.

Even without changes in laws like Tunisia's, Arab women are finding ways to express their rights within the system, according to the 2016 Arab Human Development Report. "[S]ome are challenging the laws and codes by proposing alternative religious readings and their own visions of equality," the report states.

The region has also "moved towards more socially open values in recent years; especially, the support for gender equality has increased, and civic involvement has expanded," according to the UN-backed report. In Tunisia, that social trend is fast becoming a legal reality.



## Jailings Raise Fears of Dictatorship in Venezuela (UNE)

Nicholas Casey and Ana

Vanessa Herrero

8-10 minutes

Leopoldo López, left, and Antonio Ledezma were taken from their homes by masked Venezuelan

agents early Tuesday. Agence France-Presse — Getty Images

BOGOTÁ, Colombia — The government agents barged into the

homes of two prominent former mayors, hauling them off to jail in the dark. They dragged one of them into the street in his blue pajamas

as witnesses screamed that he was being kidnapped.

The two men, both vocal members of the opposition, had been arrested before. But as the doors shut and the cars sped away early on Tuesday, many Venezuelans worried that it marked the start of a new dictatorship in South America.

President Nicolás Maduro and his leftist movement have seized control of the country, not through a coup, but through a contentious power grab that has gutted Venezuela's democratic institutions and effectively eliminated any official political challenges.

On Sunday, Mr. Maduro carried out an ambitious plan to consolidate power. He held a national vote, instructing Venezuelans to select from a list of trusted allies of the governing party — including his wife — who will rewrite the Constitution and rule Venezuela with virtually unlimited authority until they finish their work.

It was a fait accompli. There was no option for voters to turn down the plan.

Venezuela's new governing body, known as the constituent assembly, will soon take charge as a ruling junta.

"It's a country that has destroyed all of its institutions," said Germán Ferrer, a former member of Mr. Maduro's ruling party. "Any citizen who finds himself at odds with official politics now runs the risk of being attacked."

With resistance to his government growing, Mr. Maduro and his allies have steadily chipped away at Venezuela's democracy in recent years. They have packed the courts with loyalists, blocked opposition lawmakers from taking their seats, overturned laws that the president opposed, suspended elections and even tried, unsuccessfully, to dissolve the legislature altogether.

And for years, politicians like the two former mayors hauled away on Tuesday — Leopoldo López and Antonio Ledezma — have channeled opposition to the government into a political movement that won a majority of the country's legislature less than two years ago.

But now the new constituent assembly has the power to dismantle the legislature and

dismiss any official deemed disloyal. Venezuela — a bitterly divided country rattled by months of antigovernment protests that have left more than 120 dead this year — faces a future in which political opposition within the structures of government may be impossible.

The constituent assembly could effectively liquidate any official channels of dissent, leaving opponents with few options beyond protesting in the street.

"Now the opposition must ask: Do we go home, or do we go for a more radicalized approach?" said Shannon O'Neil, an analyst at the Council on Foreign Relations who studies Latin America. "It could be a more violent response."

Even the Socialist-inspired movement founded by Mr. Maduro's predecessor, Hugo Chávez, has been shaken.

Gabriela Ramírez, a former top human rights official under both Mr. Chávez and Mr. Maduro, said the constituent assembly had betrayed the movement's legacy by "imposing just one vision" on all of Venezuela and using "the coercive power of the state to create a police state."

Mr. Maduro has made it clear that he will accept no dissent from his own party, with veiled threats on Monday to throw his attorney general, Luisa Ortega, into a mental institution after she said the vote on Sunday was illegal.

Mr. Chávez's movement often repeated the notion that its critics were most readily defeated at the ballot box. But with the new constituent assembly likely to replace the legislature, even the populist underpinnings of the movement seem in question.

"More than supporting the people, there's a determination to stay in power by any means necessary," said Mark L. Schneider, an adviser at the Center for Strategic and International Studies, a research group.

On Tuesday, Venezuelan legislators met at the National Assembly building to continue working despite fears that the new constituent assembly might soon unseat them. In a show of international support, the politicians were joined by ambassadors from Spain, Mexico, France and Britain.

At least 20 countries have rejected the creation of the constituent assembly, and on Monday the United States issued sanctions against Mr. Maduro, calling him "a dictator who disregards the will of the Venezuelan people." Mr. Maduro is now one of only four heads of state to be sanctioned this way, along with Bashar al-Assad of Syria, Kim Jong-un of North Korea and Robert Mugabe of Zimbabwe.

But the sanctions, dismissed by Venezuelan officials as evidence of American imperialism, may have little effect on the country's opposition. Its power was based not on foreign support, but on having a place in a political system that is increasingly dominated by Mr. Maduro's security forces.

"The opposition has limited ability to challenge the government physically," Mr. Schneider said. "But I suspect you'll soon see the range of weapons that exist around the country, and outbreaks of violence at local levels."

Indeed, in the capital, Caracas, some neighborhoods that have aligned with the opposition are being governed by a sense of mob rule.

Impromptu checkpoints were scattered across a five-mile stretch of the capital on the Friday before the vote, as residents set up makeshift barriers made of trees, garbage, old tires and other debris found on the street.

At one such barrier in the Baruta neighborhood, at least 60 masked men and women gathered around the checkpoint. One woman, armed with a scythe, sharpened her blade in the center divider of the road. The people there said they had come to block the entry of colectivos, or government-aligned militias.

"Why haven't we burned the electoral centers?" one masked woman asked.

By late Tuesday, no one had heard from the two mayors who were taken into custody. Both had been on house arrest before being whisked away in the early hours.

But one of the former mayors, Mr. López, seemed to know that the clock was ticking even before the security forces came.

He had been released into house arrest on July 8 after being sentenced to more than 13 years for

causing incitement, among other charges, during protests in 2014.

Before being taken away this time, Mr. López issued a last message to his supporters, telling of the conditions of his imprisonment, urging his followers to continue their resistance and clutching his wife's stomach, saying she would soon give birth to a child.

"If you are watching this video, it's because this is exactly what happened: They came and they made me prisoner again," he said in the message, which was released on Tuesday after his arrest.

On Monday, Mr. Ledezma, the other mayor sent to jail, issued a message of his own, with a strikingly different tone. Standing behind a Venezuelan flag, he offered a damning assessment of the opposition.

He blamed the political parties for being outwitted by Mr. Maduro at every turn. First, the opposition allowed the Supreme Court and electoral council to be stacked by the president's loyalists, he said. Then it stood by as Mr. Maduro ruled by decree. And when a growing effort to recall the unpopular president was swept aside by friendly courts, the opposition did little to challenge it, Mr. Ledezma said.

"They made a joke of the Parliament," he said, looking into the camera. "And we have run afoul of the people. And the people deserve answers."

Yet even the criticism of Mr. Ledezma's own party appeared too much for Venezuela's government to tolerate.

After the video was released, the Supreme Court issued a ruling saying that Mr. Ledezma had violated the terms of his house arrest by making "statements in any medium."

It also said that he and Mr. López were making plans to escape.

In a grainy video posted to Mr. Ledezma's Twitter account, uniformed men in black helmets can be seen pushing a man in his pajamas out of a building and into a vehicle.

"They are taking away Ledezma! Look we are recording it all here!" a woman screams in the background.



## Top Venezuelan opposition leaders taken into custody amid fears of wider crackdowns (UNE)

<https://www.facebook.com/anthony.faiola> 8-11 minutes

CARACAS, Venezuela — Masked security forces carried out predawn raids Tuesday and hauled away two

top Venezuelan opposition leaders, suggesting an expanded crackdown on dissent after a widely denounced



election aimed at boosting the authoritarian government.

The moves against Leopoldo López and Antonio Ledezma, who were already under house arrest, could intensify the international fallout after Sunday's election, which created a new super-congress stocked with backers of the government of President Nicolás Maduro.

The vote for the Constituent Assembly was decried as fraud-ridden by the opposition and prompted the Trump administration on Monday to slap sanctions on Maduro. A blitz of videos related to the arrests emerged, adding a cinematic quality to a turn of events that opponents decried as the actions of a fast-cementing dictatorship.

In one video posted online by Ledezma's wife, security forces apparently drag the opposition leader between the glass doors of a building. A man cries "Help!" before another voice shouts, "They're taking Ledezma!"

A woman screams "Dictatorship! Dictatorship!" as Ledezma, 62, is carried into the darkness by troops from the intelligence services in camouflage.

The White House said that Venezuelan President Nicolas Maduro is now effectively a dictator, "seizing absolute power" after the country's election on July 30. The White House said on July 31 that Venezuelan President Nicolas Maduro is now effectively a dictator after "seizing absolute power." (Reuters)

(Reuters)

Both men were taken to Ramo Verde military prison southwest of Caracas, aides and family members said. The heavily guarded hilltop complex is a notorious detention center for political and military prisoners.

President Trump denounced the arrests Tuesday, calling the two men "political prisoners being held illegally by the regime."

"The United States holds Maduro — who publicly announced just hours earlier that he would move against his political opposition — personally responsible for the health and safety of Mr. Lopez, Mr. Ledezma, and any others seized," Trump said in a statement issued by the White House.

After the election results were announced Sunday, Maduro gave a bellicose victory speech on national television that included threats to jail political leaders who were encouraging protests. Maduro, the anointed successor of leftist president Hugo Chávez, who died in 2013, also said that a "truth commission" would be created to "take parliamentary immunity from the legislators who shouldn't have it."

*[Options shrink for Venezuela's opposition]*

The newly minted legislators from Sunday's vote, including Maduro's wife and son, are set to take over the National Assembly building from lawmakers of the opposition-dominated body Thursday. Placards depicting Venezuelan opposition leader Leopoldo López during a rally against President Nicolás Maduro's government in Caracas on July 9. (Andres Martinez Casares/Reuters)

The outgoing lawmakers held a defiant session Tuesday, condemning the election as a "farce" and claiming that the government invented millions of votes. Opposition politicians also denounced the Tuesday raids.

"Imprisonments and persecution of the leadership will not stop the rebellion," tweeted Freddy Guevara, vice president of the National Assembly and a member of López's party.

Already near-worthless, the local currency — the bolivar — continued to collapse, with its black-market rate against the dollar falling nearly 10 percent overnight. Government channels, meanwhile, showed images of people celebrating the results of Sunday's vote.

The pro-government election commission said the names of at least 364 of the 545 new Constituent Assembly members have been sent to Maduro. But the government also suffered defections. Three leftist legislators in the opposition-led National Assembly publicly disagreed with the government's legislative bloc.

"We're socialists and believe in Bolivarian ideals," said Eustoquio Contreras, one of the dissenting legislators, using the term reserved for Chávez's ideology. "Our difference is in the way of confronting the crisis."

On Tuesday, the sole government critic on the country's election

commission, Luis Rondón, broke with the body's stance validating Sunday's vote.

"I can't guarantee the veracity of the results," said Rondón, one of the commission's five directors.

At a news conference, he said the commission had not published voting tallies from each polling station.

"The controls in our electoral system were, for the most part, relaxed, and in some parts, even eliminated," he said. He added, "I can't have confidence in the figures"

In a sign of the socialist government's growing isolation, ambassadors from Britain, France, Spain and Mexico went to the National Assembly on Tuesday to support the opposition lawmakers. "We diplomats are here to show support," said France's ambassador, Romain Nadal. "The Venezuelan people want peace, democracy and its institutions, and we are here to help."

In a statement, the pro-government supreme court said it had revoked López's and Ledezma's house arrest after "verifying" violations of the terms of detention. It said intelligence officials had uncovered escape plots by both men. The court also said the conditions of the house arrest prohibited political activity or declarations.

Authorities last month released López, 46, after nearly 3½ years behind bars and placed him under house arrest. At the time, the government called the decision a humanitarian gesture, citing his poor health, though supporters saw the move as an attempt to reduce international pressure.

In a video posted on Twitter by Lilian Tintori, López's wife, masked security forces in riot gear can be seen in front of what appears to be the family's house, leading a man through the door and putting him in an official car shortly after midnight.

"Maduro is responsible if something happens," Tintori tweeted.

Venezuela's most prominent political prisoner and the former mayor of a district in Caracas, López was arrested in early 2014 and handed a 13-year jail term after being convicted of inciting violence during a street protest. He became a symbol of resistance for opponents of the government, his portrait printed in bright colors on

the T-shirts and flags of protesters who chanted "Free Leopoldo!"

At the time of his release, López, who was forbidden to speak to the media, issued a statement saying he was ready to return to prison to "fight for freedom."

López's family on Tuesday tweeted a video of the opposition leader that was made for release in the event he was seized.

Sitting with his wife in their home, he called on the nation to continue the fight. And he announced that his wife is pregnant with their third child.

"Despite knowing the risks we're putting our family in, we're willing to advance and continue," he said.

In an interview, Ledezma's wife, Mitzy Capriles de Ledezma, said a Twitter video that her husband posted Monday may have been one reason he was hauled away.

In the video, Ledezma, with a Venezuelan flag in the background, called the just-elected Constituent Assembly a fraud and assailed the armed forces and supreme court. Ledezma also criticized the opposition for its lack of strategy.

"One more time Nicolás Maduro shows off his dictator-like qualities," Capriles de Ledezma said Tuesday.

Ledezma's daughter, Oriette - Ledezma, issued a video statement saying her father was "kidnapped" by Maduro's forces.

Today's WorldView

What's most important from where the world meets Washington

"He was in his pajamas," she said. "A group of masked men in camouflage took him. . . . We make the regime responsible for his life and physical integrity."

Antonio Ledezma was previously arrested in December 2015. Maduro at the time said he was part of a conspiracy to overthrow the government. In May of that year, he was remanded to house arrest after undergoing surgery for a hernia.

In 2013, Ledezma, from the Alianza Bravo Pueblo party, was reelected mayor of Caracas. In January 2017, Maduro created a higher executive post in the city, "chief of the greater state of Caracas," and named a pro-government official to the job.

Rachelle Krygier and Mariana Zuñiga contributed to this report.



## Editorial : Venezuela Abandons Any Claim to Democracy

by The Editors  
More stories by

The Editors  
4-5 minutes

Where votes don't count.

Photographer:  
Barreto/AFP/Getty Images

Juan

President Nicolas Maduro's bogus vote to rewrite Venezuela's constitution is an affront to the country's democratic government. To persuade him to change course, Venezuela's neighbors will have to forge an unprecedented common front.

Notwithstanding the regime's claims, the number of Venezuelans who voted for a new constitutional convention on Sunday was likely well under half the number who voted against it two weeks ago. In the day preceding the vote, some 15 people were killed. But more unrest won't deter the regime from dissolving the opposition-controlled legislature, cracking down further on protesters and booting internal dissenters such as its attorney general.

QuickTake Venezuela's Revolution

What's needed is concerted and sustained action. The U.S. has just added Maduro to its list of

Venezuelan officials facing sanctions, which Mexico, Panama and Colombia have said they would help enforce. Argentina, Brazil, Chile and Peru are among those who have said they won't recognize the results of the vote, which Canada, the United Kingdom and the European Union have also condemned.

Venezuela's neighbors should now expel it from the Mercosur trading bloc and renew their push for condemnation by the Organization of American States. They should also do more to publicize what they know about the regime's nefarious activities -- the hundreds of millions (if not billions) of dollars in assets its members have appropriated, its role in drug trafficking and human smuggling, or its support for terrorists and abusers of human rights.

More broadly, the United Nations Security Council needs to take up Venezuela's abuses against its

people. For that to happen, Latin America's democracies will have to persuade China, a permanent member of the security council and Venezuela's biggest creditor, that "non-interference" is a non-option.

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Inevitably, more sanctions will have to be put on the table. But to be effective, they must be as collective as possible, target individuals rather than Venezuelans as a whole, and offer a clear off-ramp. A ban on Venezuela's oil exports doesn't pass that test: It would likely not only cause a disastrous debt default and economic hardship for ordinary citizens, but also give Maduro the perfect alibi for running his country into a ditch.

That's why the U.S., the EU and Latin American nations must also offer ordinary Venezuelans a vision

of a better future. Pledges of humanitarian aid and assistance from the International Monetary Fund and other financial institutions, for example, could help a democratic Venezuela recover from its spiraling economic crisis, including an inflation rate nearing 1,000 percent. Offering such help to a country with the world's biggest proven oil reserves may seem absurd. But such are the depths to which Venezuela has sunk under Maduro's inept and brutal leadership.

--Editors: James Gibney, Michael Newman.

To contact the senior editor responsible for Bloomberg View's editorials: David Shipley at davidshipley@bloomberg.net .

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## A reporter's journey through Tripoli: Long lines, kidnappings and murder (UNE)

<https://www.facebook.com/profile.php?id=100009511926129>

9-11 minutes

Children play soccer in the old city of Tripoli. (Lorenzo Tugnoli/For The Washington Post)

TRIPOLI, Libya — The line at the bank was two blocks long and Abdul bin Naji was once again praying for the doors to open. He desperately needed his \$60.

With Libya in the throes of a currency crisis, that was the weekly limit for withdrawals. For the past month, though, the bank hadn't had any cash. That didn't stop bin Naji and hundreds of others from arriving every night to get a good spot in line.

On this morning, the unshaven airline employee was third from the door. At 10 a.m., the bank still hadn't opened. "Thirty-two days and no money," he sighed.

Excruciatingly long bank lines are the latest misfortune for Libyans trapped in a cycle of war and economic upheaval.

Six years after the revolution that toppled dictator Moammar Gaddafi, the mood in this volatile capital is a meld of hopelessness and gloom. Diplomatic and military efforts by the United States and its allies have failed to stabilize the nation; the denouement of the crisis remains

far from clear. Most Libyans sense that the worst is yet to come.

Increasingly, decisions that were once mundane are potentially life-altering.

Is it safe to visit parents in a neighborhood across the city? Which car will kidnappers be less likely to notice? Will a \$60 bank withdrawal stretch until the next one is available?

"Every day, our future is getting darker and darker," said bin Naji, 57, leaning against an ATM that hasn't worked in years. People line up in front of a bank. Because of a currency crisis, banks limit the amount of cash customers can withdraw, and some days they don't open at all. (Lorenzo Tugnoli/For The Washington Post)

Under Gaddafi, the oil-producing country was once one of the world's wealthiest nations. Even as the economy struggled in his last years, Libyans enjoyed free health care, education and other benefits under the eccentric strongman's brand of socialism.

The insecurity that followed Gaddafi's death has ripped apart the North African country. Rival governments and an array of armed groups compete for influence and territory. The economy is on the verge of collapse. Criminal gangs prey on the vulnerable.

In Tripoli, parliament and other buildings are concrete carcasses, shattered by heavy artillery fire,

rocket-propelled grenades and tank shells. Clashes often erupt suddenly, trapping residents in their homes and creating new no-go zones.

A journey through the city revealed how Libyans are adapting to the vicissitudes of the civil war. A building is left unfinished in Tripoli. Since the start of the revolution in 2011, many construction projects have been abandoned. Investors involved in the oil-rich country during the regime of Moammar Gaddafi left shortly after his fall because of the poor economic situation and lack of security. (Lorenzo Tugnoli/For The Washington Post)

A contest for control

In the southern Tripoli district of Salaheddin, a main thoroughfare bustles during the day but is deserted at night.

Surrounded by what was once a typical middle-class enclave, the street has become a focal point of the contest to control the capital. On one side, militiamen aligned with a self-declared, Islamist-leaning government operate checkpoints. The other side is overseen by fighters loyal to a U.N.-installed unity government.

By 9 p.m., many residents have locked themselves inside their homes. Gunfire usually starts around that time, residents said. Those who dare to venture out are careful not to bring any valuables.

"I leave my iPhone and carry a cheap Nokia," said Ibrahim el-Worfali, 31, a shop owner. "All these guys have guns and they can do anything they want to you."

At the western entrance to the city, fighters with the Knights of Janzour, a militia aligned with the unity government, stop and search cars for weapons being funneled to their rivals.

"It's obvious they want to control the capital," said Mohammed Bazzaa, 29, the militia's thickset commander, who wore tan camouflage fatigues and stood next to a pickup truck mounted with a heavy machine gun. Soldiers check cars at the western entrance to Tripoli. The coastal road west of the capital has been closed at times and lacks security because of the militias that control sections of it. (Lorenzo Tugnoli/For The Washington Post)

One of the militia's biggest rivals is a group led by Gen. Khalifa Hifter, whose army controls much of eastern Libya. Hifter, who lived in exile in Northern Virginia for two decades, is aligned with a third government based in the east.

"He's another Gaddafi," said Bazzaa, who fought in the revolution.

But the militia's primary threat, Bazzaa said, are the fighters from a rival tribe controlling an enclave less than two miles down the main highway between Tripoli and the city of Zawiyah. Last year, they

fought fiercely. Now, they are both aligned with the unity government.

The tensions and mistrust, however, still run deep.

"They are motivated only by money," Bazzaa said of his rivals. Posters in Tripoli's Martyrs' Square express opposition to Gen. Khalifa Hifter. (Lorenzo Tugnoli/For The Washington Post)

Not far from the checkpoint, Sulaiman Abu Hallala was kidnapped.

He was pulled from his car by three masked gunmen and taken to a farm outside the capital. Held there for 19 days, he was deprived of his diabetes medication until his family agreed to pay an \$11,000 ransom.

"I was so scared," recalled Hallala, a businessman who is in his 80s. "My nephew was kidnapped three months earlier. He was killed after we paid the ransom." Sulaiman Abu Hallala sits in the garden of the house he built with revenue from his businesses. He was kidnapped last year and held for 19 days at a farm outside Tripoli. After his family paid a hefty ransom, he was released. (Lorenzo Tugnoli/For The Washington Post)

Kidnappings have become so common in the

capital that residents constantly trade detailed information about the enclaves and roads where they have occurred. Once predominantly motivated by political or tribal rivalries, abductions have become a criminal enterprise fueled by the worsening economy.

"All they want is money," said Mohamed Grabli, another businessman. "There are shortages of cash in the country. There are no jobs."

Grabli was kidnapped last year and held for 63 days in a room smaller than a walk-in closet, with a steel door and iron bars on the windows. His hands were cuffed with cable wire, and his legs were chained, he said. His captors fed him pieces of bread "like a dog." His family paid about \$31,000 for his release.

Revolution 'not the right thing'

Osama Labib has not driven his maroon Lamborghini in months.

The architect has been waiting for spare parts, which take weeks to arrive because fewer ships are willing to dock in Tripoli. But even if he repairs the car, he plans to keep it under a tarpaulin behind the high walls of his compound near Salaheddin.

"If I drive it, it will draw too much attention," he said. "If I enter Salaheddin in this car, I am never coming out."

Many Libyans are keeping their expensive cars out of sight, said Ali Kabous, a luxury auto dealer. Others, he added, have sent their cars to neighboring Tunisia to "keep them safe." Osama Labib's red Lamborghini hasn't been driven for months because the needed spare parts had to be shipped from abroad. But Labib says he's afraid to drive it anyway, because it could make him a kidnapping target. (Lorenzo Tugnoli/For The Washington Post)

His worst-selling vehicle these days is a Toyota Land Cruiser. "It's the most dangerous car to drive," Kabous said. "The militia commanders really like them."

Some customers, he said, are buying luxury cars and sending them outside Libya because they don't trust leaving their money in the banks.

"It's a way of safeguarding your money," he said.

But few residents of Tripoli have such options.

As he stood in the snaking bank line, Allama el-Motamed lamented

his declining health, and the money he must spend on doctors. But what makes him more despondent, he said, are the deepening social and cultural divisions he has noticed.

"Before, we never asked where a person is from. We always saw ourselves as part of one country," said the 67-year-old airline employee, a colleague and friend of bin Naji's. "Now, when someone stops you, he asks, 'Where are you from?'"

"Sometimes he will kill you if you are, for example, from the east," he said. "Or maybe he will kill you if you are from the west."

At that moment, bin Naji interrupted, expressing a sentiment shared by many in the capital.

Today's WorldView

What's most important from where the world meets Washington

"The revolution was not the right thing," he said. "Before, people were happy. Before, I was a king. I had a job. I felt like a man. Now, I can't even take out my own money."

At 11 a.m., the bank was still closed.

They planned to return again at night.

**The  
New York  
Times**

## Friedman : Climate Shifts Aren't Limited to the Weather

Thomas L. Friedman

6-7 minutes

I have a simple view of governing today: We are in the middle of not one but three climate changes at once to which government must help citizens respond — and Donald Trump doesn't have a clue and China does.

Here is what I mean: We are in the middle of a change in the climate of the climate. We are going from "later" to "now." In the past you could fix any climate/environmental problem later or now. But today later is officially over. Later will be too late. At some point, the deforestation of the Amazon is not reversible.

We are the middle of a change in the "climate" of globalization. We are going from an interconnected world to an interdependent one, and in such a world your friends can hurt you faster than your enemies: Think what happens if Mexico's economy fails. And your rivals' falling becomes more dangerous than your rivals' rising: We will be hurt a lot more by China's economy tanking

than its putting tanks on islands in the South China Sea.

And lastly we're in the middle of a change in the "climate" of technology. We're moving into a world where machines and software can *analyze* (see patterns that were always hidden before); *optimize* (tell a plane which altitude to fly each mile to get the best fuel efficiency); *prophesize* (tell you when your elevator will break and fix it before it does); *customize* (tailor any product or service for you alone) and *digitize and automate* just about any job. This is transforming every industry.

President Xi Jinping of China at the Great Hall of the People in Beijing on Tuesday. Andy Wong/Agence France-Presse — Getty Images

Governing today is all about how you prepare your society to get the most out of these three climate changes and cushion the worst. Sadly, that's not our society's priority right now. In the age of Trump we are treating governing as entertainment.

Some conservatives argue that's fine. The less D.C. does, the better. Let the market rule. I disagree. What actually made America great was a government that prepared the right soil in education, regulation,

immigration, research and infrastructure, and a dynamic private sector that grew all kinds of flowers in that soil.

Which brings me to China. China takes governing seriously — in a cruel way and in an impressive way. Its leaders wake up every morning and ask themselves two questions. First, how do we stay in power? Their answer, which I find reprehensible, is: We'll use technology to repress our people. I think in the long run depriving China's people of freedom, a basic human right, will undermine their ability to realize their full potential.

But it has worked better than expected, up to now, because China's leaders are just as focused on asking a second question: What world are we living in? Which leads to: What are the biggest forces shaping this world? And what kind of national strategy do we need so our people can get the most out of these forces and cushion the worst?

They know we're in the midst of these three climate changes and have formulated a strategy — "Made in China 2025" — to thrive within it. It's a plan for building the infrastructure, investments, education and regulations that will enable Chinese companies to lead

in supercomputing, new materials, computer-controlled machine tools, industrial robotics, space and aviation equipment — including drones — clean cars, clean energy, biomedicine and next-gen medical devices.

Only time will tell how much what China has wrong about governing will undermine what it has right.

By contrast, Trump hasn't even named a science adviser. He pulled out of the Paris climate accord without any input from scientists, and he proposed a budget for fiscal 2018 that eliminated the Department of Energy's innovation lab (the "Advanced Research Projects Agency — Energy") and slashed funding for all of our key national science and medical labs, which provide the basic research for the very next-gen technologies in which China is now massively investing.

He's spending the money instead on a wall against Mexico. Is there anything more stupid?

And then you watch the health care debate. And then you realize that in addition to the executive branch, one of our two parties has gone nuts. For seven years the G.O.P. made replacing Obamacare, which



needs improving, its top goal, and when it finally controlled all the levers of power, it was clear that it had done no homework on a better plan or built any intraparty consensus for it. It was all a fraud.

And then you look at all the knife fights between rival Trump aides and you realize that none of these

fights were over how to thrive in a world challenged by these three climate changes. They were all about who could get closest to and flatter our Dear Leader most. But our Dear Leader — as we saw in the health care debate — has done no homework on the future, either.

He's been too busy promising to restore the past.

This is so dangerous. When the pace of change accelerates in climate, technology and globalization all at once, small errors in leadership navigation can have huge consequences. It's like a 747 pilot who enters the wrong

navigational coordinates. You can find yourself so far off course that the pain of getting back will be staggering.

We have such a pilot. It is time for the adult Republicans and Democrats in Congress to come together and take the helm.

## ETATS-UNIS

**THE WALL  
STREET  
JOURNAL.**  
Louise Radnofsky

7-9 minutes

Aug. 1, 2017 8:19 p.m. ET

Major health insurers in some states are seeking increases as high as 30% or more for premiums on 2018 Affordable Care Act plans, according to new federal data that provide the broadest view so far of the turmoil across exchanges as companies try to anticipate Trump administration policies.

Big insurers in Idaho, West Virginia, South Carolina, Iowa and Wyoming are seeking to raise premiums by averages close to 30% or more, according to preliminary rate requests published Tuesday by the U.S. Department of Health and Human Services. Major marketplace players in New Mexico, Tennessee, North Dakota and Hawaii indicated they were looking for average increases of 20% or more.

In other cases, insurers are looking for more limited premium increases for the suites of products they offer in individual states, reflecting the variety of situations in different markets. Health Care Service Corp., a huge exchange player in five states, filed for average increases including 8.3% in Oklahoma, 23.6% in Texas, and 16% in Illinois.

Together the filings show the uncertainty in the health-insurance marketplaces as insurers around the U.S. try to make decisions about rates and participation for next year amid open questions about changes that could come from the Trump administration and Congress.

Insurers face a mid-August deadline for completing their rates. The companies have until late September to sign federal agreements to offer plans in 2018. In some cases, insurers warn, the figures revealed by federal

### Some Insurers Seek ACA Premium Increases of 30% and Higher (UNE)

Anna Wilde Mathews and

regulators may not reflect their up-to-date thinking.

The insurers' decisions will be closely dependent on moves by the Trump administration and Congress. Most important is whether the federal government continues making payments that reduce health-care costs for low-income exchange enrollees, which insurers say are vital and President Donald Trump has threatened to halt.

Insurers are also concerned about whether the Trump administration will enforce the requirement for most people to have insurance coverage, which industry officials say helps hold down rates by prodding young, healthy people to sign up for plans.

In Montana, Health Care Service linked 17 percentage points of its 23% rate increase request to concerns about the cost-sharing payments and enforcement of the mandate that requires everyone to purchase insurance. Kurt Kossen, a senior vice president at Health Care Service, said the company's rate requests are driven by causes including growing health costs and "uncertainty and the associated risks that exist within this marketplace, including uncertainty around issues like the continued funding of [cost-sharing payments] and mechanisms that encourage broad and continuous coverage."

Sen. Lamar Alexander (R., Tenn.), who chairs the Senate committee that oversees health policy, said Tuesday that he had told Mr. Trump directly that the government should continue making the payments to insurance companies

The effect of the rate increases will be blunted for many exchange enrollees, because lower-income people receive federal subsidies that cover much of their premiums.

But increases could be tough to stomach for those who aren't eligible for the help, like Harland Stanley, 53, of Louisville, Ky. Mr.

Stanley, who owns his own research business, pays about \$400 a month for a plan from Anthem Inc., which is seeking an average increase of 34% in the state, though Mr. Stanley's own premiums might rise by less or more than that.

"It's going to hurt," said Mr. Stanley, who said his monthly premium this year is about \$120 more than he paid in 2016. "I worry about, what if it keeps going? When is this going to stop?"

Anthem, which is seeking rate average increases of 30% or more in states including Colorado, Kentucky, Nevada and Virginia, has said it would refile for bigger hikes and may pull back its exchange offerings more if uncertainty continues around issues including the cost-sharing payments.

Centene Corp.'s requests ranged from less than 1% in New Hampshire to 21% in Texas and 12.49% in Georgia. Those rate proposals generally assume the current rules surrounding ACA plans continue, the company said.

Within the marketplaces, "there is relative stability," said Chief Executive Michael F. Neidorff. "The uncertainty is driven by these policies on the ACA."

CareSource, a nonprofit insurer that offers exchange plans in four states, has prepared alternate rate filings for different scenarios, and one of its state regulators Monday asked it to refile with proposed rates that assume no cost-sharing payments.

"It's challenging; you learn to be very fluid," said Steve Ringel, president of the Ohio market for CareSource. According to actuarial firm Milliman Inc., at least seven states have made similar requests in the past week, while others had earlier asked for two versions of rate filings.

"Resolution of the [cost-sharing payments] is an urgent issue," said Bill Wehrle, a vice president at Kaiser Permanente, which offers exchange plans in a number of

states. "We're coming up at a point that's fairly soon, where the pricing decisions we make are set for all of next year."

The impact of potentially losing the cost-sharing payments was also clear in the rates requested by Blue Cross of Idaho, which average 28%. That would probably be in the lower teens if the payments were guaranteed, said Dave Jeppesen, a senior vice president. "It's a big swing," he said. "There's a lot of risk associated with the uncertainty in Congress right now, and we are pricing appropriately for that risk."

A recent Kaiser Family Foundation analysis found insurers' financial results on exchange plans improved in the first quarter of this year, a sign of potentially emerging stability in the business. That is reflected in a number of states where rate-increase requests are limited. The exchange in California said Tuesday that insurers there were seeking an overall average increase of 12.5%—but there would be an additional 12.4% boost layered onto middle-tier "silver" plans if the cost-sharing subsidies aren't paid.

However, in a number of cases, insurers' rate requests are well above 20% because of market factors not directly tied to the federal uncertainty. Anthem has warned that it may need to add 18% to 20% to its existing rate requests if the cost-sharing payments aren't locked in, and it may pull back in more states beyond the five exchanges where it has disclosed plans to leave or sharply reduce its footprint. An Anthem spokeswoman declined to comment on the company's rate filings.

In Iowa, Medica said its rate increase request was 43.5%, driven by the dynamics of the local market, including the departure of other insurers and the fact that Medica itself has been losing money because enrollees' health costs ran higher than expected. "You have some element of catching up to what the claims experience is," says

Geoff Bartsh, a Medica vice president.

Medica's requests in other states have been far lower, he said, a sign

of increased steadiness in those markets. But, he said, if the cost-sharing payments go away, Medica estimates it will need to add around 13% to 19% to its rate requests.

Write to Anna Wilde Mathews at [anna.mathews@wsj.com](mailto:anna.mathews@wsj.com)

Appeared in the August 2, 2017, print edition as 'Insurers Seek Hike In ACA Premiums.'

**The  
New York  
Times**

## Republicans in Congress Bypass Trump to Shore Up Health Law (UNE)

Robert Pear and  
Thomas Kaplan

8-11 minutes

Senators Lamar Alexander of Tennessee and Patty Murray of Washington at the Capitol in July. Bill Clark/CQ Roll Call, via Associated Press

WASHINGTON — Congressional Republicans moved on Tuesday to defuse President Trump's threat to cut off critical payments to health insurance companies, maneuvering around the president toward bipartisan legislation to shore up insurance markets under the Affordable Care Act.

Senator Lamar Alexander of Tennessee, the influential chairman of the Senate Health, Education, Labor and Pensions Committee, announced that his panel would begin work in early September on legislation to "stabilize and strengthen the individual health insurance market" for 2018. He publicly urged Mr. Trump to continue making payments to health insurance companies to reimburse them for reducing the out-of-pocket medical expenses of low-income people.

In the House, two Republicans, Representatives Tom Reed of New York and Charlie Dent of Pennsylvania, teamed with Democrats to promote incremental health legislation that would also fund the cost-sharing subsidies.

The moves were a remarkable response to the president's repeated threats to send health insurance markets into a tailspin. They offered tangible indications of cooperation between the parties after Republican efforts to scrap the Affordable Care Act collapsed in the Senate last week, all but ending the seven-year Republican quest to overturn President Barack Obama's signature domestic achievement. Lawmakers from both parties concede that the health law needs improvement, as consumers face sharp premium increases and a shrinking number of insurance options in many states.

These problems have been exacerbated by a president who has publicly predicted that the Affordable Care Act will "implode" and appears determined to help fulfill that prophecy. Mr. Trump has

repeatedly threatened to cut off the subsidies, known as cost-sharing reduction payments, which reimburse insurers for cutting deductibles and other out-of-pocket costs for millions of low-income people. Without them, insurers would almost certainly raise premiums not only for poor consumers but also for many other people buying plans on the individual insurance market.

In California, the state agency that runs the insurance marketplace announced on Tuesday that rates would increase by 12.5 percent on average next year. That is slightly lower than the rate increases Californians saw this year. But Peter V. Lee, the executive director of the agency, Covered California, said the average increase would be twice as high for popular "silver" plans if the Trump administration blocked the cost-sharing payments.

"This policy allowed health plans to stay in the market when they might have left otherwise," Mr. Lee said of the potential additional increase, which he called a "surcharge."

He added, "By the end of this month, we have to hear there's clarity that the cost-sharing reductions will be made, or we will apply the surcharge."

In Kentucky, according to data posted by the federal government, Anthem has requested rate increases averaging 34 percent for plans covering 69,500 people. BlueCross BlueShield of South Carolina has sought rate increases averaging 33 percent.

And Blue Cross and Blue Shield of Texas is seeking rate increases that average about 23 percent, and it said 389,800 people may be affected. The company cited uncertainty about cost-sharing subsidies as a factor, along with medical inflation.

In the House, a group of members known as the Problem Solvers Caucus announced agreement this week on a bipartisan set of proposals to stabilize insurance markets and revise the Affordable Care Act to provide relief to consumers and small and midsize businesses. The proposals would provide money for cost-sharing reduction payments, repeal a tax on medical devices and exempt businesses with fewer than 500 employees from the law's

requirement to offer health insurance to workers.

"My hope is that maybe the president will take this into consideration in regards to the upcoming decision" on cost-sharing subsidies, said Mr. Reed, a co-chairman of the caucus, whose members are split roughly evenly between the two parties.

"Many in our parties don't want us to do this," Mr. Reed said of the bipartisan initiative. "Many of us still retain our philosophical opposition and substantive opposition to the Affordable Care Act. But it's clear to us that what we have to do is come together, find that common ground and govern for the American people."

Under the proposal, funds for the cost-sharing payments would be guaranteed, and Congress could review use of the money each year, just as it reviews other federal spending.

Mr. Alexander said that it was important for Mr. Trump to approve the payments for August and September, and that Congress should approve "in a bipartisan way" a continuation of the payments for at least a year.

"Without payment of these cost-sharing reductions," he said, "Americans will be hurt. Up to half of the states will likely have bare counties with zero insurance providers offering insurance on the exchanges, and insurance premiums will increase by roughly 20 percent, according to America's Health Insurance Plans," a trade group for insurers.

Senator Patty Murray of Washington, the senior Democrat on the health committee, welcomed Mr. Alexander's statement.

Mr. Alexander said the committee would hold hearings starting the week of Sept. 4 "on the actions Congress should take to stabilize and strengthen the individual health insurance market, so that Americans will be able to buy insurance at affordable prices in the year 2018."

Senator Ted Cruz of Texas said Tuesday that cost-sharing subsidies to help reduce the out-of-pocket medical expenses of low-income people were "a bailout for insurance companies." Aaron P. Bernstein/Reuters

He said the committee expected to hear from state insurance commissioners, patients, governors, health care experts and insurance companies.

Mr. Alexander said his proposal was a necessary response to an imminent crisis.

"In my opinion," Mr. Alexander said, "any solution that Congress passes for a 2018 stabilization package would need to be small, bipartisan and balanced. It should include funding for the cost-sharing reductions, but it also should include greater flexibility for states in approving health insurance policies."

Payment of the cost-sharing subsidies is a top priority for insurers and for Democrats in Congress, who say that cutting off the payments would cause havoc in insurance markets.

The president has the power to stop the payments because a federal judge ruled last year that the Obama administration had been illegally making the payments, in the absence of a law explicitly providing money for the purpose.

The Obama administration appealed the ruling, and the case is pending before the United States Court of Appeals for the District of Columbia Circuit.

House Republicans, who filed suit to stop the payments in 2014, and the Trump administration have told the court that they are discussing "measures that would obviate the need for judicial determination of this appeal, including potential legislative action."

The appeals court on Tuesday allowed California, New York and 15 other states to intervene in the case. The states have shown a substantial risk that termination of the cost-sharing payments "would lead directly and imminently to an increase in insurance prices, which in turn will increase the number of uninsured individuals for whom the states will have to provide health care," the court said.

Mr. Alexander said he hoped Congress would eventually approve long-term measures to create a more robust market for people who buy insurance on their own. But first, he said, "we need to put out the fire in these collapsing markets."

The cost-sharing payments help people with incomes of 100 percent to 250 percent of the federal poverty level (about \$12,060 to \$30,150 a

year for an individual). But some Republicans say that providing the money would amount to “a bailout for insurance companies,” in the

words of Senator Ted Cruz of Texas.

“It’s what the Democrats want,” Mr. Cruz said on Tuesday. “The Democrats are the party of the big insurance companies.”

## THE WALL STREET JOURNAL.

and Janet Hook

6-8 minutes

Aug. 1, 2017 7:39 p.m. ET

WASHINGTON—Senate Republicans made clear on Tuesday that they want to chart their own course to focus on a tax overhaul and critical fiscal legislation, bypassing requests from President Donald Trump and White House officials to keep health care their top legislative priority.

In his first press conference since a GOP health bill collapsed in the Senate, Majority Leader Mitch McConnell (R., Ky.) on Tuesday left health legislation off the list of items to be voted on before the chamber leaves for recess later this month, despite Mr. Trump’s calls for the Senate to dive back in.

Mr. McConnell, who has said he prefers to keep disagreements with the president private, also disclosed that he had told Mr. Trump that most senators don’t support changing the chamber’s rules to allow bills to pass on a simple majority vote, as the president urged on Twitter several times in the past week.

“There are not the votes in the Senate, as I’ve said repeatedly to the president and all of you, to change the rules of the Senate,” Mr. McConnell said.

Mr. McConnell was one of several senators in recent days who have resisted White House entreaties on health care, often expressed in language that is frank for leaders of the same party.

Sen. John Cornyn (R., Texas) took a shot at White House Budget Director Mick Mulvaney, who said

## THE WALL STREET JOURNAL.

4-5 minutes

Aug. 1, 2017 7:04 p.m. ET

WASHINGTON—The White House and some Republicans who want to keep up efforts to repeal the Affordable Care Act have seized on a proposal aimed at giving states

## Senate Republicans Rebuff Donald Trump’s Health-Care Push

Siobhan Hughes, Natalie Andrews

Sunday that Congress should continue to work on health care rather than move on to other issues.

“I don’t think he’s got much experience in the Senate, as I recall,” Mr. Cornyn told reporters on Monday night about Mr. Mulvaney, who served three terms in the House. “He’s got a big job. He ought to do that job and let us do our job.”

A spokesman for the Office of Management and Budget said Mr. Mulvaney was merely conveying Mr. Trump’s view. “Health care is a priority for most Americans,” the spokesman said. “It should be for Congress as well.”

In an effort to keep the health-care effort front and center, Mr. Trump has threatened to take away government contributions toward the cost of lawmakers’ health care and to stop government payments to insurers that reduce copayments and deductibles for some of the poorest customers under the 2010 health law. Mr. Trump also has ousted White House staffers most closely linked to the Republican National Committee and the House leadership—former Chief of Staff Reince Priebus and spokesman Sean Spicer—as part of a staff shake-up.

Potentially rebuffing Mr. Trump’s plans, Senate Health, Education, Labor and Pensions Committee Chairman Lamar Alexander (R., Tenn.) said Tuesday that his committee would begin drafting legislation this week to stabilize the Affordable Care Act’s fragile insurance markets, where people who don’t get health coverage through work purchase insurance. He said the committee aims to pass short-term legislation in mid-September.

For its part, the White House on Tuesday rejected a suggestion

made at the White House press briefing that Mr. Trump’s agenda was suffering because he was losing credibility on Capitol Hill.

“What’s hurting the legislative agenda is Congress’s inability to get things passed,” White House spokeswoman Sarah Huckabee Sanders said.

Next on the Senate Republicans’ agenda is a tax overhaul. “We began to discuss today at lunch tax reform,” Sen. Bob Corker (R., Tenn.) said Tuesday. “That’s our next agenda item, and it’s something that regardless of who’s president we would want to be pursuing at this time.”

Senate and House Republicans plan to advance the issue in September after their recess and have been working with administration officials on a coordinated plan. But Senate Republicans also dismissed White House suggestions they take input from Democrats.

“I don’t think this is going to be 1986, when you had a bipartisan effort to scrub the code,” Mr. McConnell said.

Mr. Trump retains some support in Congress, despite the differences over legislative priorities in the Senate.

“He doubted Congress could repeal and replace Obamacare with no Democrat help,” said Rep. Chris Collins (R., N.Y.), one of Mr. Trump’s earliest supporters. “He was right, so Donald Trump’s not wearing this at all.”

Texas Sen. Ted Cruz, Mr. Trump’s rival for the 2016 GOP presidential nomination, agrees with his call to end the cost-sharing payments to insurers. “The answer is not simply to pass a bailout for insurance companies,” Mr. Cruz said. “That

would be a mistake. It’s what the Democrats want.”

Congress also must pass legislation to fund the government beyond Sept. 30, when the current spending law expires, and it needs to raise the borrowing limit by the end of September.

The Treasury has been resorting to cash-management techniques in order to keep paying its bills, but its cash balance is expected to drop to near \$25 billion in September, a precariously low level.

Some conservative Republicans have in the past demanded budget concessions in return for voting to raise the debt ceiling. Treasury Secretary Steven Mnuchin met early Tuesday with Mr. McConnell and Sen. Chuck Schumer (D., N.Y.), the top Senate Democrat, to urge Congress to raise the debt ceiling with no strings attached, according to aides. Mr. McConnell told reporters he was committed to raising the borrowing limit “to make sure America continues to never, ever default.”

Democrats are holding back on entering negotiations on the debt ceiling until Republicans take a position on whether they will to attach conditions on an increase.

“They’ve got to make some decisions themselves about how they’re going to handle it,” Sen. Ron Wyden, an Oregon Democrat, said. “The leader, of course, is the executive branch.”

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## GOP Proposal Aims to Keep Health Overhaul Going

Michelle Hackman

significant flexibility, though Senate leaders are suggesting they won’t revisit the health-care issue in the near future.

The proposal, which Sens. Lindsey Graham (R., S.C.) and Bill Cassidy (R., La.) unveiled when the GOP’s primary legislation to overhaul the 2010 health-care law was faltering, is designed to let states craft their own health systems to some degree.

It would repeal a requirement that most people purchase insurance or pay a penalty and a related mandate that most employers offer it. The plan would keep the ACA’s taxes except one on medical devices. But rather than using the money for premium subsidies and a Medicaid expansion, as the ACA does, it would be offered as block grants to states so they could address their health-care needs.

The White House has hosted multiple meetings on the proposal, including a session Monday with Mr. Cassidy, Health and Human Services Secretary Tom Price and four GOP governors.

But the plan faces long odds in the Senate, where Republican leaders have said repeatedly in recent days they have no plans to bring another health proposal to the floor anytime soon.



With the absence of Sen. John McCain (R., Ariz.), who is undergoing brain-cancer treatment, Republicans don't have enough votes to reopen debate on health-care legislation, and Senate Majority Leader Mitch McConnell (R., Ky.) has indicated he is eager to move on to tax reform and other legislative goals.

Still, Mr. McConnell did suggest Tuesday he would submit the Graham-Cassidy plan, along with other proposals, to the Congressional Budget Office for an

estimate of its impact on costs and coverage.

The proposal's supporters say it avoids the pitfalls of previous bills by allowing states to craft health plans that fit their needs and political leanings.

"I believe that returning power to the states so that they can come up with their own tailored approach to solving their unique health-care problems is a workable solution," said Sen. Dean Heller (R., Nev.), who has signed on to the plan.

But the idea has gotten a chilly reception from Democrats as well as conservative groups. Because it is intended to pass under special rules with a simple majority, the plan doesn't touch the ACA's insurance regulations, which require insurance companies to cover people with pre-existing conditions and offer a mandated set of 10 medical benefits.

"Any bill has to tackle the insurance regulations imposed by Obamacare," said Dan Holler, a spokesman for Heritage Action. "Leaving the core regulatory

architecture of Obamacare in place is unacceptable."

When he first unveiled the idea, Mr. Graham said he believed it might appeal to Democrats because blue states could use the block-granted money to re-create state models of the ACA. But Democrats and other supporters of the health-care law say the plan is unworkable because it effectively ends the ACA's subsidies and Medicaid expansion.

Appeared in the August 2, 2017, print edition as 'A Bid to Keep Health Overhaul Going.'

The  
Washington  
Post

## Can this marriage be saved? Relationship between Trump, Senate GOP hits new skids.

By Sean Sullivan

9-11 minutes

The relationship between President Trump and Senate Republicans has deteriorated so sharply in recent days that some are openly defying his directives, bringing long-simmering tensions to a boil as the GOP labors to reorient its stalled legislative agenda.

Sen. Lamar Alexander (R-Tenn.), head of the Senate Health, Education, Labor and Pensions Committee, announced Tuesday that he would work with his Democratic colleagues to "stabilize and strengthen" the individual insurance market under the Affordable Care Act, which the president has badgered the Senate to keep trying to repeal. Alexander also urged the White House to keep up payments to insurers that help low-income consumers afford plans, which Trump has threatened to cut off.

Several Republican senators have sought to distance themselves from the president, who has belittled them as looking like "fools" and tried to strong-arm their agenda and browbeat them into changing a venerated rule to make it easier to ram through legislation along party lines.

Some are describing the dynamic in cold, transactional terms, speaking of Trump as more of a supporting actor than the marquee leader of the Republican Party. If he can help advance their plans, then great, they say. If not, so be it.

"We work for the American people. We don't work for the president," Sen. Tim Scott (R-S.C.) said. He added, "We should do what's good for the administration as long as that does not in any way, shape or form make it harder on the American people."

From a failed Obamacare repeal effort to a boy scout rally and a new chief of staff, the Trump administration had quite the week. From a failed Obamacare repeal effort to a boy scout rally and a new chief of staff, the Trump administration had quite the week. (Jesse Mesner-Hage, Dalton Bennett, Meg Kelly/The Washington Post)

(Jesse Mesner-Hage, Dalton Bennett, Meg Kelly/The Washington Post)

The friction underscores the challenge Republicans face headed into the fall. As they seek to move beyond a failed health-care effort in pursuit of an elusive, first big legislative win, the same infighting that has plagued them all year threatens to stall their push to rewrite the nation's tax laws, which Senate Majority Leader Mitch McConnell (R-Ky.) said Tuesday he wants to do beginning in September and finish by year's end.

While some Republicans try to tune out what they see as distracting and sometimes destructive rhetoric and action from Trump, they recognize that they cannot fully disavow him without also dashing their hopes of implementing the conservative policies they championed in the campaign.

For many Republican senators, the challenge is trying to walk an increasingly fine line.

As public opinion polls show a decline in Trump's approval rating, some Republican senators have sought to address difficult questions about what the president's diminishing popularity means for his mandate by insisting that congressional Republicans, not Trump, are the ones driving the GOP agenda.

"Ever since we've been here, we've really been following our lead," said Sen. Bob Corker (R-Tenn.). After

ticking through major Republican initiatives so far, he added, "Almost every bit of this has been 100 percent internal to Congress."

Trump administration officials on July 30 said the Senate should continue to try passing legislation to revise the Affordable Care Act despite previous failures. Trump administration officials say the Senate should continue to try passing legislation to revise the Affordable Care Act despite previous failures. (Video: Bastien Inzaurrealde/Photo: Melina Mara/The Washington Post)

(Bastien Inzaurrealde/The Washington Post)

Senate GOP leaders have openly flouted Trump's attempts to steer them back to repealing and replacing the ACA, an endeavor that collapsed in failure last week. On Tuesday, McConnell laid out the rest of the Senate's plans before adjourning for the summer recess. Health care was not among them.

Instead, Alexander signaled he would go around the president. He and Sen. Patty Murray (D-Wash.) announced they would hold fall hearings to shore up the individual health insurance markets. It was the most concrete sign yet of bipartisan work in the Senate on strengthening the existing health-care law, and it followed a proposal offered Monday by a bipartisan group of 43 House members.

Trump, who installed John F. Kelly as his new chief of staff a day earlier, on Tuesday was noticeably tame toward fellow Republicans on Twitter. But White House press secretary Sarah Huckabee Sanders blamed the GOP-controlled Congress for the lack of major accomplishments this year.

"I think what's hurting the legislative agenda is Congress's inability to get things passed," she said Tuesday.

Trump had spent the preceding few days in an antagonistic posture.

He used his favorite social media platform to push Senate Republicans to end the 60-vote threshold for most legislation, writing: "Republicans in the Senate will NEVER win if they don't go to a 51 vote majority NOW. They look like fools and are just wasting time." He also demanded they vote again on health care, despite an inability to round up enough votes for a far narrower bill than they had long promised.

By Tuesday, it was wearing thin on Capitol Hill.

Sen. Orrin G. Hatch (R-Utah) said that if the rules were changed as Trump wants, "it would be the end of the Republican Party. And it would be the end of the Senate." Trump's repeated insistence "doesn't help," Hatch said. "But he just doesn't understand that."

McConnell was able to muster only 49 votes for his health-care bill. Under special rules he was using, it would have passed with 50 — and a tiebreaking vote by Vice President Pence. Ending the 60-vote threshold as Trump has demanded would not have changed the outcome — a point McConnell was quick to bring up Tuesday.

"It's pretty obvious that our problem on health care was not the Democrats. We didn't have 50 Republicans," he told reporters. He added, more forcefully, "There are not the votes in the Senate, as I've said repeatedly to the president and to all of you, to change the rules of the Senate."

The concerns about the 45th president extend beyond arguments over how the Senate conducts its business, to his discipline, strategy and core values. Such concerns often are expressed in private, but one Republican senator, Jeff Flake of Arizona, has laid them out in

lacerating fashion in his recently published book, "Conscience of a Conservative."

"In the tweeting life of our president, strategy is difficult to detect," Flake writes. "Influencing the news cycles seems to be the principal goal; achieving short-term tactical advantage, you bet. But ultimately, it's all noise and no signal. . . . We have quite enough volatile actors to deal with internationally as it is without becoming one of them."

Flake argues that the "Faustian bargain" that conservatives made in embracing Trump has "put at risk our institutions and our values" and that "the strange specter of an American president's seeming affection for strongmen and authoritarians . . . is almost impossible to believe."

Asked about a Washington Post report that Trump dictated his eldest son's misleading statement about meeting with a Russian lawyer, Sen. Lindsey O. Graham (R-S.C.) replied: "I don't know if it's true or not. But the statement was misleading. And when you have a misleading statement, it just continues to breed distrust, so that means the investigation continues."

Trump's criticism of Attorney General Jeff Sessions, a former senator, has also irked Republicans in the chamber. The president's threats against GOP senators during the health-care debate, including Sens. Dean Heller (R-Nev.) and Lisa Murkowski (R-Alaska), also rubbed many the wrong way.



AP

6-7 minutes

## Donald Trump: Senate Republicans Turning Backs on President

Erica Werner / AP

(WASHINGTON) — There wasn't a dramatic public break or an exact moment it happened. But step by step, Senate Republicans are turning their backs on President Donald Trump.

They defeated an Obamacare repeal bill despite Trump's pleas. They're ignoring his Twitter demands that they get back to work on the repeal measure. They dished the White House budget director, defended the attorney general against the president's attacks and passed veto-proof sanctions on Russia over his administration's objections.

They're reasserting their independence, which looked sorely diminished in the aftermath of Trump's surprise election win.

"We work for the American people," Sen. Tim Scott of South Carolina said Tuesday. "We don't work for the president."

Those are surprisingly tough words from a Republican whose state Trump won easily less than a year ago. But after six months of controversies and historically low approval ratings, it's clear Trump isn't commanding the fear or respect he once did.

Some Republicans no doubt are giving voice to long-held reservations about a man whose election was essentially a hostile takeover of their party. But it is notable that the loudest criticism is coming from the Senate, where few Republicans are burdened with

facing an electorate anytime soon. The situation is different in the House, where most Republicans represent conservative districts still loyal to Trump. For those lawmakers, the fear of facing a conservative primary challenger, possibly fueled by angry Trump followers, is real.

### Related

In the most remarkable example of public Trump-bashing, Sen. Jeff Flake of Arizona is taking aim at the president and his own party in a new book, writing that "unnerving silence in the face of an erratic executive branch is an abdication" and marveling at "the strange specter of an American president's seeming affection for strongmen and authoritarians."

The criticism from Flake is especially striking since he is one of just two GOP senators facing competitive re-election races in next year's midterm elections, the other being Dean Heller of Nevada. The other 50 Senate Republicans are largely insulated from blowback from Trump's still-loyal base, at least in the short term.

That is likely contributing to their defiance, which is emerging now after an accumulation of frustrations, culminating in the failure of the health care bill Friday. In particular, senators were aghast over Trump's recent attacks on their longtime colleague Jeff Sessions, the former Alabama senator who is now attorney general and facing Trump's wrath over having recused himself from the investigation into possible collaboration between Russia and Trump's presidential campaign.

Some said Tuesday they were hopeful that Trump's staff shake-up would produce better results.

"I'm very pleased that [former communications director Anthony] Scaramucci is gone and that General Kelly, I believe, will bring a sense of order and discipline that is needed," said Sen. Susan Collins (R-Maine).

Sanders said Tuesday that Kelly has "spoken to a number of members of Congress," a sign that relations could improve.

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Graham, who has been one of the most outspoken Republican critics of Trump, laid out his thinking on

the president. Increasingly, his colleagues are sounding more like him in their willingness to offer curt assessments.

"I ran out of adjectives, and I voted for a guy I never met," Graham said. "What was that guy's name? Evan?"

Evan McMullin, reporters reminded him, mentioning the independent 2016 candidate's full name.

"President Trump won. I respect his victory. I want to help him with health care and do other things that I think we can do together like cut taxes," Graham said. "I'll push back against ideas I think are bad for the country, like changing the rules of the Senate. And that's the way I'm going to engage the president."

James Hohmann contributed to this report.

So Republicans, in turn, ignored Trump.

"It's pretty obvious that our problem on health care was not the Democrats," McConnell said drily on Tuesday. "We didn't have 50 Republicans."

Some Republicans say Trump and his administration only made it harder to pass health care by ineptly pressuring Sen. Lisa Murkowski with threats from Interior Secretary Ryan Zinke about consequences for her state, which rankled the Alaska senator. She proceeded to postpone votes in the Energy committee she chairs on a group of administration nominees, while saying it was for unrelated reasons, and voted "no" on the health bill.

"I think most Republican senators have their own identity that's separate from the president," said Alex Conant, a GOP strategist and former adviser to Sen. Marco Rubio of Florida. "If you look at the elections last fall, almost every Republican senator who was up for re-election ran ahead of Trump and that's not a fact that's lost on Congress."

The House has been a friendlier place for Trump. Republicans there pushed through a health care bill in May.

"For the most part our caucus is still in support of the president," said Rep. James Comer of Kentucky. "That doesn't mean we agree with everything he says and does, but we still support his agenda, his presidency, and we're not going to fumble the ball."

In the Senate, though, lawmakers and the president appear to be

going their separate ways, with some senators talking as though Trump is almost irrelevant.

"Ever since we've been here we've really been following our lead,

right?" said Sen. Bob Corker of Tennessee. "Whether it was the Supreme Court justice or the Russia sanctions bill, attempting to do health care and obviously we did so unsuccessfully, and now we're

moving on to tax reform, but most of this has, almost every bit of this has been 100 percent internal to Congress."

Associated Press writers Kevin Freking, Matthew Daly and Jill Colvin contributed.



## Editorial : ObamaCare for Congress

The Editorial Board

4 minutes

Aug. 1, 2017 7:19 p.m. ET

President Trump likes to govern by Twitter threat, which often backfires, to put it mildly. But he's onto something with his recent suggestion that Members of Congress should have to live under the health-care law they imposed on Americans.

Over the weekend Mr. Trump tweeted that "If a new HealthCare Bill is not approved quickly, BAILOUTS for Insurance Companies and BAILOUTS for Members of Congress will end very soon!" He later added: "If ObamaCare is hurting people, & it is, why shouldn't it hurt the insurance companies & why should Congress not be paying what public pays?"

Mr. Trump is alluding to a dispensation from ObamaCare for Members of Congress and their staff, and the back story is a tutorial in Washington self-dealing. A 2009 amendment from Chuck Grassley (R., Iowa) forced congressional employees to obtain coverage from the Affordable Care Act exchanges. The Senate Finance Committee adopted it unanimously.

That meant Members and their staff would no longer enjoy coverage from the Federal Employees Health Benefits Program, which subsidizes up to 75% of the cost of a plan. The text of the Affordable Care Act says that staffers may "only" be offered plans created by the law or on the exchanges.

The law did not specify what would happen to the employer contributions, though Democrats claim this was merely a copy-editing mistake. A meltdown ensued as Members feared that staffers would be exposed to thousands of dollars more in annual health-care costs,

replete with predictions that junior aides would clean out their desks en masse.

Mr. Obama intervened in 2013 and the Office of Personnel Management issued a rule that would allow employer contributions to exchange plans, not that OPM had such legal authority. One hilarious detail is that OPM certified the House and Senate as "small businesses" with fewer than 50 full-time employees, and no doubt the world would be better if that were true. This invention allowed Members to purchase plans on the District of Columbia exchange for small businesses, where employers can make contributions to premiums. This is a farce and maybe a fraud.

In last week's Senate health-care debate, Wisconsin Republican Ron Johnson circulated an idea to block subsidies for Members, who earn at least \$174,000 a year and would not receive generous taxpayer underwriting on the exchanges. The

Johnson amendment would restore staff to the federal benefits program. Alas, the amendment commands almost no support. Not even Democrats want to sign up for their own policy.

But Mr. Trump could direct OPM to scrap the rule for Members, which is reversible because Mr. Obama reworked his own law through regulation that can be undone by a successor. Mr. Obama also refused to pursue a legislative fix for the problem lest Republicans demand something in return.

Revoking the rule would have the political benefit of forcing Members to live under the regime that Democrats rammed into law and Republicans have failed to fix. If Members are pained by higher premiums and fewer insurance choices, perhaps they will be inspired to fix the law for the millions who have had to endure it.

Appeared in the August 2, 2017, print edition.



## Editorial : Stop Sabotaging Obamacare, Mr. President

by The Editors  
More stories by

The Editors

4-5 minutes

Now pick up the pieces.

Photographer: Win McNamee/Getty Images

Say what you will about Congress's failure to repeal Obamacare -- and there was a lot to be said about its reckless efforts -- at least the process acknowledged one basic fact of America's constitutional system: If Congress doesn't like a law, it can change it. If the president does not like a law, he cannot be allowed to sabotage it.

Yet that is what President Donald Trump and Secretary of Health and Human Services Tom Price have been doing for months with the Affordable Care Act. For the sake of both his constituents and the Constitution, which requires the

president to "take care that the laws be faithfully executed," he needs to stop.

Just after last week's congressional vote failed, Trump tweeted his desire to "let Obamacare implode." He subsequently said that "bailouts" for insurance companies -- by which he presumably meant the subsidies that enable insurers to offset costs for low-income consumers -- would be terminated. For his part, Price said Sunday that "no decision's been made" on whether to continue the subsidies that enable low-income Americans to afford insurance.

This continued sowing of confusion and doubt may be more tactical than strategic, or it may be neither; either way, it's unconscionable. The ACA -- for better and, in some instances, worse -- is the health-care system America has. If Trump continues to try to destroy the law, he will not only erode his stature and the presidency's, he will also hurt vulnerable Americans.

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There is little dispute about what is needed to make sure the law is structurally sound. To begin, a lasting commitment to pay those cost-sharing subsidies is required. The individual mandate has to be strengthened and enforced -- at least until such time as an alternative mechanism is found to persuade Americans to buy health insurance. And efforts to encourage the uninsured to enroll in Obamacare plans must be resumed.

Those steps, in turn, depend on the president abandoning his attacks on health insurance markets and committing himself to being a constructive force in providing access to health care.

House and Senate Republicans took their best shots at repeal. Their efforts failed because the ACA has

succeeded in providing access to health care for millions more Americans, and even Republicans are wary of rolling back such tangible progress.

Trump should be, too. It's time to move on from this battle. Trump has long spoken of delivering superior, cheaper health care. Better to focus on that goal rather than on an empty, partisan promise to "repeal" Obamacare. The ACA is not without flaws. It is those very flaws that offer the president an opportunity to recast the health-care debate in a more productive way.

--Editors: Francis Wilkinson, Michael Newman.

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## Galston : Can the 'Problem Solvers' Fix ObamaCare?

William A. Galston

5-7 minutes



Aug. 1, 2017 5:55 p.m. ET

Last week, a gravely ill senator flew across the country to give the speech of his life. John McCain invoked the spirit of the Senate in better times to highlight our current ills. "Our deliberations today," he said, are "more partisan, more tribal more of the time than at any other time I remember." The polarization of political discourse has practical—negative—consequences, he added: It is not producing much for the American people.

Mr. McCain pleaded for a return to "the old way of legislating the Senate, the way our rules and customs encourage us to act"—a return to the process of carefully crafting policy in committees before bringing bills to the floor for open debate. And he called for a return to an older spirit of legislating as well. "Merely preventing your political opponents from doing what they want isn't the most inspiring work," he said. "There's a greater satisfaction in respecting our differences, but not letting them prevent agreements that don't require abandonment of core principles, agreements made in good faith that help improve lives and protect the American people."

As Mr. McCain spoke, the "Problem Solvers"—a 43-member House caucus split almost evenly between Democrats and Republicans, and originally launched by No Labels, of which I am a co-

founder—were working to meet his challenge. The group's leaders, Reps. Tom Reed (R., N.Y.) and Josh Gottheimer (D., N.J.), announced their results earlier this week. The proposal is aimed at stabilizing the deteriorating individual health-insurance market and creating clarity for consumers as quickly as possible. The deadline for submitting coverage plans and premiums for 2018 comes in two weeks.

To help shore up the individual market, the Problem Solvers recommend resolving the current ambiguity in ObamaCare about the status of payments made to insurance companies to reduce the burden of copayments and deductibles on lower-income beneficiaries. Under the Problem Solvers' plan, these payments would be covered by a guaranteed source of federal funds overseen by the congressional oversight and appropriations process. The plan also calls for a "stability fund" that states could use to reduce individual premiums while limiting insurers' losses for providing coverage, especially for individuals with pre-existing conditions.

The Problem Solvers also put forth ideas for tweaking the requirements ObamaCare established for the individual market. They suggest raising the threshold on the number of employees at which an employer is required to provide coverage from 50 to 500. To address fears that

ObamaCare's definition of full-time employment as 30 hours a week would give employers an incentive to slash hours, they recommend raising the threshold to 40 hours. And their plan would also require the Department of Health and Human Services to issue the regulations—already legal under ObamaCare—to allow states to enter into compacts in which insurers would be enabled to sell policies across state lines.

Although they left most of the ObamaCare taxes in place, the Problem Solvers advocated repealing the 2.3% medical device tax, the costs of which, they said, are passed on to consumers. At the same time, they insisted that their package not add to the budget deficit. To meet this test, they proposed lowering the costs of drugs (hence of federal subsidies) under Medicare Part D, remedying deficiencies in Medicare and ObamaCare reimbursement protocols, and expanding competitive bidding for Medicare Advantage programs.

The Problem Solvers did not try to cure all the ills of the U.S. healthcare system, or even to tackle ObamaCare's Medicaid expansion. They carved out one major issue, the instability of the insurance market, and agreed on as much as they could within that frame. This style of addressing individual problems with short, simple legislation will not turn the world

upside down. But it can change the world for the better in small yet meaningful ways.

Sen. McCain vouched for this approach when he made his case for bipartisanship. "Incremental progress, compromises that each side criticizes but also accepts, just plain muddling through to chip away at problems and keep our enemies from doing their worst, isn't glamorous or exciting. It doesn't feel like a political triumph. But it's usually the most we can expect from our system of government, operating in a country as diverse and quarrelsome and free as ours." James Madison would have saluted these words. They represent the essence of an honorable, progressive conservatism operating in the context of the pluralism that Madison knew would be the fruit of liberty.

"What do we have to lose by trying to work together?" Mr. McCain asked. "We're not getting much done apart." This is the spirit that animates the Problem Solvers. And it is the reason that their bipartisan agreement, modest as it is, may turn out to be an important step on the long journey to renew our politics.

Appeared in the August 2, 2017, print edition.



## Rep. Jim Jordan : People don't want more Obamacare

Jim Jordan

Published 5:48 p.m. ET Aug. 1, 2017 | Updated 7:47 p.m. ET Aug. 1, 2017

3-4 minutes

Senate Rejects Partial Obamacare Repeal

The Senate has rejected a measure to repeal parts of former President Barack Obama's health law, dealing a serious blow to President Donald Trump and the GOP agenda. The final vote was 51-49. (July 28) AP

**GOP plans protect Americans with pre-existing conditions while offering lower-cost insurance: Opposing view**

Rep. Jim Jordan, R-Ohio, is the founding chairman of the House Freedom Caucus. (Photo: Manuel

Balce Ceneta, AP)

If the American people wanted more Obamacare, they would have re-elected Democrats to their majorities in the House in 2010 and Senate in 2014, and given them back the White House in 2016.

The American people want a different approach. They want affordable health insurance. They want quality care. They want to be able to keep their doctors, and they want to make health care decisions with their doctors, not the government.

Republicans have put forward two reform plans that, though not full repeal, are first steps at fixing the failures of Obamacare. Both of these Republican plans protect Americans with pre-existing conditions while offering lower-cost insurance options for millions of

Americans who are hurt by Obamacare.

Remember what Obamacare promised and failed to deliver. We were told that: If you liked your plan, you could keep your plan; if you liked your doctor, you could keep your doctor; premiums would go down by \$2,500; the Obamacare exchanges would work; the website would be secure; and emergency room visits would go down. Those are all false statements and signs of failure. Look no further than the fact that 19 of the 23 Obamacare co-ops have already gone bankrupt.

The plan put forward by my Democratic colleagues misses the point. Their so-called solution is offering insurance companies a \$15 billion annual bailout. They want to take the same Obamacare expansion model that shortchanges traditional Medicaid recipients and

use it to hurt Medicare recipients. And their idea to get more Americans on board with their plans is to spend more of your tax dollars on "robust marketing."

### OUR VIEW:

More money for bailouts and advertising is not going to save their failed health care law. Obamacare is fundamentally flawed, and a Band-Aid won't fix it. Doubling down on failure will continue to drive up health care costs, drive insurers out of the market, and hurt ordinary Americans. The American people recognize that we need to change direction, and my Democratic colleagues should recognize it, too.

*Rep. Jim Jordan, R-Ohio, is the founding chairman of the House Freedom Caucus.*



## Senator Lankford : How to Make the Senate Work Again

James Lankford

Aug. 1, 2017 5:52 p.m. ET

4 minutes

James Madison explained that the Constitution's authors considered

the Senate to be the great "anchor" of the government. The upper chamber has become an anchor, but I don't think today's dilatory

Senate is what the Founders had in mind.

Many Americans see the main issue in the Senate as the filibuster rule, the 60 vote requirement to move on legislation. The Senate should not go to a 51 vote majority for every vote. Because the Senate is the one entity in the federal government where the minority view is heard and deliberation is protected.

But the Senate isn't working. First, the minority party has for months abused Senate rules to stall the nomination process and therefore the entire Senate calendar. Second, the arcane rules of the Senate always force a painfully slow legislative pace.

Since presidential nominations now require only a simple majority to pass, the majority party can confirm nominees without any minority party support. But the minority can force the full 30 hours of debate time

provided within the rules, which they have repeatedly demanded. At the current rate, it will take 11 years to fill the executive branch.

By the first July 19 of the previous four administrations, on average 190 officials had been confirmed. President Trump had just 50 confirmed by that date. Numerous national security-related officials still await consideration because the Democrats have "resisted" Mr. Trump by stalling.

David Nye was nominated by President Obama and again by President Trump to be a federal district judge in Idaho. He was confirmed 100-0 on July 12—but only after the minority party demanded the full 30 hours of debate time, preventing other nominees or legislation from being considered during that period.

How do we get the Senate working again? First, we should reduce floor debate time for executive nominees from 30 hours to eight or less. The Senate could debate and vote on five or more nominees a week, instead of just one or two. Interestingly, this rule change was adopted for a short time by the Senate in 2013, under Harry Reid, as part of a temporary agreement to fill nominations. It worked then, and it would work now.

Second, we should lower the vote threshold on the "motion to proceed," which begins legislative debate and amendment consideration, from 60 votes to 51. Almost every bill in the Senate currently requires two votes of 60 senators, one vote to start debate and another to end it. We should change this rule to allow the

majority party to open debate, while protecting the minority party by keeping the threshold to end debate at 60.

If we really want to get the Senate working, allow for "dual tracking" so senators could debate and vote on nominations in the morning and legislation in the afternoon.

It's time we put an end to the hyperpartisanship and delay to serve the needs of the American people. We can be deliberative and productive at the same time, but that will require fundamental changes in the rules, not eliminating the filibuster entirely.

*Mr. Lankford, a Republican, is a U.S. senator from Oklahoma.*

## The New York Times Trump Loyalist Mixes Businesses and Access at 'Advisory' Firm (UNE)

Nicholas Confessore and Kenneth P. Vogel

9-11 minutes

Corey Lewandowski, center, President Trump's former campaign manager, and George Gigicos, right, who was the White House advance director, boarding Air Force One after a rally in Ohio in July. Doug Mills/The New York Times

Three months ago, Corey Lewandowski, President Trump's first campaign manager, quit a new Washington lobbying firm he had helped start after the election, amid scrutiny over his firm's clients and his extraordinary access to Mr. Trump. But Mr. Lewandowski's departure from the influence business did not last long.

About a week after leaving his old firm, Mr. Lewandowski started a new consulting business, according to corporate filings. And now, as he takes on an increasingly broad role as an unofficial White House adviser, he is building a roster of clients with major interests before the Trump administration, including an Ohio-based payday lender seeking to block or overturn new federal financial regulations.

Mr. Lewandowski appears to be positioning his new firm as an "advisory" business, part of a growing cohort of Washington influencers who advise companies on how to navigate the government but do not register as lobbyists or disclose their clients. A draft contract obtained by The New York Times stipulates that Mr. Lewandowski's firm "cannot and will

not engage in any lobbying or advocacy services."

But his new firm once again puts Mr. Lewandowski at the center of the ethical quandaries surrounding the Trump White House, where the president has given significant access and power to friends and loyalists who are not on the government payroll but work as lobbyists or retain significant outside business interests.

Mr. Trump's "kitchen cabinet" includes Washington lobbyists, a variety of so-called strategic advisers who provide advice on government policy making but are not registered as lobbyists, and a panoply of wealthy friends with extensive business interests before the government, such as the billionaire corporate raider Carl C. Icahn, an unsalaried "special adviser to the president on regulatory reform."

Besides Mr. Lewandowski, a number of other Trump aides have joined advisory firms or struck deals with lobbying firms eager to have influence with the Trump administration, among them Jason Miller, a former campaign aide who now works for Teneo Strategy, and Michael D. Cohen, Mr. Trump's self-described "personal lawyer," who in April announced a "strategic alliance" with Squire Patton Boggs.

Mr. Lewandowski started his new business, Lewandowski Strategic Advisors, in May, according to corporate documents filed in Delaware, eight days after he announced he would part ways with the Washington lobbying firm he helped found, Avenue Strategies. Mr. Lewandowski has recently discussed expanding the new firm

by adding, among others, two more Trump insiders — the former Trump deputy campaign manager David Bossie and George Gigicos, who stepped down Monday as Mr. Trump's White House advance director — according to two associates.

Among the first new clients of Lewandowski Strategic Advisors is an Ohio-based company called Community Choice Financial. The company is a leader in the payday lending industry, which has faced heightened federal scrutiny in recent years.

Payday lenders have energetically fought efforts by the Consumer Financial Protection Bureau to limit loan practices that consumer advocates have called abusive. Community Choice Financial's chief executive, William E. Saunders Jr., once referred to the bureau as "the great Darth Vader" of the federal government.

The White House did not respond to questions about whether Mr. Lewandowski had discussed the payday lending regulations with administration officials. In an email, Mr. Lewandowski said he was not a lobbyist. "I don't lobby and I don't intend to lobby — ever," he wrote.

But Mr. Lewandowski, who is known for his keen understanding of Mr. Trump's news media tastes and habits, used an appearance on NBC's "Meet the Press" on Sunday to press his new client's interests, calling for Mr. Trump to oust the bureau's director, Richard Cordray, an Obama holdover who has led the effort to pass new payday lending requirements.

"It's my recommendation to the president of the United States to fire

Richard Cordray," Mr. Lewandowski said.

He added a criticism of a new rule issued by the bureau last month that bans financial companies from using mandatory arbitration clauses in customer contracts. The Trump administration has already said it would support congressional efforts to nullify the arbitration rule.

Rejecting a question from the "Meet the Press" host, Chuck Todd, about whether he had "a client that wants to see" Mr. Cordray fired, Mr. Lewandowski said: "No, no. I have no clients whatsoever." He explained his opposition to Mr. Cordray by pointing to a similar position taken by Representative Jeb Hensarling, Republican of Texas and the chairman of the House Financial Services Committee, who has called on Mr. Trump to dismiss Mr. Cordray.

But a draft contract obtained by The Times indicates that in July, after Mr. Lewandowski left Avenue, Community Choice Financial offered him a \$20,000-a-month retainer in return for "strategic advice and counsel designed to further the goals of Community Choice Financial."

Mr. Lewandowski had previously helped recruit Community Choice Financial as a client for Avenue Strategies, which reported receiving \$160,000 for lobbying from the lender, according to congressional disclosure forms.

Asked on Tuesday whether he worked for Community Choice Financial, Mr. Lewandowski offered no denial.

Documents obtained by The Times indicate that Bridgette C. Roman,

an executive vice president and the general counsel of Community Choice Financial, was among the company officials personally involved in negotiating Mr. Lewandowski's contract. Reached by phone, Ms. Roman said she was "not familiar" with Mr. Lewandowski and would seek more information from colleagues.

"It's just not ringing a bell to me," Ms. Roman said. She did not reply to a follow-up email.

Though he was fired by Mr. Trump during the 2016 campaign after a bitter power struggle with the campaign chairman, Paul J. Manafort, Mr. Lewandowski remains close to Mr. Trump. The two talk regularly, according to associates of both men, and Mr. Lewandowski enjoys frequent access to the White House and his former boss.

Mr. Lewandowski left Avenue after revelations that a second firm he created with his Avenue co-founder, Barry Bennett, was listed on business pitches promising

prospective clients meetings with Mr. Trump, Vice President Mike Pence and other senior members of their administration. Though Mr. Bennett and Mr. Lewandowski said the proposals had been circulated by a business partner without their permission, several White House aides reached out to Mr. Lewandowski to express displeasure with the attention the business was attracting. He left Avenue soon after.

One Republican consultant familiar with the White House's concerns said Mr. Lewandowski was acutely aware of how his business reflected on the administration he helped elect. He never talks with the president about specific client concerns, the consultant said.

But Chris Ruddy, a conservative news media executive and friend of Mr. Trump's, said the president generally seemed less concerned with his former aides' outside business interests. "The president respects loyalty, and Corey has been extremely loyal to him through

thick and thin," Mr. Ruddy said. "As long as that continues to be the case, the president is going to be supportive of Corey."

Since leaving Avenue — and starting Lewandowski Strategic Advisors — Mr. Lewandowski has become a more regular visitor to the White House and a more active player in Mr. Trump's political circle. Last month, Mr. Trump gave Mr. Lewandowski and Mr. Bossie the task of drumming up support for an ultimately unsuccessful last-ditch effort to resuscitate the Trump-backed effort to repeal the Affordable Care Act.

Last week, Mr. Lewandowski and Mr. Bossie traveled aboard Air Force One to a rally in Youngstown, Ohio, with the president and his White House staff. Mr. Lewandowski also recently changed his Twitter profile picture: It is now a shot of him aboard Air Force One.

Fred Wertheimer, the president of the watchdog group Democracy 21, said Mr. Trump's White House

appeared to be allowing outside advisers an extraordinary amount of sway within the administration. Democrats in Congress have asked the Securities and Exchange Commission to investigate whether Mr. Icahn has pushed policies that have benefited his own businesses.

Advisers like Mr. Icahn and Mr. Lewandowski exist in a "never-never land," Mr. Wertheimer said, allowed a high degree of White House access while remaining unfettered by the ethics rules and financial disclosures that apply to government employees.

"This is self-dealing by these intermediaries," Mr. Wertheimer said. "They aren't in there to give good advice about what an administration should do. They're in there to get special influence for their clients or financial benefits for themselves."

## The New York Times Trump Was Involved in Drafting Son's Statement, Aide Confirms

Peter Baker

5-6 minutes

President Trump and his daughter Ivanka at the White House on Tuesday. Mr. Trump's lawyer repeatedly denied that the president had anything to do with the statement issued by his son. Doug Mills/The New York Times

WASHINGTON — The White House confirmed on Tuesday that President Trump was involved in drafting a misleading statement issued by his son about a meeting with a Russian lawyer last year, contradicting the president's lawyer who repeatedly denied that Mr. Trump had anything to do with the statement.

The statement was drafted while the president was on Air Force One flying back from a summit meeting in Europe. It was issued in response to an impending news report that Donald Trump Jr., his eldest son, had met with a Russian lawyer with ties to the Kremlin during last year's presidential campaign. That meeting has become the focus of investigators looking at contacts between Russia and associates of Mr. Trump.

The statement sent to The New York Times on July 8 said the meeting was primarily "about the

adoption of Russian children" that had been ended by the Moscow government in retaliation for sanctions imposed by the United States. But the statement made no mention of the fact that the meeting was set up by an intermediary promising incriminating information about Hillary Clinton as "part of Russia and its government's support for Mr. Trump," as an email to his son put it.

Only after The Times reported that the meeting was set up with the stated purpose of passing along damaging material about Mrs. Clinton did the younger Mr. Trump confirm the reason. And only after The Times told his representatives that it had obtained the emails setting up the meeting and planned to publish them did the younger Mr. Trump release them himself.

The president's involvement in the first statement was disclosed July 11 by The Times, which reported that "the president signed off on" it. In the days that followed, Jay Sekulow, one of Mr. Trump's lawyers, repeatedly denied that on television.

"I wasn't involved in the statement drafting at all, nor was the president," Mr. Sekulow said on CNN's "New Day" program on July 12.

Appearing on ABC's "Good Morning America" the same day, Mr. Sekulow said: "The president didn't sign off on anything. He was coming back from the G-20. The statement that was released on Saturday was released by Donald Trump Jr., I'm sure in consultation with his lawyers. The president wasn't involved in that."

Four days later, on NBC's "Meet the Press," Mr. Sekulow repeated the denial: "The president was not involved in the drafting of the statement and did not issue the statement."

The Washington Post reported on Monday that the president not only signed off on the statement but "personally dictated" it. The White House denied on Tuesday that he dictated it but confirmed that he was involved, contrary to Mr. Sekulow's denials.

"The president weighed in, as any father would, based on the limited information that he had," said Sarah Huckabee Sanders, the White House press secretary. "He certainly didn't dictate, but like I said, he weighed in, offered suggestion like any father would do."

Mr. Sekulow did not respond to telephone or text messages on Tuesday. Ms. Sanders did not respond to a follow-up email asking

why the president's lawyer denied the involvement that she confirmed.

Donald Trump Jr.'s meeting occurred on June 9, 2016, with Natalia Veselnitskaya, a lawyer with ties to the Russian government. She was accompanied by Rinat Akhmetshin, a Russian-American lobbyist. The younger Mr. Trump invited Jared Kushner, his brother-in-law and now a senior adviser at the White House, and Paul J. Manafort, then the campaign chairman.

The original statement issued in Donald Trump Jr.'s name dismissed it as "a short introductory meeting" and made no mention of its stated purpose.

The White House's confirmation of the president's involvement piqued the interest of investigators, including Senator Mark R. Warner of Virginia, the senior Democrat on the Senate Intelligence Committee, which is looking at Russia's interference in last year's election.

"It seems a bit strange the president of the United States comes in and drafts this statement that is just factually wrong about the content and context of that meeting and this seems to be a pattern of constantly trying to take the public's attention away from anything that deals with Russia," Mr. Warner told CNN.

## The New York Times Senate Confirms Christopher Wray as New F.B.I. Director



Adam Goldman

3-4 minutes

Christopher A. Wray being sworn in at his confirmation hearing in July to head the F.B.I. Eric Thayer for The New York Times

WASHINGTON — The Senate on Tuesday overwhelmingly confirmed Christopher A. Wray as the next F.B.I. director to steer the United States' premier law enforcement agency through a politically fraught period as it investigates whether any of President Trump's associates colluded with the Russian government during last year's election.

The 92-to-5 vote to confirm Mr. Wray, a former federal prosecutor, is likely to be a relief to many

agents at the F.B.I. who want a strong director to stave off any attempts by the White House to meddle in its investigations. The deteriorating relationship between Mr. Trump and the previous F.B.I. director, James B. Comey, was widely viewed as harmful to the bureau.

"Now more than ever, the bureau needs a resolute and independent leader," said Senator Sheldon Whitehouse, Democrat of Rhode Island and a member of the Senate Judiciary Committee. "Christopher Wray has assured us he can be that leader."

Mr. Trump summarily fired Mr. Comey in May, infuriating many F.B.I. agents who saw the move as disrespectful.

Since then, the bureau has been run by Andrew G. McCabe, the acting F.B.I. director, whom the president has attacked repeatedly because his wife, a Democrat, ran unsuccessfully for a seat in the Virginia Legislature. Mr. McCabe was also close to Mr. Comey and served as his deputy before the director was fired, fueling suspicions among the president's closest aides.

With Mr. Wray confirmed, it is not clear what will happen to Mr. McCabe, who is eligible to retire in March. If Mr. Wray decides to keep Mr. McCabe as his deputy, it could prompt Mr. Trump's ire, creating discomfort at the F.B.I. Yet demoting Mr. McCabe, a career F.B.I. agent, would probably anger other agents, who would see it as a move that placates the president.

Friends and former colleagues of Mr. Wray say he is a low-key leader but mindful of the divisions that should exist between the F.B.I. and the White House. At his Senate confirmation hearing last month, Mr. Wray said he would resist any political pressure. He told the Senate that he knew he was walking into a political maelstrom.

"I fully understand that this is not a job for the faint of heart," Mr. Wray said. "I can assure this committee, I am not faint of heart."

Mr. Wray graduated in 1989 from Yale University and earned his law degree in 1992 from Yale Law School. He was hired as a federal prosecutor in Atlanta in 1997 and left the Justice Department in 2005 after rising to the head of the criminal division as an assistant attorney general.

## POLITICO In Trump's White House, the women are the survivors

By ANNIE KARNI

10-12 minutes

Kellyanne Conway's office has a different vibe than other corners of the West Wing.

Unlike some of the drab work spaces belonging to her male counterparts, whose offices look as impersonal as the day they moved in, Conway's office is decorated with colorfully framed, oversize family photos mounted on the walls and a copy of Ivanka Trump's book "Women Who Work" prominently on display.

Story Continued Below

The comfy digs are a sign that Conway, the White House counselor who recently has been keeping a lower profile, is planning on being here for the long haul — even though some of her colleagues, including chief strategist Steve Bannon and recently departed chief of staff Reince Priebus, have at times tried to cut her out of the information loop.

Meanwhile, former colleagues like Priebus, Anthony Scaramucci, Sean Spicer, Michael Flynn, Michael Dubke, Michael Short and Boris Epshteyn have been fired, or simply resigned to save themselves. Even Bannon, according to multiple people close to President Donald Trump, has been the target of the president's recent frustrations and anger, and he has been trying to lower his genius-behind-the-throne profile in order to avoid sharing Priebus' unhappy fate.

Conway, however, is not alone in surviving the snakepit. The quiet endurers of Trump's tumultuous White House, by and large, are the women who serve in his administration. The fact that may seem ironic in an administration run by a man who has launched sexist attacks on everyone from morning show host Mika Brzezinski to his former campaign opponent Hillary Clinton — and who in the past has been accused by more than a dozen women of groping or kissing them against their will.

But the women of the West Wing, at least so far, have had the more stable ride. Former Goldman Sachs partner Dina Powell has risen in the ranks to become deputy national security adviser. She was also on the final shortlist of people Trump was considering for the chief of staff job given to retired Gen. John Kelly, according to two White House officials.

It was Powell, alongside U.N. Ambassador Nikki Haley, who was invited to ride in Trump's car, known as "The Beast," from the White House to Andrews Air Force Base last Friday, hours before the president unceremoniously fired Priebus in the rain.

Communications adviser Hope Hicks maintains an unassailable position as a surrogate family member and loyal aide by the president's side, where she has stood since before there was even a campaign.

Sarah Huckabee Sanders has risen to the position of press secretary, after Spicer resigned because he was not given the full control of the communications department that he demanded.

During Scaramucci's brief attempt at cleansing the West Wing of former Republican National Committee staffers, he managed to oust press aide Short, but not another RNC alum, Lindsay Walters, who was also brought on board by Priebus.

Trump adviser Omarosa Manigault, famous for playing a villain on "The Apprentice," has so far been leading a surprisingly drama-free, if not particularly visible, work life in the White House.

And Ivanka Trump, the president's daughter and a senior adviser, has skated past the FBI's ongoing Russia investigation, which has entangled both her husband and her older brother, Donald Trump Jr.

So far, only two women have been moved out of Trump's West Wing. Former deputy national security adviser K.T. McFarland, a former Fox News commentator, was seen as collateral damage in Flynn's firing and was given a cushy landing as ambassador to Singapore. Katie Walsh, Priebus' former deputy, who had no real personal relationship with the president, never overcame her internal reputation as a Priebus henchwoman.

It's unclear exactly why women have had more stable runs, at least so far, in Trump's West Wing, a place that has proposed policies deeply threatening to traditional women's interests, such as the defunding of Planned Parenthood and the rolling back of Obama-era regulations on equal pay.

Interviews with former staffers, current White House officials and political observers give most of the credit to women being better

equipped to navigate Trump's short-fused personality, as well as his inability to cope with anyone getting more attention than him.

"He's no different to women than he is to men," said Barbara Res, a former top construction executive at the Trump Organization who worked directly under Trump and said he hasn't changed his playbook in 30 years. "He's not any more solicitous of women. He likes to have everyone on edge, people competing with each other, he likes to divide and conquer, he likes everyone to think they work directly for him, men and women alike."

Res said she doesn't think Trump views his direct reports in terms of gender. "He never thought of me as a woman," she said. "He thought I was a real estate animal, he loved my killer instincts. That's what he wanted. The ones he saw as women were the secretaries."

That sentiment was echoed by McFarland in an interview earlier this year with Business Insider. "I don't think he cares two hoots whether I was male or female," she said. "He just thought I could get the job done."

But Res said women may have an easier time navigating the competitive work atmosphere that Trump likes to foster because they are naturally more self-protective. "It would be rare to find a female Scaramucci," she said, noting it was unlikely that a woman would unload the profane tirade against White House officials that ultimately cost Scaramucci his job.

A White House official said: "The president has employed women at the highest levels of his company,

his campaign and now his administration and their successes are a testament in part to his leadership, but as he would be the first to tell you, more importantly their capabilities."

Added Alexandra De Luca, press secretary to EMILY's List: "Women who are successful in their careers have usually had to deal with misogynistic jerks along the way. This White House is about as toxic as it gets — but women have learned how to manage, and ignore, Trump's particular brand of egomania in a way that their male counterparts just haven't."

Indeed, some of the women who have succeeded in Trump's circle are those who gamely play along with the role the president casts them in. On the evening after his inauguration, Trump gave a shout-out to his former campaign manager at a black-tie dinner. "I see my Kellyanne," Trump said from the stage, beckoning her to join him and then kissing her hand and calling her "baby." She smiled and curtsied.

During a joint appearance on "The View" in 2006, Ivanka Trump smiled along while her dad remarked on her figure and noted while seated next to her on the couch: "If Ivanka weren't my daughter, perhaps I'd be

dating her."

Other White House observers had a different theory of why the women are surviving: None of them have occupied the hot seat jobs. With a few exceptions, the women in Trump's White House have simply not been given enough authority to be targeted for professional assassination.

Of the 22 staffers who take home the maximum salary of \$179,700, just five are women — Conway, Hicks, Manigault, Powell and Lindsay Reynolds, chief of staff to the first lady. That's not a phenomenon unique to Trump's White House: Women in Barack Obama's White House, during his first term, struggled to have a seat at the table and a voice in policy discussions, and two-thirds of the president's top aides were men.

The lack of top female advisers became an optics problem for Trump in the opening days of his administration, when he would often be surrounded by a gaggle of white men crowding around the Resolute Desk for a photo-op signing of an executive order.

While she has been cut out of many meetings, Conway, people close to her said, sees the upside of the floater role she currently occupies. It

allows her to fly under the radar when necessary and stay out of the president's ever-changing line of fire. White House officials said it remains to be seen how long Sanders will remain in the president's favor now that she is in the media spotlight on a daily basis.

But most White House officials and former campaign staffers interviewed credit the tactics of the female White House officials for knowing how best to manage Trump.

"In this White House, most of the drama queens are men," said Stu Loeser, a former press secretary to New York City Mayor Michael Bloomberg. For example, Bannon and Trump's son-in-law, Jared Kushner, waged a war against each other for weeks, until Trump told them to work it out. The tension between Bannon and Priebus, in the early days of the administration, became so unmanageable that they took their fake buddy comedy on the road, making a knee-slapping appearance together at the Conservative Political Action Conference, in an attempt to change the narrative.

One factor that several White House officials pointed to: the number of senior White House women who have three to six

children. One official said that between kids and a demanding day job, "they just don't have the same amount of time to stir the pot."

Another White House aide added that the female staffers who have succeeded in the administration are the ones who "keep their heads down" and don't try to be in the press or push their own agenda. Trump also notices which people generally command the respect of everyone else in the room.

"Those women are being work horses, not show horses," said Alyssa Mastromonaco, a former top official in Obama's White House, who has experienced the pressure-cooker environment of being one of the few top women in the West Wing. "They all seem to be genuinely focused on the presidency and not building a personal brand. I may not share Sarah Huckabee Sanders' politics, but she's working her ass off and deserves more credit than she gets."

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**The  
New York  
Times**

## Williamson : Time for Stephen Bannon to Start Worrying?

Elizabeth  
Williamson

4-5 minutes

Stephen Bannon, President Trump's chief strategist. Jonathan Ernst/Reuters

These are dangerous days for Stephen Bannon, President Trump's brain. A new book about the White House chief strategist portrays the president as the empty vessel into which Mr. Bannon poured his ideology and agenda, propelling the two of them into the White House. The book, "Devil's Bargain: Steve Bannon, Donald Trump, and the Storming of the Presidency," by Joshua Green, a reporter who has known Mr. Bannon for years, is a best seller that gives Mr. Trump second billing. That's made the empty vessel very angry.

Mr. Trump's White House is drifting so dangerously that we find ourselves searching for ballast in unlikely places. There's Jeff Sessions, who refused to resign his post as attorney general amid daily

humiliations. The new chief of staff, John Kelly, got off to a good start by arranging the sacking of Anthony Scaramucci, the inept and mercifully short-lived communications director.

And then there's — ready for this? — Mr. Bannon, the alt-right ideologue who's emerged as one of the steadier hands on the ship. During the bile-filled, Breitbart-fueled campaign, Mr. Bannon encouraged Mr. Trump, who called him "my Steve," to toss all convention overboard. Now, while Mr. Trump tweets and rages, and drifts aimlessly from one policy to the next, Mr. Bannon keeps a whiteboard in his office war room with a handwritten list of Mr. Trump's campaign promises. Not many of these promises have been checked off. But what's interesting is that Mr. Bannon is keeping such a list, and while it's easy to disagree with a lot of the items on it, he at least seems to represent fealty to what Trump voters said they wanted.

He also seems, at times, a voice for sanity, although in the Trump White House that's a relative term. He objected to Mr. Trump's untimely

firing of James Comey, the F.B.I. director; warned Mr. Trump against continuing his abusive campaign against Mr. Sessions; and opposed Mr. Scaramucci's appointment, saying Mr. Trump needed a professional, not another inexperienced loyalist, to guide a press shop whose "messaging" consists mostly of post-tweet babble.

On policy matters, Mr. Bannon opposes further troop commitments to Afghanistan, and he has urged that taxes on the incomes of the wealthiest Americans remain high as part of any comprehensive tax reform.

Mr. Bannon "understands the base more than anybody else in the building, and may be the only person in the building who's thinking three or four moves ahead," says Barry Bennett, a former adviser to the Trump campaign who makes a nice living offering public relations counsel to Mr. Trump's Twitter targets, like the government of Qatar. "He is very keyed into middle-class America. In the White House he may be their only advocate."

But as the Chinese idiom goes, the shot hits the bird that pokes its head out. Last week Mr. Trump channeled his ire at Mr. Bannon through the Mooch's potty mouth, whose barking-mad phone call to The New Yorker — I'm paraphrasing mightily here — impugned Mr. Bannon as a self-promoter exploiting the president to "build his own brand."

Mr. Trump's departed Mini-Me probably didn't come up with that characterization on his own. Now that Reince Priebus, the fired chief of staff with whom he'd had an alliance of sorts, is gone, Mr. Bannon might be worrying about his future, too.

Mr. Bannon is a wily operator who's dodged many Trump tirades. A former naval officer, he gets along with Mr. Kelly, the Marine Corps general who mowed down the Mooch. But given Mr. Trump's weakness, vanity and plain incompetence, there are limits to how much Mr. Bannon, who helped birth this dysfunctional presidency, can do to fix it.

## Milbank : Can anyone get a handle on the president who handles everything?

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

12-15 minutes

For a man with such small hands, President Trump handles an awful lot of things.

As a businessman, he handled golf courses, casinos, hotels, bankruptcies and, by his own account, a number of unsuspecting women. When you're a star, they let you do it.

Now he's president and he handles, well, everything. "We have some interesting situations that we'll handle," he reported at this week's Cabinet meeting. "... We'll take care of them. We'll take care of them very well."

Read These Comments

The best conversations on The Washington Post

Fox News's John Roberts asked about the latest North Korea missile launch. "We'll handle North Korea," Trump said. "We're going to be able to handle North — there will be — it will be handled. We handle everything."

Now the man who handles everything has a handler.

Retired four-star Gen. John F. Kelly, Trump's new chief of staff, is by all

accounts an ideal fit. He has the stature, the independence and the brass to tell the president to cut the nonsense. He has shown sensible skepticism about Trump's proposed border wall, his firing of James B. Comey and more. Let's wish him well.

But I fear Kelly — "General," as Trump calls him — does not appreciate just how out of hand this president is, or how allergic he is to the sort of discipline Kelly aims to impose. Trump alone does the handling, and I'm not just talking about the awkward public touches he has had with everybody from Ivanka Trump to Angela Merkel. He has no capacity to be tamed, shamed or restrained.

Trump gave Kelly assurances that he would have full authority in the White House, which is essential. But he gave Kelly's predecessor Reince Priebus the same assurances, and they were meaningless. As Preet Bharara — fired as U.S. attorney after Trump personally asked him to stay on — can tell you, Trump is not bound by his word.

The latest reminder of this comes from The Post's stunning report this week that the president himself dictated the misleading statement in July issued by his son Donald Trump Jr. about the younger Trump's 2016 meeting with Russians who promised dirt on Hillary Clinton. The president, aboard Air Force One, dictated the statement even though his aides

were arguing for a full disclosure by his son to get in front of the Russia revelations — and even though emails and Donald Trump Jr.'s subsequent statements would quickly demolish the one the president dictated about Russian adoptions.

This should alarm Kelly, because it is a reminder that this president is fundamentally dishonest. This is why allies can't deal with him, Congress can't negotiate with him — and those who work for him can't trust him.

Kelly's professional life has been working within the chain of command. But Trump's professional life has been all command and no chain. As owner and chief executive of a family company, he didn't have public shareholders or an independent board of directors to review his commands. He ruled by whim, and his managers — family members and other loyalists — didn't question his edicts.

This real-life experience for Trump wasn't unlike his reality TV show, in which contestants — subordinates — stroked his ego. It's also how he has run the White House so far. Recall his first full Cabinet meeting, at which the doomed Priebus thanked Trump "for the opportunity and blessing that you've given us," while others dueled to be the most effusive in praising Trump.

No wonder Trump still thinks he's on set at "The Apprentice." "We'll see you in the board room," Trump

announced Monday morning, before heading to the Cabinet Room for a Cabinet meeting. Was it just a slip of the tongue that made him call the hallowed chamber — where presidents since Theodore Roosevelt have presided — by the name of the room where he fired people on "The Apprentice"? It was not. "We'll see you in the board room," he repeated moments later. (In the room for the Cabinet meeting: Trump aide Omarosa Manigault, late of "The Apprentice.")

Now Kelly supposes he can give this president discipline. It's desperately needed to stop the chaos. Even as Kelly was starting his new job, Trump was tweeting about the "fake news media," threatening to "hurt the insurance companies" that participate in Obamacare and, apparently forgetting his promise to be the voice of the "forgotten men and women," boasting that "Corporations have NEVER made as much money as they are making now."

But how to restrain Trump? Even Vice President Pence, who has constitutional job security, has stopped trying. He actually told Fox News on Tuesday that "I'll always support whatever decisions that the president makes."

I can't dismiss out of hand the possibility that Kelly will be the first person ever to get a handle on Trump. But it's the unlikeliest outcome. Hands down.

## Action on Trump's tax cut plan could be delayed until next year (UNE)

<https://www.facebook.com/kelsey.snell.3>

8-10 minutes

The White House's push to quickly pass a major package of tax cuts through Congress is facing a fall calendar full of legislative land mines, potentially delaying a key part of President Trump's agenda into at least 2018.

The Trump administration sees tax cuts as an achievable victory after a string of failed attempts to pass other parts of the president's legislative agenda, as well as a proposal that could unite a party fractured over Senate Republicans' failure last week to vote through a repeal of parts of the Affordable Care Act.

Trump touted the tax proposal Tuesday in a meeting with business executives, saying his team was "pursuing bold tax cuts" to help companies grow.

"We're unleashing a new era of American prosperity perhaps like we have never seen it before," he said at the meeting.

Republican leaders in Congress, however, face a pair of deadlines that are delaying any action on taxes. The current budget is set to expire at the end of September, and unless Congress approves new funding, there will be a partial government shutdown that will close national parks and put hundreds of thousands of federal workers on unpaid leave. Gary Cohn, chairman of the National Economic Council, has said the tax effort would be a success if, when Americans "get

their first check in 2018, they have more disposable income." (Jabin Botsford/The Washington Post)

Congress's most immediate concern, however, is the debt ceiling, which the Treasury Department says must be raised by Sept. 29 to ensure that the government can pay its bills. Failing to raise the ceiling could spark a global financial crisis, leading to a stock market crash, a spike in interest rates and a potential economic recession.

The Senate and House are scheduled to be in session together for a total of just 12 days from now until the debt ceiling deadline, giving them little time to focus on tax cuts.

"September will be a month when the Trump administration faces its most significant test on Capitol Hill," said Brian Gardner, Washington

policy analyst for Keefe Bruyette & Woods, an investment banking firm. "Passing spending bills and raising the debt ceiling must be done."

Republican leaders face several challenges as they seek to avert a government shutdown or default.

Treasury Secretary Steven Mnuchin met with Senate Majority Leader Mitch McConnell (R-Ky.) and Senate Minority Leader Charles E. Schumer (D-N.Y.) on Tuesday, pressing them to raise the borrowing limit as soon as possible. But the talks ended without progress or even a clear sense of what the Senate leaders must do to deliver votes to raise the limit, according to three people briefed on the meeting who spoke on the condition of anonymity to talk candidly about the private discussions.



Some more-conservative Republicans are demanding that any increase in the debt ceiling — a legislative limit on how much the government can borrow — come coupled with broad plans to cut spending and shrink the federal government, provisions that would probably preclude any Democratic support for the increase.

In 2015, the last time the debt ceiling was raised, the majority of votes to pass the measure came from Democrats after conservatives objected to increasing the limit without spending cuts, despite pleas for cooperation from GOP leaders. That dynamic has not changed, and Democrats believe they still have significant leverage in any negotiations on the borrowing limit.

Mnuchin has warned Congress for months to deal with the debt ceiling, but there are signs that senior White House officials are also starting to worry about the lack of a resolution. They are now openly talking about the need for lawmakers to act quickly.

“To ensure that we have robust economic growth and promote fiscal discipline, the Trump administration believes it’s important to raise the debt ceiling as soon as possible,” White House spokeswoman Sarah Huckabee Sanders said Tuesday.

On the budget, Democrats have said they will not agree to any spending bill that includes money for a wall along the U.S.-Mexico border, but the White House has said repeatedly

that it wants that funding to be part of a spending bill.

Lawmakers could approve a short-term spending bill to give themselves more time to negotiate, but that would further postpone any tax discussions because Congress would remain consumed with the budget.

Congress hasn’t overhauled the tax code in 31 years, in part because it is so politically difficult, but White House officials are trying to accelerate talks.

White House legislative director Marc Short said Monday that he wanted everything to be wrapped up by November. National Economic Council Director Gary Cohn said they would consider their effort a success if, when Americans “get their first check in 2018, they have more disposable income.”

But there are signs that Senate Republicans have not decided how they want to proceed.

Sen. Orrin G. Hatch (R-Utah), who leads the Senate’s tax-writing panel, said on the Senate floor Tuesday that he would pursue a more deliberative process than Congress used during the health-care discussions, holding public hearings and working closely with Democrats.

Less than an hour later, McConnell poured cold water on that idea, saying that it was unlikely many Democrats would seek to work with Republicans and that they planned

to forge ahead on their own if necessary.

He noted that 45 Democrats and independents sent him a letter Tuesday indicating they would not support a tax overhaul plan that widened the deficit, something Republicans have suggested might need to be part of their package. This, McConnell said, would force them to pass a tax bill along party lines using a process known as reconciliation, which first requires them to pass a budget resolution — something they also have not done yet.

“We have been informed by the majority of the Democrats in a letter I just received today that most of the principles that would get the country going again, they’re not interested in addressing,” McConnell said.

Separately, lawmakers must vote to reauthorize a health insurance program for children from low-income families, as well as the federal flood insurance program. Both will be curtailed sharply if Congress doesn’t act.

But it’s the debt ceiling and the spending bill that are expected to consume lawmakers throughout September and potentially beyond, delaying negotiations on the tax plan.

Act Four newsletter

The intersection of culture and politics.

“If you can’t fund the government, and if you can’t make good on the

credit of the government, those are bigger than speed bumps,” said Rick Hohlt, a longtime GOP lobbyist. “Those are like running off the cliff. It needs to get everybody’s attention when they focus.”

The White House, for its part, seems to be losing patience with lawmakers as the legislative agenda piles up. Trump was furious that the Senate failed to pass a bill to repeal parts of the Affordable Care Act last week, and Republicans are looking to the tax cut plan as something they could sell to voters as a major accomplishment ahead of the 2018 midterm elections.

Sanders took a shot at Congress on Tuesday, remarking of Trump’s track record so far that “what’s hurting his legislative agenda is Congress’s inability to get things passed.”

Analysts think all these looming decisions are pushing back any action on tax code changes, potentially into next year. Republicans still haven’t resolved key differences among themselves on the tax cut plan, such as its size and whether it should be temporary or permanent.

“Even when you get to tax reform, it’s going to be really difficult and really slow,” said Andy Laperriere, an analyst at Cornerstone Macro, a Wall Street research firm. He said the most likely outcome at this point is that Congress will not get “tax reform signed into law.”



## Newt Gingrich and Brad Anderson : Pass GOP tax cuts by Thanksgiving or lose the House

Newt Gingrich and Brad Anderson, Opinion contributors

5-6 minutes

Published 3:15 a.m. ET Aug. 2, 2017 | Updated 8:10 a.m. ET Aug. 2, 2017

**Republicans don’t have time to overhaul the whole health system or tax code. Notching a big win that has immediate effects is a better approach.**

Tax forms(Photo: Getty Images)

The specter of House Speaker Nancy Pelosi is looming.

Following Republicans’ failure to fix the country’s health care system, polls show Americans are increasingly flirting with Democratic governance in Congress next year. This means Republicans must change their game plan. The next

six months must not be the same as the last six months.

To regain their legislative momentum and keep their majority, Republicans must clearly demonstrate they are fighting for the country’s hardworking taxpayers. This means passing a major tax cut by Thanksgiving — and making it retroactive to the start of this year.

By 2018, the tax cuts will have spurred economic growth and wage increases, giving Republicans substantial momentum and a popular record of success to tout during their campaigns.

**More:** Scaramucci tenure was short but he left a lasting media legacy

**More:** On health reform, forget politicians. What do doctors and patients want?

But they must stay focused. A tax cut package directed at small businesses and the middle class is better policy than politics. According

to the Federal Reserve’s latest annual economic well-being report, nearly half of Americans could not cover an unexpected \$400 expense, like a car repair or medical bill. That’s not a huge surprise. Real median wages — which have finally begun to improve — have been stagnant for most of this century.

A middle-class tax cut would directly boost bank accounts by providing Americans with more take-home pay, which will offer relief to taxpayers struggling with inflated health care, housing and child care costs.

Small business tax cuts would help further because some small business owners would reinvest their savings in the form of higher wages for their workers. According to a new Job Creators Network nationwide poll of small business owners, a majority of respondents said they would direct their tax savings into their businesses in the

form of new jobs, higher wages or expansion.

This new economic activity produced by the tax cuts would — along with other regulatory and pro-growth efforts — restore the country to its historic 3% growth rate. This would produce trillions of dollars in extra revenue that would offset the fiscal costs of the tax cuts. The opposition will try to call this a “trickle down” theory, but it’s commonsense. The wage, job and investment stimulus from a large tax cut for the middle class and small businesses would be direct and immediate.

**More:** Sen. Jeff Flake’s new book draws the line between Trumpism and conservatism

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

The first step for Republicans writing the tax cut legislation is to reject the notion that it needs to be

revenue neutral. Instead, Republicans should argue that the tax cuts should be deficit neutral — meaning they wouldn't add to the deficit because of the economic growth they'd produce.

We know that deficit neutrality might ruffle the feathers of some fiscal hawks. For them, we have only one question: Which will be more expensive, having House Speaker Nancy Pelosi attempt to implement a Democratic agenda, or passing a deficit-neutral Republican

tax cut ensuring that voters will view Republicans as the party of middle-class prosperity in November 2018?

We also know that there are some in Congress who want to pursue comprehensive tax reform that also addresses deductions, loopholes and other less publicized taxes. We think these are valid goals. However, the tax code is complex, and Republicans don't have time to pursue such massive and controversial reform.

Tax cuts by November beat comprehensive reform next spring because changes will take time to take effect and for voters to feel the impact. A Republican majority can always come back to tax reform in 2019.

Serious tax cuts will bring Americans more — and better — job opportunities, with higher take-home pay. That's why we think this is the key to keeping the Republican majority in 2018.

In short, Republican lawmakers must come together over tax cuts for hardworking taxpayers before hardworking taxpayers come together against Republican lawmakers.

*Newt Gingrich is a former speaker of the House. Brad Anderson is the former CEO of Best Buy and a member of the Job Creators Network.*



## Editorial : Time for the Trump administration to speak with one voice on the debt ceiling

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

11-13 minutes

Opinion

**Opinion** A column or article in the Opinions section (in print, this is known as the Editorial Pages).

August 1 at 8:01 PM

THERE SEEM to be two kinds of Republicans: those who think that the full faith and credit of the United States can be the subject of political experimentation, and sensible ones.

Treasury Secretary Steven Mnuchin fits in the latter category. He has repeatedly called upon Congress, controlled by the GOP, to pass an increase in the statutory debt limit, with no policy strings attached, so that the United States government may continue borrowing past the current, already expired ceiling of \$20 trillion — and

pay all of its obligations on time. The stability of the financial system, domestic and international, depends on preserving the "risk-free" status of U.S. debt, earned over centuries. A failure to raise the debt limit would imperil this status, causing a "serious problem," as Mr. Mnuchin has put it with considerable understatement.

Lawmakers have so far declined to follow his advice, however, thus violating Mr. Mnuchin's recommendation, made six weeks ago, to take care of business before the August recess, which for the House began July 29. Mr. Mnuchin can continue to pay the federal government's obligations by means of "extraordinary measures" through about mid-October, but he says the drop-dead date for legislative action is Sept. 29 — giving Congress just 12 working days after it returns from August recess.

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Mr. Mnuchin is getting no help from Mick Mulvaney, the director of the Office of Management and Budget, who hails from the wing of the GOP that believes in playing political games with this issue. On Sunday, Mr. Mulvaney answered "yes" when CNN's Jake Tapper asked if the White House policy was to insist Congress not vote on any other legislation, including the debt ceiling, before trying once again to repeal Obamacare. This appeared to reopen a rift with Mr. Mnuchin that first appeared in the spring, when Mr. Mulvaney spoke of making a debt-limit extension contingent on spending cuts — only to be publicly contradicted by Mr. Mnuchin, apparently with President Trump's authorization.

Now, who knows? Certainly Mr. Mnuchin's delicate talks with Republican and Democratic senators on a possible debt-limit

deal haven't gone anywhere, and probably won't as long as neither side in the Senate knows exactly where the White House stands. "The Trump administration believes it's important to raise the debt ceiling as soon as possible," said Sarah Huckabee Sanders at her daily news briefing Tuesday — fine as far as it goes, but not quite an endorsement of unconditional debt-limit extension, which is Mr. Mnuchin's position and the only responsible one.

Mr. Trump's chief of staff, retired Marine Gen. John F. Kelly, got his new job with instructions to impose order on the chaos that reigns at 1600 Pennsylvania Avenue. We can't think of a better place to start than by bringing everyone in the administration into line, starting with the man at the top, behind Mr. Mnuchin's position on the debt ceiling. The hour is getting late, and the stakes are immense.



## Justice Dept. to Take On Affirmative Action in College Admissions (UNE)

Charlie Savage

8-10 minutes

President Trump and Attorney General Jeff Sessions have helped tilt the Justice Department to the right on civil rights issues. Doug Mills/The New York Times

WASHINGTON — The Trump administration is preparing to redirect resources of the Justice Department's civil rights division toward investigating and suing universities over affirmative action admissions policies deemed to discriminate against white applicants, according to a document obtained by The New York Times.

The document, an internal announcement to the civil rights

division, seeks current lawyers interested in working for a new project on "investigations and possible litigation related to intentional race-based discrimination in college and university admissions."

The announcement suggests that the project will be run out of the division's front office, where the Trump administration's political appointees work, rather than its Educational Opportunities Section, which is run by career civil servants and normally handles work involving schools and universities.

The document does not explicitly identify whom the Justice Department considers at risk of discrimination because of affirmative action admissions policies. But the phrasing it uses,

"intentional race-based discrimination," cuts to the heart of programs designed to bring more minority students to university campuses.

Supporters and critics of the project said it was clearly targeting admissions programs that can give members of generally disadvantaged groups, like black and Latino students, an edge over other applicants with comparable or higher test scores.

The project is another sign that the civil rights division is taking on a conservative tilt under President Trump and Attorney General Jeff Sessions. It follows other changes in Justice Department policy on voting rights, gay rights and police reforms.

Roger Clegg, a former top official in the civil rights division during the Reagan administration and the first Bush administration who is now the president of the conservative Center for Equal Opportunity, called the project a "welcome" and "long overdue" development as the United States becomes increasingly multiracial.

"The civil rights laws were deliberately written to protect everyone from discrimination, and it is frequently the case that not only are whites discriminated against now, but frequently Asian-Americans are as well," he said.

But Kristen Clarke, the president of the liberal Lawyers' Committee for Civil Rights Under Law, criticized the affirmative action project as "misaligned with the division's

longstanding priorities.” She noted that the civil rights division was “created and launched to deal with the unique problem of discrimination faced by our nation’s most oppressed minority groups,” performing work that often no one else has the resources or expertise to do.

“This is deeply disturbing,” she said. “It would be a dog whistle that could invite a lot of chaos and unnecessarily create hysteria among colleges and universities who may fear that the government may come down on them for their efforts to maintain diversity on their campuses.”

The Justice Department declined to provide more details about its plans or to make the acting head of the civil rights division, John Gore, available for an interview.

“The Department of Justice does not discuss personnel matters, so we’ll decline comment,” said Devin O’Malley, a department spokesman.

The Supreme Court has ruled that the educational benefits that flow from having a diverse student body can justify using race as one factor among many in a “holistic” evaluation, while rejecting blunt racial quotas or race-based point systems. But what that permits in actual practice by universities — public ones as well as private ones that receive federal funding — is often murky.

Mr. Clegg said he would expect the project to focus on investigating complaints the civil rights division received about any university admissions programs.

He also suggested that the project would look for stark gaps in test scores and dropout rates among different racial cohorts within student bodies, which he said would be evidence suggesting that admissions offices were putting too great an emphasis on applicants’ race and crossing the line the Supreme Court has drawn.

Some of that data, he added, could be available through the Education Department’s Office for Civil Rights, which did not respond to a request for comment.

John Gore, the acting head of the Justice Department’s civil rights division, in 2014. American Constitution Society, via YouTube

The Supreme Court most recently addressed affirmative action admissions policies in a 2016 case, voting 4 to 3 to uphold a race-conscious program at the University of Texas at Austin. But there are several pending lawsuits challenging such practices at other high-profile institutions, including Harvard University and the University of North Carolina. The Justice Department has not taken a position in those cases.

The pending start of the affirmative action project — division lawyers who want to work on it must submit

their résumés by Aug. 9, the announcement said — joins a series of changes involving civil rights law since Mr. Trump’s inauguration.

In a lawsuit challenging Texas’ strict voter identification law, the Justice Department switched its position, dropping the claim that the law was intentionally discriminatory and later declaring that the law had been fixed. Mr. Sessions has also made clear he is not interested in using consent decrees to impose reforms on troubled police departments and has initiated a sweeping review of existing agreements.

Last week, the Justice Department, without being asked, filed a brief in a private employment discrimination lawsuit. It urged an appeals court not to interpret the ban on sex-based discrimination in the Civil Rights Act of 1964 as covering sexual orientation. The Obama administration had shied from taking a stand on that question.

Vanita Gupta, who ran the civil rights division in the Obama administration’s second term and is now president of the liberal Leadership Conference on Civil and Human Rights, noted that the briefs in the Texas voter identification and gay-rights cases were signed only by Trump administration political appointees, not career officials, just as the affirmative action project will apparently be run directly by the division’s front office.

“The fact that the position is in the political front office, and not in the career section that enforces antidiscrimination laws for education, suggests that this person will be carrying out an agenda aimed at undermining diversity in higher education without needing to say it,” Ms. Gupta said.

The civil rights division has been a recurring culture-war battleground as it passed between Democratic and Republican administrations.

During the administration of George W. Bush, its overseers violated Civil Service hiring laws, an inspector general found, by filling its career ranks with conservatives who often had scant experience in civil rights law. At the same time, it brought fewer cases alleging systematic discrimination against minorities and more alleging reverse discrimination against whites, like a 2006 lawsuit forcing Southern Illinois University to stop reserving certain fellowship programs for women or members of underrepresented racial groups.

In 2009, the Obama administration vowed to revitalize the agency and hired career officials who brought in many new lawyers with experience working for traditional, liberal-leaning civil-rights organizations.

## THE WALL STREET JOURNAL

Board

3-4 minutes

### Editorial : The Body Count at the Border

The Editorial

Aug. 1, 2017 7:19 p.m. ET

Every so often comes a dark reminder of the human costs of immigration dysfunction, and last month 10 people suffocated in an 18-wheeler in Texas while trying to move to the United States from Mexico and Central America. Congress could prevent similar tragedies with more legal visas for guest workers, as a new report details.

The National Foundation for American Policy in a report out this week notes that “more than 7,000 men, women and children have died along the Southwest border” over the past two decades. More than 200 people have

died so far this year, and last year the count topped 300. This year there have been 7.8 deaths for every 10,000 apprehensions of illegal border crossers.

The number of deaths increased by about 80% between 1999 and 2012, even as apprehensions—a reliable proxy for illegal immigration—plummeted by more than 75%. As a result, a person picking their way across the border is now “5 times more likely to die in the attempt than 18 years ago,” the report notes. One reason is that an enforcement crackdown has encouraged people to slip across more treacherous or remote areas of the southwest.

Most immigrants come to the U.S. for work and opportunity, so the solution is to allow them to find jobs legally. The paper notes that the U.S. doesn’t have a visa program that permits immigrants to work legally in “year-round industries like

construction, hotels and restaurants.” In the 1940s and ’50s the Bracero program allowed workers to enter legally from Mexico, and illegal immigration apprehensions dropped 95% between 1953 and 1959.

Some who make it across the border stay in the U.S. illegally because they can’t risk multiple crossings. A visa holder who could travel home freely might be less likely to venture a dangerous crossing with his entire family. By the way, more work visas would be a fillip for the economy; agriculture, construction and many other industries report labor shortages despite rising wages.

Homeland Security Secretary John Kelly, who has since decamped for the White House, put out a statement that the Texas smugglers “have no regard for human life and seek only profits.” But smugglers

make money when politicians slap on new restrictions on immigration, and the way to bankrupt them is a system that allows safe, legal entry and exit. Ron Johnson (R., Wis.) has a bill in the Senate to let states experiment with guest-worker programs, which would be a place to start.

The recent deaths are gruesome but hardly unprecedented: The policy brief recalls how a dozen men died in the Arizona desert in the 2000s, one of whom was Lorenzo Ortiz Hernandez, a father of five who took out a loan at 15% interest to underwrite an illegal crossing. He was looking to support his family. Such casualties will continue until Congress finds the political will to reform the broken U.S. immigration system.

Appeared in the August 2, 2017, print edition.

## Los Angeles Times

### Editorial : The Olympics could be a boon for Los Angeles, but it's foolish to think we can't lose



Los Angeles scored a major victory this week by securing both the right to host the 2028 Summer Olympic Games and concessions from the International Olympic Committee worth hundreds of millions of dollars. Mayor Eric Garcetti and the city's Olympic committee officials get credit for extracting a better deal from the IOC in exchange for agreeing to wait an additional four years and let Paris host the 2024 Games.

As Garcetti correctly points out, the city (not to mention the region, state and nation) has much to gain in terms of direct and indirect economic benefits, infrastructure improvements and goodwill from hosting the Games. But it would be foolish for city leaders to assume that L.A. just can't lose, as Garcetti and other Olympics boosters have asserted. Of course it can. There are no guarantees when it comes to ticket sales, sponsorship deals or labor and materials costs for an event more than a decade away. And because the IOC refuses to share the risk of cost overruns, host cities are on the hook for any budget-busting developments.

Ideally, Garcetti would have insisted that the IOC protect the city from cost overruns in exchange for accepting the later date. But the city's experience with the 1984 Summer Games suggests that the window for negotiations hasn't fully closed. In the run-up to the '84 Games, public concern about the potential for a taxpayer bailout led voters to approve a ballot measure that threatened to withdraw L.A. as host unless the IOC reduced the city's risk. That's what led the IOC to waive the requirement that L.A. shoulder all unanticipated costs.

If they're done well, the Games can pay economic and civic dividends long after any Olympic-sized traffic jams are cleared.

Regardless, city leaders need to start working now to make sure the \$5.3-billion project doesn't turn into a boondoggle over the coming 11 years. Before committing the city's treasury to such a massive undertaking, city leaders must also commit themselves and their successors to vigilant oversight. That responsibility begins as soon as next week, when the L.A. City Council is expected to take up the new host city contract. Council members must make sure that all the promises made by the IOC are in the document before the deal is finalized in Lima, Peru, on Sept. 13.

The city — and the public — must scrutinize the financial assumptions and projections of the nonprofit group acting as the local Olympic organizers. The point is to detect and respond to problems as they emerge, not after they become irreparable.

That said, the mayor and L.A. Olympic committee officials appear to have done as much as possible under the circumstances to insulate the city from financial disaster. The budget has a reserve of \$487 million, and the state had agreed to kick in \$250 million to help pay for any shortfall in 2024. The new 2028 deal mitigates the risk even further by cutting some costs and finding new revenues.

Los Angeles also starts out with a crucial advantage over other hosts: It doesn't have to spend billions of dollars building anything. The plan is to use fields, arenas and other facilities that already exist or are scheduled to be built soon with private dollars. The one big-ticket item in the city's original proposal — a \$1-billion Olympic village to be constructed near downtown — was dropped in favor of a more prudent arrangement to house athletes in UCLA's new dorms.

Some Angelenos might wonder why the city should bother putting on something that promises inconvenience at best and a costly taxpayer burden at worst. The answer is that if they're done well, the Games can pay economic and civic dividends long after any Olympic-sized traffic jams are cleared. This means more federal funding sooner for infrastructure improvements, an influx of private investment, and spruced-up streets, parks and public spaces. This particular deal also means an immediate \$160 million investment in youth sports. That may sound like small change, but to the many kids who don't play sports because their parents can't afford sign-up fees as high as \$150, it could be life-changing.

There are also the intangible benefits of being part of a global, historic tradition — one of the few extant — that brings the entire world to your city. It can be a thrilling experience for Angelenos and their children, while selling the city to the millions who attend or watch the events from afar.

The 1984 Games turned out to be a financial success, doing more good for its host city than any Summer Games since then. L.A. may not be able to top that in 2028, but with luck and diligence it could host a world-class Olympic Games that leaves the city proud, not racked with buyer's remorse.