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FRANCE - EUROPE

**The
New York
Times**

Chan

Roman Ruins Found in France Are Called 'Exceptional'

Anne-Sophie
Bolon and Sewell

LONDON — Archaeologists have discovered the well-preserved remains of a Roman neighborhood that was destroyed early in the first millennium after Christ, in what the French Culture Ministry called an "exceptional discovery."

The neighborhood was found near Ste.-Colombe, a suburb across the Rhône River from the city of Vienne, about 20 miles south of Lyon. Vienne is well known for its traces of Roman civilization; several old city ramparts survive, as do the remains of a theater and several roads.

Benjamin Clément, an archaeologist with Archeodunum, a company with offices in Switzerland and France that evaluates historic sites that could be threatened by construction, called the discovery "probably the most exceptional find from the Roman era in years." Work on the site began in early April, and reporters were permitted to visit the excavation for the first time this week.

The neighborhood included shops dedicated to metalwork, food stores and other artisanal production; a warehouse full of jugs for wine; two houses, which were most likely occupied by members of the nobility and contain mosaics; and a hydraulic network that allows for cleaning and drainage. The neighborhood appeared to be built around a market square, apparently the largest of its kind to be discovered in France.

The neighborhood was twice ravaged by fire, at the beginning of the second century and again in the middle of the third century.

Paradoxically, "the fires permitted the conservation of the architecture," Mr. Clément, who also works at the University of Lyon, said in a phone interview. The fires carbonized the wood beams that had been used to set off spaces in homes and also effectively baked the bricks between the beams, he said. "This allowed the preservation of the architecture as if it were stone," he said.

The fires essentially froze in place much of the neighborhood's architecture, including even the

artifacts left behind by residents fleeing the blazes, "transforming the sector into a veritable 'little Pompeii' of Vienne," according to Archeodunum.

In the case of the Ste.-Colombe find, excavation began on April 3 in preparation for the construction of a housing complex on an area covering nearly 60,000 square feet. Because of the significance of the find, the archaeological work, originally intended to last six months, will be extended until the end of the year.

A team of 15 archaeologists and five interns have been working on the site, Mr. Clément said.

Some materials — including doors, hinges and even the head of an ax — were made of iron, which was oxidized by the fires, preventing the usual corrosion, Mr. Clément said.

He compared the find to "an instant photograph of life at the beginning of the second century, and at the middle of the third century."

A large public complex, possibly a school of philosophy, was built after

the second fire. Some beautifully preserved mosaic tiles from the building were found, including one from a central medallion that includes depictions of Thalia, the muse of comedy, and Pan, the bacchanalian deity.

Another part of the complex includes a temple that evidently contained an altar, dedicated to an unknown god. Workers discovered a bronze medal struck in the year 191, and presented by Commodus, the emperor at the time, in the ruins of the temple. It might have belonged to one of the priests. (Commodus, whose reign was short and violent, is the villain of Ridley Scott's 2000 movie "Gladiator.")

The complex was abandoned by the fourth century, and largely fell into obscurity. A necropolis from the Middle Ages, the site of about 40 burials, is the last trace of regular human habitation of the site, according to Archeodunum.

POLITICO Trump switches would-be US ambassador to Belgium to France

By David M.
Herszenhorn

France jumped the queue for a new U.S. ambassador; Belgium will have to wait.

Without explanation, U.S. President Donald Trump on Wednesday withdrew his nomination of Jamie McCourt, a campaign donor and former owner of the Los Angeles Dodgers baseball team, to be ambassador to Belgium and resubmitted her name to the Senate to be envoy to France and Monaco instead.

While the White House declined immediate requests for comments about the change, Trump has forged a closer relationship with French President Emmanuel Macron than perhaps any other European leader, as evidenced during a visit to Paris last month where Trump attended Bastille Day festivities. On that trip, Trump and his wife Melania dined with Macron and his wife Brigitte at the Eiffel Tower.

The Trump administration has lagged in naming ambassadors to important posts and the Republican-controlled Senate has dragged in

confirming those nominees, like McCourt, who Trump has put forward, largely because of Democratic opposition.

Trump, for instance, has still not chosen an ambassador to the EU. In other cases, like Germany, the White House has identified a candidate — Richard Grenell — but Trump has not made a nomination.

The switch in posts for McCourt will likely delay her confirmation further as each ambassadorial nominee must go through a hearing before the Senate Foreign Relations

Committee, where questions are posed about the specific diplomatic assignment.

Several nominees are expected to be confirmed in the next few days before the Senate leaves for its August recess, but it's still not clear how many ambassadors will be among them.

the Atlantic

Yasmeen Serhan

Will Brexit Reopen Old Wounds Between Ireland and Northern Ireland?

Perhaps the most discernible aspect of the border between the Republic of Ireland and Northern Ireland is just how *indiscernible* it is. With few signposts marking the end of one jurisdiction and the beginning of another, travelers going between the two rely on subtle clues indicating they've crossed from one country into another—the changing color of

road signs, speed limits switching from kilometers (the Republic) to miles (Northern Ireland), or the more obvious shift between sightings of the Irish tricolor and the Union Jack.

But this seemingly invisible border may not stay that way for long. With the United Kingdom's vote last summer to leave the European Union, both parties now face the

challenge of determining what the border between Northern Ireland (a part of the U.K.) and the Republic of Ireland (a member of the EU) should look like. While British and European leaders have voiced their opposition to implementing a so-called hard border, the extent to which it will be controlled is still up for negotiation. Alongside the issues of citizens' rights and the U.K.'s financial obligations to the EU, the

border issue has emerged as one of the most contentious in Brexit talks thus far. EU leaders have threatened not to move forward on other topics, such as working out a trade deal between the U.K. and the EU, before all three issues are addressed.

The Irish border wasn't always so invisible. Between the 1960s and the 1990s, during a period of cross-

border sectarian fighting known as “The Troubles,” the heavily-fortified border between the Republic of Ireland and Northern Ireland was far more distinct, outlined by military checkpoints, watchtowers, and customs posts. More than three decades of fighting between the Unionists (predominantly Protestant) advocating for Northern Ireland to remain part of the U.K. and the Republicans (predominantly Catholic) advocating for the North to join the Republic of Ireland culminated in the Good Friday Agreement. This 1998 accord brought an end to the conflict and established a system in which power between the Unionists and the Republicans would be shared. As the fighting between the North and the Republic receded, so did the militarized frontier that once divided them.

“Now if you travel between the Republic of Ireland and Northern Ireland, it’s like driving from New York to Connecticut—you just keep going,” Senator George Mitchell, the primary architect of the Good Friday Agreement, told me. “In fact, it’s hard to even know it now.”

Though the implementation of a hard border certainly wouldn’t resemble the wartime frontier that defined the Troubles, Mitchell said certain aspects, such as the reimposition of border controls, could bring echoes of past division and conflict that might threaten the cooperation the Good Friday Agreement helped achieve. “Commerce has increased, economies have become increasingly integrated ... demonization has

declined as people move freely across the borders and get to realize they have more in common than that which divides them,” Mitchell said, adding: “A reinstatement of a hard border would set all that back.”

The challenge facing British and European negotiators is how to reconcile the U.K.’s decision to leave the EU with the bloc’s customs union and single market, without implementing a hard border. This is particularly important when it comes to trade between the EU and the U.K. and, more specifically, between Ireland and Northern Ireland. According to a December 2016 report by the U.K. House of Lords, approximately 60 billion euros are traded between the U.K. and Ireland each year, and as many as 30,000 people are estimated to commute across the border between Ireland and Northern Ireland each weekday for work. Between members of the EU, such trade is not subject to tariffs, nor are the individuals crossing the border subject to passport checks.

That all changes, however, once the U.K. formally leaves the EU. “Under EU law, it would end the free movement of people, goods, labor, services, and capital,” Judy Dempsey, a nonresident senior fellow at Carnegie Europe, told me. “Essentially, Northern Ireland would be cut off from Ireland, and Irish trade would be hugely damaged because Ireland in turn would not be able to sell its goods freely to Great Britain, and vice versa, because EU law would have to apply.”

While the U.K. could decide not to impose customs controls on the Northern Ireland side of the border,

European law requires the implementation of some sort of customs control on the Republic’s side, and EU leaders have stressed that some customs controls would have to be enforced. “The UK’s departure from the EU will have consequences,” Michel Barnier, the EU’s chief Brexit negotiator, told Ireland’s parliament in May. “Customs controls are part of EU border management. They protect the single market. They protect our food safety and our standards.”

One industry that stands to be among the hardest hit by increased trade barriers is Northern Ireland’s dairy farms, which rely on cross-border production with Ireland to produce their products. “We are very, very dependent on what we call an all-island value chain,” Mike Johnston, the Northern Ireland director for Dairy U.K., told the House of Commons’ Northern Ireland affairs committee in January. “If we have any interruption in the current practices, it is going to affect the longer-term viability of the industry.”

Dairy isn’t the only industry that’s worried. Diageo, the multinational company that produces Guinness and Bailey’s Irish Cream, warned that its prices could rise if trade restrictions are imposed, noting that some of its products cross the border as many as three times before being exported in bottles. “It’ll be a disaster for everyone if that border once again becomes a closed border,” Mitchell said. “Beyond the border itself—the physical border—is the full integration of the Irish and U.K. economies in a way that I think

requires a special provision in any Brexit agreement between the U.K. and the EU.”

A special provision isn’t out of the realm of possibility. U.K. and EU leaders have both expressed their willingness to maintain the Common Travel Area, a 1922 agreement that allows British and Irish citizens to travel freely between the two countries (though this agreement would not apply to non-Irish and non-British EU citizens who currently commute between the two). But it’s unclear what this special status would look like, or whether Northern Irish leaders would support it. Sinn Féin, Northern Ireland’s second-largest party and one that advocated for the U.K. to remain in the EU, supports establishing a special status. But the Democratic Unionist Party (DUP), Northern Ireland’s largest political party and one that backs Prime Minister Theresa May’s government, has warned that it will oppose any status that would allow the North to remain in the EU.

But if it comes down to maintaining the peace, Dempsey said a special status could be achieved. “If there’s a political will, it’s possible,” she said. “Germany is very important in this role ... and Merkel understands completely the idea of a special status and she would probably make an exception for Northern Ireland because what’s at issue is stability—it’s stability on Europe’s western frontier.”



Raphael : U.K. Voters Are Still Worrying About Brexit

Therese Raphael

The best thing to do with mistakes is learn from them. So as part of her vacation reading, U.K. Prime Minister Theresa May might want to glance at the just-released British Election Study showing what was foremost on voters’ minds as they cast ballots in the 2017 general election: Brexit

The election was supposed to be a walk in Hyde Park for May and her Conservative Party government. She announced it in April, when her approval ratings exceeded the opposition Labour Party’s by over 20 percentage points. By the time of the vote in June, that margin had shrunk to a statistical tie.

QuickTake Brexit

An analysis of voting patterns released by the market-research firm YouGov after the election showed that Labour seemed to be

taking votes that would previously have gone to the Conservatives. At the start of the campaign, voters were more likely to favor Labour up to the age of 34, after which they were more likely to vote Conservative. By the time of the vote, the age at which voters were more likely to go Conservative had risen to 47. Labour’s youth vote included plenty of not-so-young voters.

That suggests that younger voters are not frightened away by Labour policies that include nationalizing industry and raising taxes. In fact, these might be selling points for a generation that has no recollection of the economic turmoil that Britons endured when Labour last pursued a socialist agenda in the 1970s.

But that’s hardly the whole story of the surprising 2017 election result. The large-scale study released this

week helps us understand why voters behaved as they did. Two major lessons come through -- one obvious, the other more surprising.

The obvious lesson is that the tactic of focusing attention on May’s stiff-if-dutiful personality failed spectacularly. That was already pretty clear from the narrowing polls and the anti-Tory bent of most social media stories shared about the campaign.

While May’s campaign faltered, Labour’s Jeremy Corbyn was running effectively, the survey shows. His likability scores improved steadily over the course of the campaign, while May’s dropped. And Corbyn’s ratings improved most among those who had been newly recruited to the Labour ranks, those voters who, before May called the election, were unlikely to give him a second look.

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The more surprising lesson from the survey is the fact that so many Britons rated Brexit as the most important issue going into the election. More than 30,000 respondents were asked during the campaign to answer this question: “As far as you’re concerned, what is the single most important issue facing the country at the present time?” More than one in three people mentioned Brexit or the EU; fewer than one in 20 cited the economy.

Here’s a chart showing the words used most frequently in response, with the size of the word representing the number of times it appeared.

Source: British Election Study; Ed Fieldhouse and Chris Prosser

Worries about the complex Brexit negotiations may have been a proxy of sorts for economic worries. But that still comes as a surprise to those (ahem) of us who argued that Brits had reconciled themselves to the 2016 vote to leave the European Union, and thus considered the negotiations over the terms of the departure to be a technical matter instead of an issue of compelling concern.

"One of the reasons Labour did so well among Remainers is that by the time the election was called, the Brexit debate was not so much about Leave or Remain but about how to leave," wrote Ed Fieldhouse

and Chris Prosser of the University of Manchester, members of the team that produced the electoral survey.

That's important. Brexit had seemed to be a side issue in a campaign focused on personalities. Corbyn had made his peace with the Brexit referendum, which he opposed officially but hardly lifted a finger to prevent. His campaign focused instead on old-style socialist increases in government spending.

May was busy being "strong and stable," and dealing with various policy reversals. And the one party that had thrown all its eggs in the Remain basket -- staunchly pro-EU Liberal Democrats campaigned on a

promise for a second referendum -- picked up only four seats.

But it turns out that the U.K.'s relationship with the rest of Europe remained the elephant in the room. Even though Corbyn has been, at best, ambivalent about retaining post-Brexit access to the EU single market (which allows the tariff-free movement of goods, capital, services and labor), voters who saw that as a priority were more likely to vote Labour, as this chart shows:

Source: British Election Study; Ed Fieldhouse and Chris Prosser

Voters, it's now clear, sensed that the Brexit negotiations, which have since begun, have the potential to

hurt them. Labour looked more likely to strike a deal that preserves quite a bit of cooperation with the EU.

The BES survey is an indictment not just of the style of May's election campaign, but of her core decision, made at the beginning of her term, to side with the hard-line members of her party and cabinet who seemed to want a clean break with Europe at almost any cost to trade and other ties. Many voters disagreed and voted for Labour; too many for May and her party to ignore if they want to continue to govern.

**The
New York
Times**

As Europe Sours on Diesel, Germany Fights to Save It

Melissa Eddy and Jack Ewing

BERLIN — Britain and France want to end the sale of diesel cars. Madrid and Athens are banning them entirely. Automakers like Volvo are switching to electric engines.

In Germany, those developments have created something akin to a national emergency, threatening an industry that employs hundreds of thousands of people.

As others have increased investment in electric cars and pushed tougher rules threatening diesel, though, German auto executives and political leaders meeting in Berlin on Wednesday appeared determined to rescue the technology.

After a largely stage-managed meeting — described as a "diesel summit" — they announced plans to update the software in 5 million cars to reduce emissions of nitrogen oxides, the byproduct of diesel most harmful to human health.

The German manufacturers also said they would contribute to a fund worth 500 million euros, or \$590 million, to finance measures to reduce urban pollution, for example by modernizing bus fleets or building bike paths.

Most of the software upgrades had already been announced by the German manufacturers, while politicians and automotive executives alike rejected calls by environmental groups to force carmakers to add antipollution hardware like better catalytic converters. And they were unanimous in opposing plans by some cities to ban diesels from downtown areas.

"The government's chumminess with the auto industry continues,"

Oliver Krischer, a leader of the opposition Green Party, said in a statement Wednesday. "While China, California, Norway and many others are tackling electromobility, the government is turning Germany into a diesel museum."

In fact, as far as auto industry leaders were concerned on Wednesday, diesel remained central to their ambitions.

"Future mobility will definitely depend on state-of-the-art diesels as well," Harald Krüger, the chief executive of BMW, said in a statement. The carmaker said it would offer a bonus of up to €2,000 to anyone who traded in an older diesel vehicle for a new BMW electric or hybrid car — or a diesel that met the latest emissions standards. Volkswagen and other carmakers said they would offer similar incentives.

Wednesday's meeting between ministers, state leaders and car company chiefs was an attempt to contain a crisis of confidence that threatens Germany's most important industry, and perhaps even its national identity, ahead of elections next month.

Volkswagen, Daimler and BMW confront growing public outrage domestically and overseas for underplaying the health effects of diesel fumes and, in at least some cases, misleading customers about how much harmful nitrogen oxides their cars produce in everyday use.

Leaders of both major political parties, meanwhile, face criticism that they have been too cozy with carmakers, blocking stricter European Union regulation of diesel emissions while providing tax breaks on diesel fuel.

German Chancellor Angela Merkel is under particular pressure ahead

of the election on Sept. 24, in which she is seeking a fourth term in office. She has a long record of advocating for the auto industry, once even complaining about California's strict limits on vehicle emissions while visiting the state's governor at the time, Arnold Schwarzenegger.

Despite the announcements, there were hints of conflict among the participants at Wednesday's meeting. Horst Seehofer, prime minister of the state of Bavaria, called for the government to provide financial incentives for Germans to trade in old vehicles. But Barbara Hendricks, the German environment minister, blamed automakers for the diesel crisis and said they should not expect government help.

Foreign manufacturers, including Ford of Europe, which is based in Cologne, drew sharp criticism Wednesday after they declined to participate in the €500 million fund to improve urban air quality. Ford said it would take other measures to reduce emissions, including incentives for people to trade in older cars.

Vehicles are Germany's single most important export product and, in many parts of the world, the most visible symbol of German engineering prowess. Within the country, BMWs, Mercedes-Benzes and Porsches are a source of considerable pride and an essential part of the postwar national self-image.

Diesels are particularly important to German carmakers, and the technology has a long history here — Rudolf Diesel, a German, invented the diesel engine. Because of diesel's superior fuel economy today, it is a popular option with buyers of the large luxury cars that are profit centers for the industry.

Until recently, Diesels outsold gasoline cars in Europe, thanks in part to de facto subsidies.

But their sales have been plummeting amid growing awareness that diesel exhaust causes serious lung ailments, including asthma and cancer. In July, sales of diesels in Germany fell 13 percent compared with a year earlier, according to government figures published on Wednesday.

A further impediment to sales is that numerous cities around Europe, including BMW's home of Munich, are considering bans on older diesel cars. The city governments of Madrid and Athens have already said they will ban diesels altogether in 2025. Britain and France have said they want to end sales of new diesel vehicles by 2040.

Last week, a lower court judge in Stuttgart ruled that a ban on diesels in the city center was the only way to address nitrogen oxide pollution that frequently exceeded levels considered acceptable. If affirmed on appeal, the decision could pave the way for widespread diesel bans.

Why Diesel Became So Popular in Europe

Over the last 20 years, diesel cars have taken a strong hold on the European market, thanks in large part to regulations that made them cheaper to fill up than gasoline-powered cars.

- In the late 1990s, **European fuel taxes** — already higher than those in the United States — **were modified to make diesel cheaper than gasoline**, in an effort to reduce carbon dioxide pollution. This encouraged drivers to buy more diesel-powered cars.

Diesel burns more efficiently than traditional gasoline and produces less of the greenhouse gas over all.

- Diesel emissions, however, emit more nitrogen oxides and particulates, two components of smog that affect breathable air quality more than carbon dioxide. **American policy makers put more emphasis on these emissions** than their European counterparts did, so diesel continued to languish in the United States even as it reached a dominant market position in Europe.
- **Investments in electric cars and alternative fuels**, such as hydrogen,

are further highlighting diesel's shortfalls and encouraging European consumers to move away from what has been their preferred fuel for a decade. After reaching a peak market share near 56 percent in 2011, diesel has slowly fallen out of favor there, dipping below 50 percent in 2016.

Moves like those have left many diesel owners fearing that the resale value of their vehicles will plummet.

A sense of betrayal has deepened in Germany in recent weeks following reports that Volkswagen, BMW and Daimler may have secretly agreed to cut corners on emissions equipment to save money.

The carmakers could face a wave of financial penalties if it is proven that they colluded to minimize how much money they spent on emissions

equipment. Volkswagen has already agreed to pay more than \$22 billion in the United States in fines and settlements after admitting that it had programmed diesel cars to cheat on emissions tests.

In the United States and Canada, lawyers have filed suits claiming that collusion among the automakers did harm to buyers of German cars.

Among owners and environmental activists there is considerable skepticism about whether software fixes alone will make much difference. There is growing pressure for carmakers to retrofit cars with better antipollution hardware, which would be extremely costly.

Auto executives rejected that option Wednesday. "We consider it out of the question to carry out hardware retrofitting," Matthias Müller, the chief executive of Volkswagen, said during a news conference. "It is

questionable what the result would be."

"I would like my engineers to be working on future-oriented technologies," he said, "not working on motors that are 10 or 15 years old."

In a sign of the public anger that the issue has generated, dozens of protesters gathered early Wednesday outside the Transport Ministry, where the summit took place. Activists from the environmental charity Greenpeace hung a banner across the facade of the ministry proclaiming "Welcome to Fort NOX," a play on the abbreviation for the nitrogen oxides emitted by diesel vehicles.

THE WALL STREET JOURNAL

Italy Seizes Migrant Aid Group's Ship in Mediterranean

Deborah Ball

Italian authorities seized a ship operated by a migrant aid group off the coast of Italy as part of an inquiry into illegal immigration, a move that could raise tensions with groups that play an increasingly large role in rescuing thousands of migrants attempting to reach Italy.

Early Monday, Italian coast guard vessels accompanied the *Iuventa*, a ship run by German aid group *Jugend Rettet*, into the port of Lampedusa, a small island off the coast of Italy. According to Italian police, the seizure is part of an investigation by Sicilian magistrates into whether aid groups are engaged in illegal immigration as part of search-and-rescue operations they conduct to save seaborne migrants.

Jugend Rettet didn't respond to an emailed request for comment. It said

on Twitter that it has received no information about an investigation.

The seizure marks an escalation in tensions between Italian officials and the migrant aid groups that now rescue thousands of African and Middle Eastern migrants who depart in flimsy vessels from Libya in an attempt to reach Italy.

In the first half of this year, nonprofit groups were involved in a third of search-and-rescue operations off the coast of Libya. Just over 95,000 migrants have arrived in Italy so far this year; more than 2,000 have died attempting the crossing.

However, such operations have fed the bitter debate over how to respond to a flow of migrants that has seen about 600,000 land in Italy since the start of 2014.

Some Italian magistrates and anti-immigrant groups say the aid groups heighten the so-called "pull factor," by enticing more migrants to attempt

the passage because they patrol so close to the Libyan coast.

The aid organizations instead charge European governments with doing too little to help the migrants and say their vessels are crucial to saving lives.

In recent days, the Italian government has asked the aid groups to sign a code of conduct to regulate their activities. The new protocol would require aid groups to disembark migrants on land, rather than transferring them to other ships.

The aid groups typically load the migrants onto other ships that then travel hundreds of miles to bring them to land in Italy. That practice allows the aid groups to remain closer to Libya, thereby rescuing more migrants.

The code of conduct would also compel the aid groups to allow armed police to board their boats to

gather evidence for people-smuggling investigations.

The protocol has met resistance from most of the NGOs active in the Mediterranean. Only a few aid groups signed it, with large ones including *Doctors Without Borders* refusing to do so. *Jugend Rettet* is among those that haven't signed the code of conduct.

In a statement earlier this week, *Doctors Without Borders* said that the code of conduct would make its search-and-rescue missions more difficult "with serious humanitarian consequences."

The Italian magistrates leading the illegal immigration inquiry couldn't be reached for comment on whether the seizure was related to *Jugend Rettet's* refusal to sign the protocol.

the Atlantic

Why Europe Opposes the U.S.'s New Russia Sanctions

Yasmeen Serhan

When President Trump on Wednesday signed into law a bill that will impose new sanctions on Russia, he simultaneously expressed his opposition to the measure. The law aims to punish Moscow for its interference in the 2016 U.S. presidential election and limit the president's own ability to unilaterally lift such sanctions. "By limiting the Executive's flexibility, this bill makes it harder for the United States to strike good deals for the American people, and will drive China, Russia, and North

Korea much closer together," Trump said in a signing statement, adding that the bill was "seriously flawed."

Then there was this somewhat surprising objection: The law, Trump said, "hurts the interests of our European allies." It was surprising not only because Trump has been notably skeptical of the value of European alliances in the past, but also because Europeans were instrumental U.S. partners in the sanctions imposed on Russia following its annexation of Crimea in 2014. But these sanctions are different. European leaders have

been vocal in their opposition to the bill since it was approved by the House last week, albeit for different reasons. European Commission President Jean-Claude Juncker warned of potential collateral damage to Europe's energy market, as the sanctions could inadvertently hit European companies involved with Russia's energy-export pipelines. One such pipeline, the *Nord Stream 2*, which aims to carry natural gas from Russia to Germany through the Baltic Sea, involves several European companies. "America First' cannot mean that Europe's interests come last,"

Juncker said, adding that the Commission would be ready to act "within a matter of days" if their concerns were not addressed. Germany, in a separate warning, suggested the U.S. was using the sanctions as cover for its own natural-gas interests.

By contrast in 2014, when the EU sanctioned Russian energy firms alongside the U.S. and Canada, gas was exempted due to numerous EU member states' reliance on Russian supplies. Even then, those sanctions came at a cost to the European economy—it's estimated the

sanctions cost the EU as much as 100 billion euros.

As Trump noted in his signing statement, the bill did undergo some revisions to address European concerns—and Brussels seems cautiously optimistic. Juncker, in a somewhat pointed statement Wednesday, noted that the “U.S. Congress has now also committed that sanctions will only be applied after the country’s allies are consulted. And I do believe we are still allies of the U.S.” He added, however, that the EU would reserve the right to retaliate if the U.S. sanctions disadvantaged EU companies involved with Russia’s energy sector. “We must defend our

economic interests vis-a-vis the United States,” he said. “And we will do that.” As Reuters reported, retaliation could include applying an EU regulation to shield itself from U.S. measures, or even filing a complaint at the World Trade Organization. Such actions, however, would likely require the approval of all 28 EU member states.

Moscow, unsurprisingly, registered its own objections. Russian Prime Minister Dmitry Medvedev proclaimed that Washington had declared a “fully-fledged trade war on Russia,” adding that “the hope of improving our relations with the new U.S. administration is dead.” He

further criticized Trump for demonstrating “complete impotence by humiliatingly transferring executive powers to the Congress, which changes the balance of power in U.S. political circles.”

Ironically, however, the sanctions do benefit Russia in one way—by fostering a potential point of contention between the U.S. and its European allies. As my colleague Julia Ioffe noted, Russian President Vladimir Putin “has long sought to peel off the EU, or at least some of its member countries, and thus undermine the effect of the 2014 sanctions.” In Congress’s attempt to ensure the Trump administration holds Russia accountable, it has

also threatened to strain the U.S.-European relationship. Germany’s Foreign Minister Sigmar Gabriel and Austria’s Federal Chancellor Christian Kern warned as much in a joint statement in June, noting that it would not “only be highly regrettable, but also damaging” to U.S.-EU cooperation on the crisis in Ukraine if “irrelevant considerations such as U.S. economic interests in exporting gas were to gain the upper hand.”

**The
New York
Times**

Mike Pence, in Montenegro, Assures Balkans of U.S. Support

Sewell Chan

Vice President

Mike Pence told leaders of eight Balkan nations on Wednesday that “the future of the western Balkans is in the West,” a signal of the United States’ commitment to southeastern Europe and a warning against Russian encroachment in the region.

Speaking in Montenegro, which defied Russia by becoming the newest member of NATO in June, Mr. Pence praised the tiny nation for its independence.

“Your courage, particularly in the face of Russian pressure, inspires the world and I commend you for that,” Mr. Pence said at a dinner on Tuesday evening.

Russian officials were so incensed by Montenegro’s decision to join NATO that they plotted a coup attempt in October to try to block the country from joining the alliance, Mr. Pence said — an accusation that Russia denies.

On Wednesday, in a 19-minute address to leaders at the Adriatic Charter Summit meeting, the vice president called Russia an “unpredictable country that casts a shadow from the east.”

“Russia continues to seek to redraw international borders by force,” Mr. Pence said. “And here in the western Balkans, Russia has worked to destabilize the region, undermine your democracies and

divide you from each other and from the rest of Europe.”

He added, “The western Balkans have the right to decide your own future, and that is your right alone.”

Mr. Pence’s tone on trans-Atlantic relations was far more reassuring than that of President Trump, who once called NATO “obsolete,” castigated allies for not spending more on defense and characterized the European Union as a tool of German influence.

Mr. Pence hewed on Wednesday to a more traditional American view of NATO and the European Union as bulwarks of Western democracy. “Whether your future is in NATO, the European Union or both, the United States supports you — because either path will strengthen Europe,” he told the Balkan leaders.

As to Mr. Trump’s nationalist outlook, Mr. Pence said, “‘America first’ does not mean America alone.”

Yet Jonathan D. Katz, a former State Department official who is now at the German Marshall Fund of the United States, expressed skepticism about Mr. Pence’s performance.

“While his message of greater security support and further European-Atlantic integration should be of great relief to these countries, it is tainted by Trump’s continued embrace of Putin and deep cuts in U.S. assistance to the Western Balkans,” Mr. Katz said in an email, referring to President Vladimir V. Putin of Russia.

Along with Prime Minister Dusko Markovic of Montenegro, the leaders present included the prime minister of Albania, the chairman of the council of ministers of Bosnia and Herzegovina, the prime minister of Croatia, the president of Kosovo, the prime minister of Macedonia, the prime minister of Slovenia and the prime minister of Serbia.

Of the eight countries, two — Croatia and Slovenia — are members of the European Union. Four of them — Albania, Croatia, Montenegro and Slovenia — belong to NATO.

Seven of the eight countries at the summit meeting (all but Albania) emerged out of the breakup of the former Yugoslavia in the 1990s. Montenegro gained independence from Serbia in 2006, but Kosovo, which declared its own independence in 2008 with American backing, is not recognized by Serbia or its historic patron, Russia.

Mr. Pence did not dwell on the past.

“You belong to a new generation of Balkan leaders, and this is a historic moment for progress in the western Balkans,” he said on Wednesday. “I urge you with great respect to make the most of this moment.”

Several of the leaders are, like Mr. Pence, fairly new to their jobs: Croatia’s prime minister, Andrej Plenkovic, 47, a former diplomat and member of the European Parliament, took office last October;

Macedonia’s prime minister, Zoran Zaev, 42, in May; and Serbia’s prime minister, Ana Brnabic, 41, the first woman and first openly gay person to hold that position, in June.

Albania’s prime minister, Edi Rama, 53, a former artist and basketball player, showed up for the summit meeting in white sneakers.

Mr. Pence is the highest-ranking American official in a century to visit Montenegro, a small country on the Adriatic Sea, and the first vice president to do so. Montenegro was the final stop of a trip that took Mr. Pence to Estonia, where he reassured leaders of the Baltic States, and Georgia, which fought a brief war with Russia in 2008.

Echoing a point made by Montenegro’s prime minister, the vice president said: “NATO is made up of large countries and small countries, but the U.S. has no small allies and we cherish our new alliance with Montenegro through NATO.”

At a NATO summit meeting in May, Mr. Trump was recorded on video appearing to shove his way past Mr. Markovic while making his way to the front of the group for a photograph of the alliance’s leaders. Mr. Markovic, who smiled and let Mr. Trump pass, did not appear offended, but many observers expressed outrage.

On Wednesday, there was no shoving.

INTERNATIONAL

Under Trump, a Hollowed-Out Force in Syria Quickly Lost C.I.A. Backing

Mark Mazzetti, Adam Goldman and Michael S. Schmidt

WASHINGTON — The end came quickly for one of the costliest covert action programs in the history of the C.I.A.

During a White House briefing early last month, the C.I.A. director, Mike Pompeo, recommended to President Trump that he shut down a four-year-old effort to arm and train Syrian rebels. The president swiftly ended the program.

The rebel army was by then a shell, hollowed out by more than a year of bombing by Russian planes and confined to ever-shrinking patches of Syria that government troops had not reconquered. Critics in Congress had complained for years about the costs — more than \$1 billion over the life of the program — and reports that some of the C.I.A.-supplied weapons had ended up in the hands of a rebel group tied to Al Qaeda further sapped political support for the program.

While critics of Mr. Trump have argued that he ended the program to curry favor with President Vladimir V. Putin of Russia, there were in fact dim views of the effort in both the Trump and Obama White Houses — a rare confluence of opinion on national security policy.

The shuttering of the C.I.A. program, one of the most expensive efforts to arm and train rebels since the agency's program arming the mujahedeen in Afghanistan during the 1980s, has forced a reckoning over its successes and failures. Opponents say it was foolhardy, expensive and ineffective. Supporters say that it was unnecessarily cautious, and that its achievements were remarkable given that the Obama administration had so many restrictions on it from the start, which they say ultimately ensured its failure.

The program did have periods of success, including in 2015 when rebels using tank-destroying missiles, supplied by the C.I.A. and also Saudi Arabia, routed government forces in northern Syria. But by late 2015 the Russian military offensive in Syria was focusing squarely on the C.I.A.-backed fighters battling Syrian government troops. Many of the fighters were killed, and the fortunes of the rebel army reversed.

Charles Lister, a Syria expert at the Middle East Institute, said he was not surprised that the Trump administration ended the program,

which armed and trained thousands of Syrian rebels. (By comparison, a \$500 million Pentagon program that envisioned training and equipping 15,000 Syrian rebels over three years, was canceled in 2015 after producing only a few dozen fighters.)

"In many ways, I would put the blame on the Obama administration," Mr. Lister said of the C.I.A. program. "They never gave it the necessary resources or space to determine the dynamics of the battlefield. They were drip-feeding opposition groups just enough to survive but never enough to become dominant actors."

Mr. Trump has twice publicly criticized the effort since he ended it. After The Washington Post first reported on his decision, Mr. Trump tweeted that he was ending "massive, dangerous, and wasteful payments to Syrian rebels fighting Assad." During an interview with The Wall Street Journal last month, the president said many of the C.I.A.-supplied weapons ended up in the hands of "Al Qaeda" — presumably a reference to the Qaeda-affiliated Nusra Front, which often fought alongside the C.I.A.-backed rebels.

Michael V. Hayden, a former C.I.A. director, said the president's comments "might give the agency pause with regard to how much he will have their backs on any future covert actions."

Gen. Raymond A. Thomas III, the commander of United States Special Operations Command, said during a conference last month that ending the C.I.A. program was a "tough, tough decision."

"At least from what I know about that program and the decision to end it, it was absolutely not a sop to the Russians," he said. "It was, I think, based on an assessment of the nature of the program, what we're trying to accomplish, the viability of it going forward."

A C.I.A. spokesman declined to comment.

President Barack Obama had reluctantly agreed to the program in 2013 as the administration was struggling to blunt the momentum of Syrian government forces loyal to President Bashar al-Assad. It soon fell victim to the constantly shifting alliances in Syria's six-year-old civil war and the limited visibility that American military and intelligence officials had over what was occurring on the ground.

Once C.I.A.-trained fighters crossed into Syria, C.I.A. officers had difficulty controlling them. The fact that some of their C.I.A. weapons ended up with Nusra Front fighters — and that some of the rebels joined the group — confirmed the fears of many in the Obama administration when the program began. Although the Nusra Front was widely seen as an effective fighting force against Mr. Assad's troops, its Qaeda affiliation made it impossible for the Obama administration to provide direct support for the group.

American intelligence officials estimate that the Nusra Front now has as many 20,000 fighters in Syria, making it Al Qaeda's largest affiliate. Unlike other Qaeda affiliates such as Al Qaeda in the Arabian Peninsula, the Nusra Front has long focused on battling the Syrian government rather than plotting terrorist attacks against the United States and Europe.

The American officials spoke on the condition of anonymity because they did not want to be identified discussing a program that is classified.

In the summer of 2012, David H. Petraeus, who was then C.I.A. director, first proposed a covert program of arming and training rebels as Syrian government forces bore down on them.

The proposal forced a debate inside the Obama administration, with some of Mr. Obama's top aides arguing that Syria's chaotic battlefield would make it nearly impossible to ensure that weapons provided by the C.I.A. could be kept out of the hands of militant groups like the Nusra Front. Mr. Obama rejected the plan.

But he changed his mind the following year, signing a presidential finding authorizing the C.I.A. to covertly arm and train small groups of rebels at bases in Jordan. The president's reversal came in part because of intense lobbying by foreign leaders, including King Abdullah II of Jordan and Prime Minister Benjamin Netanyahu of Israel, who argued that the United States should take a more active role in trying to end the conflict.

Given the code name Timber Sycamore, the covert program began slowly, but by 2015 the C.I.A.-backed rebel groups had made significant progress against Syrian forces, pushing into areas of the country long considered to be government strongholds. The

offensive gained momentum after the C.I.A. and Saudi Arabia began supplying the powerful tank-destroying weapons to the rebel groups.

But the rebel push in Idlib, Hama and Latakia Provinces in northern Syria also created problems for Washington. The Nusra Front, often battling alongside the C.I.A.-supported rebel groups, made its own territorial gains.

It was Nusra's battlefield successes that Mr. Putin used as one justification for the Russian military offensive in Syria, which began in 2015. The Russian campaign, a relentless bombing of the C.I.A.-backed fighters and Nusra militants, battered the rebels and sent them into retreat.

The program suffered other setbacks. The arming and the training of the rebels occurred in Jordan and Turkey, and at one point Jordanian intelligence officers pilfered stockpiles of weapons the C.I.A. had shipped into the country for the Syrian rebels, selling them on the black market. In November, a member of the Jordanian military shot and killed three American soldiers who had been training Syrian rebels as part of the C.I.A. program.

White House officials also received periodic reports that the C.I.A.-trained rebels had summarily executed prisoners and committed other violations of the rules of armed conflict. Sometimes the reports led to the C.I.A. suspending cooperation with groups accused of wrongdoing.

John O. Brennan, Mr. Obama's last C.I.A. director, remained a vigorous defender of the program despite divisions inside the spy agency about the effort's effectiveness. But by the final year of the Obama administration, the program had lost many supporters in the White House — especially after the administration's top priority in Syria became battling the Islamic State, also known as ISIS or ISIL, rather than seeking an end to Mr. Assad's government.

During one meeting in the White House Situation Room at the end of the Obama administration, with C.I.A.-backed rebels continuing to lose ground in the face of withering Russian air bombing, Mr. Brennan pressed the case that the United States continue to back the effort to topple Mr. Assad, according to one person who attended the meeting.

But Susan E. Rice, the national security adviser, shot back. "Make no mistake," she said, according to the person in the meeting. "The president's priority in Syria is fighting

ISIS."

Backed by Russian aircraft, Syrian government forces gradually began to reclaim areas near the Turkish

border that had long been rebel strongholds, and eventually pushed many of the rebels back to the besieged city of Aleppo.

The New York Times

Militants and Refugees Return to Syria Under Cease-Fire Deal

Ben Hubbard

BEIRUT, Lebanon — More than 100 buses carrying Syrian militants, their relatives and other refugees crossed from Lebanon into Syria on Wednesday, bound for a province in northern Syria that is largely controlled by jihadists.

The transfer was the largest formal repatriation of refugees to Syria since the war there began in 2011, and the lack of oversight by international aid groups raised concerns about the refugees' welfare.

The agreement to bus the militants and refugees to Syria was part of a cease-fire deal between Hezbollah, the Lebanese armed force and political party, and the Syrian affiliate of Al Qaeda, now known as the Levant Liberation Committee.

Last month, Hezbollah launched an offensive to push Qaeda fighters from a mountainous strip of land along the border with Syria near the Lebanese town of Arsal, an area long subjected to spillover from the Syrian war.

Syrian rebels and jihadists have taken advantage of the area's rugged geography to set up bases, attack the Lebanese Army and capture prisoners from the Lebanese security services. More than 40,000 refugees have also collected in Arsal and in squalid camps nearby.

The fighting ended with a cease-fire last week, and negotiations have followed over the exchange of prisoners and the bodies of fighters as well as the evacuation of militants, their relatives and other refugees.

News organizations run by Hezbollah said that more than 7,700

people would be returned to Syria under the agreement, including more than 1,100 gunmen. On Wednesday, the news outlets reported that 113 buses had left Arsal and crossed into Syria.

It was unclear how many people were on the buses.

Under the agreement, the people are to be taken to Idlib Province, which is largely controlled by the country's Qaeda affiliate and is subject to frequent attacks by the Syrian military and its allies in the Russian Air Force.

Lebanese security officials helped broker the agreement and the Lebanese Red Cross accompanied the buses to the border, but Hezbollah has been the driving force all along, highlighting its strength in Lebanon and Syria.

Hezbollah's clout was clear during a tour of the Arsal area that it organized for journalists over the weekend, the second such outing it has offered this year to some of Lebanon's most sensitive border areas. During the daylong tour, reporters were driven through Hezbollah bases scattered in the mountains, some equipped with shelters for fighters, armored vehicles, high-tech surveillance equipment and missile technology.

Hezbollah officials walked reporters through a cave complex they said the group had seized from Al Qaeda, complete with a kitchen, pit latrines, sleeping quarters and cells they said had recently held Lebanese prisoners. In a tent inside the cave, a Hezbollah commander gave a briefing with colored maps about the military campaign.

The group says it coordinates closely with the Lebanese Army,

which receives support from the United States and other Western nations, but the army had no visible presence in the area.

Hezbollah's strength in Lebanon and Syria has grown in recent years since it intervened in the Syrian war to help President Bashar al-Assad fight rebels seeking to topple his government. Since then, its fighters have been crucial to government victories near the border, in Aleppo and elsewhere.

Hezbollah has portrayed its rout of Al Qaeda in the border area as yet another victory, this time against a terrorist group that had threatened Lebanon. Many Lebanese have applauded it for pushing the militants out.

"It is consolidating its role as a major power broker, both regionally and locally," said Maha Yahya, the director of the Carnegie Middle East Center in Beirut. "This is Hezbollah saying, 'I am a regional player now and I need to be taken into account.'"

But many of the refugees who returned to Syria through the cease-fire agreement had no connection to the fighting and were not from the area they were being returned to.

Aid groups like the International Committee of the Red Cross were not involved in the process, raising questions about the refugees' decision to leave and about the protections they would receive in Syria, where government opponents often disappear into the security system.

A spokeswoman for the United Nations refugee agency in Lebanon, Lisa Abou Khaled, said that all return trips by refugees should be voluntary and based on objective

information about conditions where they are returning. But the United Nations was not able to determine whether this was the case on Wednesday because its officials were not granted access to the area to meet with the refugees, she said.

Nadim Houry, a Syria expert at Human Rights Watch, said that the evacuation agreement resembled similar deals to evacuate rebels and their relatives from areas in Syria after the government had retaken them. Many of those deals, too, have sent people to Idlib Province.

"Everyone is moving all these civilians to Idlib through these deals, so what happens when the battle for Idlib happens?" he said. "Idlib is not a safe place right now."

Basem Al Qalleeh, a Syrian doctor working in Arsal, said that the refugees had not been forced to leave but that conditions had become so bad that many decided to try their luck elsewhere.

Dr. Qalleeh cited recent Lebanese Army raids in which hundreds of people were detained. The army said it was searching for militants, but after at least four Syrian men died in custody, Human Rights Watch said their bodies showed signs of ill treatment and torture and called for an investigation.

The raids have left many Syrians uneasy about their status in Lebanon, Dr. Qalleeh said.

"No one is being forced to go, but some are doing their calculations about what is best," he said. "Will they have legal problems if they stay? Will life be better if they leave?"

protestors dead and saw a Palestinian stab to death three Israelis in their home during their Sabbath dinner.

If anything can be learned from these gory two weeks, it's that this crisis was never really about the metal detectors. In the end, it boils down to an issue that has remained unresolved for much of the last century: Who controls this one slice of Jerusalem, which is the holiest site in the world to Jews and the third-holiest to Muslims? The crisis



Jerusalem's Forever Crisis

Yardena Schwartz

TEL AVIV, Israel — If what's happening in Jerusalem looks like déjà vu, then welcome to the Israeli-Palestinian conflict, which often resembles the theater of the absurd.

After nearly two weeks of rapidly escalating bloodshed, Israel finally heeded the calls of the Muslim world and removed newly installed security measures at the holy site known as the Temple Mount to Jews

and al-Haram al-Sharif to Muslims. The measures, which included metal detectors and security cameras, were put in place in the wake of a terrorist attack last month in which three Israeli Arabs smuggled machine guns into the compound and killed two Israeli policemen who were guarding the site.

Yet even now, with the new security measures gone, this latest crisis between Israel and the Palestinians continues. Though Jerusalem's grand mufti announced Thursday

that Palestinians could return to pray at al-Aqsa Mosque, which sits on the site, Palestinian leaders from both Hamas and Fatah called for another "day of rage" last Friday. While Friday prayers at al-Aqsa ended peacefully, clashes between Palestinian protesters and Israeli security forces erupted throughout the weekend along the Gaza border and in various parts of the West Bank, where a Palestinian tried to stab an Israeli soldier and was shot dead. The previous "day of rage," on July 21, left three Palestinian

serves as a testament to the starkly different narratives surrounding this site and, in turn, the Arab-Israeli conflict itself.

For Palestinians, Israel's latest security measures represented a violation of the status quo and an abuse of religious freedom. For most Israelis, the terrorist attack at the compound provided ample justification for additional security measures, and the words and actions of Muslim leaders, who have called for mass protests and suggested that Israel was trying to destroy al-Aqsa, have proved irresponsible and incendiary.

Metal detectors already exist at the Temple Mount entrance reserved for non-Muslims, and Jordan and Israel have previously agreed to install security cameras on the Temple Mount itself. Then, too, the Palestinians refused to allow their installation, which had been agreed upon following the last Palestinian uprising in October 2015.

The so-called "status quo" — in which the Islamic Waqf, a Jordanian authority, manages the compound and non-Muslims are allowed to visit but not pray — has been in place since Israel captured East Jerusalem in the 1967 Six-Day War. The site had previously been under Jordanian rule since 1948, and during that time, Jews were not permitted to even enter the Temple Mount. When the Israeli army seized the holy site, it was thus one of the most emotional climaxes of the war.

Yet Israel refrained from exerting full control over the religious site. When Israeli soldiers triumphantly raised an Israeli flag over al-Aqsa, Israel's then defense minister, Moshe Dayan, responded, "Do you want to set the Middle East on fire?"

It was Dayan's decision to keep the holy site under Jordanian control, albeit within Israeli sovereignty. Israel would control security at the gates to the Temple Mount, and the Waqf would decide who prayed at the site. Since then, non-Muslims have been forbidden from praying on the Temple Mount, and al-Aqsa Mosque is the only holy site in Jerusalem that is off-limits to people of other religions.

"The great irony of [the current crisis] is that when the Jews had the opportunity to take over al-Aqsa on June 7, 1967, when an Israeli flag flew over the Dome of the Rock, when the rabbi of the [Israel Defense Forces] was advocating blowing up the mosque ... along came the great warrior Moshe Dayan," said Michael Oren, a historian and former Israeli ambassador to the United States who is now a member of Knesset. "He said, 'Not only are we not going

to blow up the mosque — we're going to take down the Israeli flag and give the mosque back to the Jordanians, who just tried to wage a war of annihilation against us.' Understand the magnanimity of that gesture. We've been paying for it ever since."

For most Palestinians, Israeli actions at the site have been anything but magnanimous. Rather, they see them as part of a long-term plan to undermine Muslim access to the site.

"Palestinians do not buy the fact that one single incident leads to all these Israeli measures that infringe on the freedom of religion for Muslims," said Mkhaimar Abusada, a professor of political science at Al-Azhar University in Gaza. Furthermore, he said,

Palestinians fear that these measures could be the first step in an Israeli plan to prevent Muslims from praying at al-Aqsa

Palestinians fear that these measures could be the first step in an Israeli plan to prevent Muslims from praying at al-Aqsa and allowing Jews to pray on the Temple Mount.

To many Israelis, the idea that Israel's new security measures are an effort to change the status quo is patently absurd.

"The status quo was changed by terrorists who smuggled weapons onto the Temple Mount and used these weapons to kill two Israeli policemen," said retired Israeli Brig. Gen. Michael Herzog, an Israel-based fellow at the Washington Institute for Near East Policy. "The question is: Why weren't there additional security measures to begin with?"

The Islamic Waqf, Herzog argued, is incapable of ensuring security at the compound. He raised as evidence its statement after the attack, in which it criticized the security measures without even mentioning the terrorist attack that precipitated them.

Amos Yadlin, a former Israeli military intelligence chief and director of Tel Aviv University's Institute for National Security Studies, made the case that the additional security measures had nothing to do with changing the status quo. "If there were cameras inside the mosque itself, no doubt the Waqf has a war," he said. "But on the Temple Mount and at the gate, this is under Israeli control."

Prime Minister Benjamin Netanyahu has also consistently insisted that Israel has no intention of changing the status quo. But Palestinians aren't buying it. Abusada of Al-Azhar University points to attempts by

Messianic Jews to ascend the Temple Mount and pray there as evidence their fear is justified.

"When they pray, they are asked by Israeli policemen and Waqf bodyguards to stop, but we have seen attempts," he said. "Maybe that doesn't represent what the Israeli government or mainstream wants, but there are some Israeli extremists who would like to do so. And that's what makes Palestinians very suspicious that Israel is trying to change the status quo."

The crisis is further evidence that not only is the political agreement meant to keep the peace on the Temple Mount eroding. Increasingly, the two sides' understanding of the history of the site is diverging.

The prohibition of worship by non-Muslims, whether Christian or Jew, "is obviously, from a human rights perspective, a violation of human rights," said Ofer Zalberg, a senior analyst at the International Crisis Group.

Yet Zalberg pointed out that this was the case even before the modern state of Israel existed. "This was the tradition within this site under the Mamluk and Ottoman empires," he said. "There hasn't been non-Muslim worship on the site since the Crusader period. This is not a modern Palestinian invention."

And yet, he said, the site has become far more volatile in the last century. Today, Palestinians and much of the Muslim world deny any Jewish connection to the Temple Mount, rejecting the notion that a Jewish temple once stood there. Yet in 1925, Zalberg noted, the official Waqf booklet given to tourists visiting the Temple Mount clearly stated that it was once the site of the Temple of Solomon.

"This was less than a century ago, and this has changed," Zalberg said.

"Today, the vast majority of Palestinians would vehemently reject it ... though it's an established archeological fact."

"Today, the vast majority of Palestinians would vehemently reject it ... though it's an established archeological fact."

The change occurred, Zalberg said, because until the 1930s and 1940s, the Jewish history of the Temple Mount was not perceived as a threat to Muslim preeminence there. Today, however, the perceived threat of Israeli control has meant that the presence of Jews is characterized as a storming of the compound.

Abusada also sees any admission of the Jewish temple's existence as opening the door to Israeli control over the compound. "To allow Israelis to believe that al-Aqsa Mosque was built on the ruins of the Temple Mount, it's a dangerous thing to even accept, because that means that one day the Jews will basically destroy al-Aqsa to rebuild the temple on the ruins of al-Aqsa Mosque," he said. "That's what's scary to Muslims and Palestinians."

To be sure, there are elements within Israeli society that would like to see a third temple built on the Temple Mount, and some of these once fringe voices have recently made their way into the Israeli government. Several leaders of the so-called Temple Mount movement now serve in the Knesset, the most provocative of whom is Bezael Smotrich from the right-wing Jewish Home party, who called for the construction of a synagogue on the Temple Mount in the midst of this latest crisis. On the more moderate end is Yehuda Glick, a member of Netanyahu's Likud party, who advocates for Jewish prayer alongside Muslim worshippers in an idealistic vision of the Temple Mount as a haven of religious freedom. But despite their political gains, their goal is widely perceived as a fantasy: Netanyahu, along with Israel's security establishment, has consistently rejected any calls to change the status quo.

As this two-week standoff comes to an apparent end, extremists on both sides have emerged stronger. On the Palestinian side, there is the perception of a rare triumph.

"The sense among Palestinians, as they see the metal detectors being removed, is one of victory," Zalberg said. "They are thinking about how to capitalize [on] it, and they are thinking what yielded this victory. Is it these mass prayers? Should we do more? Is it because of the violence? Was it the attacks? This is an isolated victory in a sea of defeat."

It will have definite repercussions in Israeli politics as well, as surveys show that Netanyahu is widely perceived by Israelis as having surrendered to violence and terrorism. A poll released last week found that 77 percent of Israelis felt that the government had capitulated over Temple Mount security, and Netanyahu was even heckled by the typically supportive daily *Israel Hayom*, which is owned by American billionaire and Donald Trump backer Sheldon Adelson, for his "display of feebleness" in removing the metal detectors.

"What this has done is strengthened the hands of those who want to change the status quo," Oren said.

"The Israeli right is already benefiting from this.... People will say, 'Hey, [the right-wing legislators]

stood up, and Bibi capitulated.' I'm already hearing it in the Knesset."



Editorial : An Arab model for curbing domestic violence

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.



President Recep Tayyip Erdogan of Turkey Replaces Top Military Chiefs

Carlotta Gall

ANKARA, Turkey — President Recep Tayyip Erdogan of Turkey on Wednesday approved new leaders for the army, navy and air force, in the biggest reshuffling since he won new powers for the presidency in a referendum in April.

The appointments come amid a continuing government purge of officers and civilians suspected of participating in a failed coup last year, but also as part of a longer term effort to impose civilian control over the once-dominant Turkish military.

The new appointments prepare the ground for the succession to the top military post, the chief of staff. Gen. Hulusi Akar, the current chief of staff, remains in his post, but one of the three newly appointed armed forces chiefs are likely to replace him when he retires. Usually the commander of the Turkish Army is chosen.

General Akar, who was taken hostage by rogue officers during the failed coup in July 2016, is scheduled to retire in 2019, a critical year because the changes approved in the referendum will allow the winner of the 2019 presidential election to assume full control of the government, ending the current

parliamentary political system.

Government supporters and secularist-nationalists appeared to welcome the military appointments. Two of the new chiefs were also taken hostage during the failed coup, and their selection was interpreted as a reward for their loyalty as well as a recognition of their abilities.

The Supreme Military Council, which was once a secretive military body but now consists of senior military officers and cabinet ministers, made the appointments, said Ibrahim Kalin, a presidential spokesman. Prime Minister Binali Yildirim is the chairman of the military council.

Mr. Erdogan approved the appointments and met with the commanders later in the day, Turkish news agencies reported.

Murat Kelkitlioglu, editor in chief of a pro-government daily newspaper, Aksam, praised the new form of the military council in a message on Twitter. "This is how a civilian Supreme Military Council happens!" he wrote. "Instead of 4 days, it take 4 hours! It does not keep busy for a week! If it is required, the top command can be changed!"

A retired rear admiral, Semih Cetin, offered praise for three other senior naval appointments announced by

the council on Wednesday, saying on Twitter that three colonels who had been targets in an earlier purge by opponents of Mr. Erdogan had been promoted to the rank of admiral.

Yet resistance to civilian control remains inside military circles. Nusret Guner, a vice admiral who resigned in 2013 to protest an earlier crackdown on the army, said in a Twitter message that the country's military had now become "totally intertwined with politics."

"Turkey's done for," he added.

The military council selected Yasar Guler, currently commander of the gendarmerie, to take over command of the army. It also appointed Vice Adm. Adnan Ozbal to be commander of the navy, and Hasan Kucukakyuz will command the air force.

It is not clear if the departing commanders were scheduled for retirement or are being replaced early.

Mr. Erdogan's government has been overseeing a large-scale purge of the army and other institutions since the attempted coup last year, when a renegade group of military officers tried to seize power, sending tanks into the streets and bombing the Parliament building.

In all, 249 people died during the uprising, for which the government has blamed followers of the Islamist cleric Fethullah Gulen, who was once allied with Mr. Erdogan but is now living in self-imposed exile in Pennsylvania. He is being tried in absentia for the plot; he has denied the charges.

The government has discharged 169 generals and admirals, almost half of the senior ranks a year ago, and arrested 7,000 military personnel in a crackdown. Tens of thousands of civilians, including government workers, members of Parliament and journalists, have also been detained and charged with aiding the Gulenists.

A trial of nearly 500 people accused of being involved at the plot's headquarters at the Akinci Air Base began on Tuesday at a court in a prison near Ankara, the capital. Among the defendants, in addition to Mr. Gulen, is a former commander of the air force, Akin Ozturk. The charges include murder, violating the Constitution and trying to kill the president.



Editorial : Tillerson's Korea Confusion

Rex Tillerson said Tuesday that the

U.S. isn't North Korea's enemy and it doesn't seek regime change as a

way to neutralize the rogue regime's nuclear weapons threat. But Kim

Jong Un may have his doubts. Later the same day White House Press

Secretary Sarah Huckabee Sanders answered a reporter's question about the possibility of a preemptive military strike on North Korea by saying, "The President's not going to broadcast any decisions, but all options are on the table."

So why is the Secretary of State trying to take options off the table? There are two interpretations of Mr. Tillerson's "no regime change" pledge. One is that he believes Kim Jong Un will negotiate away his nuclear weapons if the U.S. gives him security assurances and a big enough incentive. This would mean Mr. Tillerson has learned nothing from three decades of failed talks and the North Koreans' own statements that it will never give up its nukes.

The New York Times U.S. Opens Door to Talks With North Korea, While Flexing Military Muscle

David E. Sanger

WASHINGTON — In the Trump administration's first serious attempt at a diplomatic opening to North Korea, Secretary of State Rex W. Tillerson has offered to open negotiations with Pyongyang by assuring "the security they seek" and a new chance at economic prosperity if the North surrenders its nuclear weapons.

Mr. Tillerson's comments came just hours before the United States on Wednesday tested an unarmed Minuteman III intercontinental ballistic missile, sending it 4,200 miles to a target in the Marshall Islands. The Pentagon said the test was not intended as a response to the North's launch on Friday of a missile that appeared capable of reaching Los Angeles and beyond.

But military officials said the test demonstrated that the American nuclear arsenal was ready "to deter, detect and defend against attacks on the United States and its allies."

The combination of Mr. Tillerson's outreach and the missile test laid bare an internal administration debate over what course to take — and whether a combination of diplomatic outreach and maximal military pressure would change North Korea's current course. Most intelligence assessments have concluded that the North has no incentive to begin negotiations until it demonstrates, even more conclusively than it has in recent weeks, that its nuclear weapon could reach the United States mainland.

The missile test was the latest demonstration of American power to

An alternative explanation is that Mr. Tillerson still hopes to convince China to help solve the North Korean problem, so he is playing the good cop in the dialogue with Beijing. While President Trump tweets his disappointment with China's inaction and CIA Director Mike Pompeo hints that the U.S. should work toward the overthrow of Kim Jong Un, America's leading diplomat offers cooperation to reduce the risk of a crisis on China's doorstep.

Mr. Tillerson tried to play down his boss's accusations that China failed to stop the Kims. "Only the North Koreans are to blame for this situation," he said. "But we do believe China has a special and unique relationship because of this significant economic activity to

North Korea. Over the weekend, the United States flew two strategic bombers over the Korean Peninsula, alongside fighter jets from South Korea and Japan. And for years, with mixed results, the United States has targeted the North's missile program with cyberattacks.

Trump administration officials said Mr. Tillerson was increasingly concerned that the recent North Korean advances, especially its missiles' range, were driving the United States to a binary choice: Accept a North with nuclear weapons that can target American cities, or head toward a military confrontation.

At a rare appearance in front of the State Department press corps on Tuesday, Mr. Tillerson went out of his way to offer assurances to the government of Kim Jong-un in Pyongyang. Others in the Trump administration have declined to publicly say as much, and on Wednesday night, The Wall Street Journal reported that Vice President Mike Pence told journalists traveling with him on Air Force Two that the United States would not hold direct talks with North Korea. It was not clear how his comments squared with those of Mr. Tillerson a day earlier.

"We have reaffirmed our position toward North Korea," Mr. Tillerson told reporters. "We do not seek a regime change, we do not seek the 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," which divides North and South, he said.

influence the North Korean regime in ways that no one else can."

That is true, but China is not going to be charmed into cutting off trade with North Korea. Years of futile U.S. pleading show that Beijing wants the Kim regime as a buffer state and perhaps as a thorn in the U.S. side. Nothing short of an imminent crisis will persuade China's leaders that they should risk intervention in a dispute that they see as Washington's responsibility to resolve.

The best way for the U.S. to win Chinese cooperation is to work toward regime change. While the Administration may not be able to make the fall of the Kims its explicit goal due to South Korean sensitivities, it can continue to tighten financial sanctions and take

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

That was a somewhat different tone than the one Mr. Tillerson took when he visited Seoul in March and appeared to make North Korea's surrender of nuclear weapons a prerequisite for talks. At that time, he said that negotiations could "only be achieved by denuclearizing, giving up their weapons of mass destruction," and that "only then will we be prepared to engage them in talks."

The idea that North Korea would give up its weapons at the opening of talks was dismissed immediately by allies as unworkable, and Mr. Tillerson may have simply phrased it badly. But the question now, after a series of successful missile tests, is whether Mr. Kim will decide it is time to negotiate a "freeze" on further detonations and launches — or whether he should just keep going on his current path.

Even Mr. Tillerson has, in the past, cast doubt on the wisdom of entering a "freeze," since it would essentially enshrine North Korea as a de facto nuclear weapons state — to which a series of American presidents have said they would never agree.

Mr. Tillerson's new position is that negotiations should begin without conditions, as long as they are ultimately headed toward denuclearization. "We don't think having a dialogue where the North Koreans come to the table assuming they're going to maintain their

other measures that will ratchet up pressure on the regime. The allies can also strengthen their deterrent capabilities and defenses; South Korean President Moon Jae-in agreed this week to resume Thaad missile-defense deployment.

When Mr. Tillerson disavows regime change, he undermines these efforts and signals to Beijing and Pyongyang that the U.S. might be willing to pay another round of nuclear blackmail. Saying that North Korea is not an enemy even as it threatens American cities with its new long-range missiles is obviously false and makes the U.S. look weak. The Trump Administration needs a consistent message that tough action is coming and nothing is ruled out.

nuclear weapons is productive," he said on Tuesday. "So that's really what the objective that we are about is."

Outside experts had their doubts about whether the North would take up Mr. Tillerson's offer.

Christopher R. Hill, a former American ambassador to Seoul who led Bush-era negotiations on ending North Korea's nuclear program, said on Saturday that Pyongyang believed the United States was cornered into accepting it as a nuclear weapons state. "We are left in a situation where they believe we will ultimately acquiesce," he said at the Kent Presents ideas festival in Kent, Conn.

At the same conference, Kathleen Stephens, another former American ambassador to Seoul, said in the case of China, India and Pakistan, "we have never succeeded in stopping a nuclear aspirant country." She also said the North's drive for a weapon was based on a bet that the United States could not stop it.

But in making the offer to talk, Mr. Tillerson may be accomplishing several goals at once.

If the North rejects the proposal, Washington can reiterate its good-faith effort to the Chinese and a new South Korean government that has proposed its own negotiations with North Korea — and then step up military and financial pressure. If the North insists, as it has in the past, that it must first be recognized as a nuclear weapons power, the United States can make the case that the ultimate objective — a denuclearized Korean Peninsula — cannot be achieved diplomatically.

Mr. Tillerson's offer also nods toward other diplomatic proposals. China has suggested a "freeze-for-freeze" deal, in which the United States agrees to halt all military exercises with South Korea — something Mr. Hill noted would "hollow out the alliance" — in return for North Korea's stopping its tests.

Both sides have rejected that idea,

THE WALL STREET JOURNAL

North Korea test-launched on Friday its first ballistic missile potentially capable of hitting America's East Coast. It thereby proved the failure of 25 years of U.S. nonproliferation policy. A single-minded rogue state can pocket diplomatic concessions and withstand sustained economic sanctions to build deliverable nuclear weapons. It is past time for Washington to bury this ineffective "carrots and sticks" approach.

America's policy makers, especially those who still support the 2015 Iran nuclear deal, should take careful note. If Tehran's long collusion with Pyongyang on ballistic missiles is even partly mirrored in the nuclear field, the Iranian threat is nearly as imminent as North Korea's. Whatever the extent of their collaboration thus far, Iran could undoubtedly use its now-unfrozen assets and cash from oil-investment deals to buy nuclear hardware from North Korea, one of the world's poorest nations.

One lesson from Pyongyang's steady nuclear ascent is to avoid making the same mistake with other proliferators, who are carefully studying its successes. Statecraft should mean grasping the implications of incipient threats and resolving them before they become manifest. With North Korea and Iran, the U.S. has effectively done the opposite. Proliferators happily exploit America's weakness and its short attention span. They exploit negotiations to gain the most precious asset: time to resolve the complex scientific and technological

but it creates an opening.

"If we can get past the impasse of the North Koreans saying, 'We will only come to the table if you recognize us as a nuclear state,' and the U.S. saying, 'We can only enter into talks if you commit to denuclearization,' there's a diplomatic space," said Robert S. Litwak, director of security studies at

the Woodrow Wilson International Center for Scholars in Washington, and author of "Preventing North Korea's Nuclear Breakout."

Mr. Litwak advocates a freeze deal that he said would "at least stop us from having to deal with a North Korea with 100 nuclear weapons, instead of 20 or so" — the current estimate of the size of its arsenal.

But if a freeze is all that is achieved, North Korea essentially becomes like Pakistan: a nuclear power that the United States does not formally recognize, but has to deal with as a real weapons state.

Bolton : The Military Options for North Korea

John Bolton

hurdles to making deliverable nuclear weapons.

Now that North Korea possesses them, the U.S. has few realistic options. More talks and sanctions will fail as they have for 25 years. I have argued previously that the only durable diplomatic solution is to persuade China that reunifying the two Koreas is in its national interest as well as America's, thus ending the nuclear threat by ending the bizarre North Korean regime. Although the negotiations would be arduous and should have commenced years ago, American determination could still yield results.

Absent a successful diplomatic play, what's left is unpalatable military options. But many say, even while admitting America's vulnerability to North Korean missiles, that using force to neutralize the threat would be too dangerous. The only option, this argument goes, is to accept a nuclear North Korea and attempt to contain and deter it.

The people saying this are largely the same ones who argued that "carrots and sticks" would prevent Pyongyang from getting nuclear weapons. They are prepared to leave Americans as nuclear hostages of the Kim family dictatorship. This is unacceptable. Gen. Joseph Dunford, the chairman of the Joint Chiefs of Staff, has it right. "What's unimaginable to me," he said last month at the Aspen Security Forum, "is allowing a capability that would allow a nuclear weapon to land in Denver." So what

are the military options, knowing that the U.S. must plan for the worst?

First, Washington could preemptively strike at Pyongyang's known nuclear facilities, ballistic-missile factories and launch sites, and submarine bases. There are innumerable variations, starting at the low end with sabotage, cyberattacks and general disruption. The high end could involve using air- and sea-based power to eliminate the entire program as American analysts understand it.

Second, the U.S. could wait until a missile is poised for launch toward America, and then destroy it. This would provide more time but at the cost of increased risk. Intelligence is never perfect. A North Korean missile could be in flight to a city near you before the military can respond.

Third, the U.S. could use airstrikes or special forces to decapitate North Korea's national command authority, sowing chaos, and then sweep in on the ground from South Korea to seize Pyongyang, nuclear assets, key military sites and other territory.

All these scenarios pose dangers for South Korea, especially civilians in Seoul, which is within the range of North Korean artillery near the Demilitarized Zone. Any military attack must therefore neutralize as much of the North's retaliatory capability as possible together with the larger strike. The U.S. should obviously seek South Korea's agreement (and Japan's) before using force, but no foreign government, even a close ally, can veto an action to protect Americans

from Kim Jong Un's nuclear weapons.

China clearly has enormous interests at stake, not least its fear that masses of North Korean refugees will flow across the Yalu and Tumen rivers into its territory. Neither the U.S. nor China wants conflict between their respective forces, so immediate consultations with Beijing would be imperative once military action began. Both considerations underline why urgent diplomacy with China now to press the benefits of peaceful reunification is vital.

The Pentagon's military planners already should be poring through the operational aspects of a potential military strike. But politicians and policy makers also ought to begin debating the military options—for North Korea and beyond, since similar issues will arise regarding Iran and other nuclear proliferators.

For decades the U.S. has opposed attempts by any state without nuclear weapons to develop them. Washington has consistently failed to achieve that objective, and the world has become increasingly nuclearized. Stopping North Korea and Iran may be the last chance to act before nuclear weapons become a global commonplace.

Mr. Bolton is a senior fellow at the American Enterprise Institute and author of "Surrender Is Not an Option: Defending America at the United Nations and Abroad" (Simon & Schuster, 2007).



Sen. Gardner: How to really turn the screws on North Korea

Cory Gardner, a Republican, is the junior US senator from Colorado. He previously served as the representative for Colorado's 4th congressional district. This views expressed in this commentary are his own.

(CNN)The North Korean regime's dangerous behavior has continued to ramp up -- with its intercontinental ballistic missile test on our nation's Independence Day and its

intercontinental missile test last week. These actions must wake up the world.

The time for words is over. Such serious provocations deserves global condemnation and a show of determined resolve from the United States and our allies. We need to take decisive action before the situation on the Korean Peninsula leads to a nuclear war.

Since coming to power in 2011, Kim Jong Un has significantly accelerated the regime's nuclear and ballistic missiles tests, and has also launched numerous

cyberattacks

against the United States and our allies. Last year alone, this regime conducted

two nuclear tests

and attempted some two dozen ballistic missile launches. It is clear that we are rapidly approaching a point of no return, when Pyongyang will have a capable and proven delivery system for a nuclear warhead to be able to reach and potentially cause great harm to the United States.

President Donald Trump must now make the tough decisions to ensure that his administration will use every tool at its disposal to peacefully

denuclearize the Korean Peninsula. In addition to the welcome actions by the administration to impose

sanctions

against Chinese entities and financial institutions that conduct business with North Korea, the President's leadership will be needed to take the next steps in what he has called his

"maximum pressure" approach

First, I'm urging the administration to join me in calling on the global community to impose a complete economic embargo against the heinous regime in Pyongyang. Every nation of conscience should cut off all finance and trade with North Korea, with a few limited humanitarian exceptions, until such time that Pyongyang is willing to meet its international commitments to peacefully denuclearize.

The UN Security Council should immediately endorse such an embargo in a new resolution, and make it binding on all nations. Last

month,

I introduced bipartisan legislation

that would ban any entity that does business with North Korea or its enablers from using the United States financial system.

The administration's new sanctions can only be the first step.

The second: If Kim Jong Un intends to continue these missile tests, I expect the United States to react accordingly and to announce new measures against this malevolent regime. Whenever there is a single dollar-denominated transaction that is found to benefit this regime, I expect our Treasury Department to find it, block it, and make sure those who are enabling these transactions can never do business with the United States.

Whenever there is an individual that is aiding and abetting North Korean human rights abuses and labor trafficking, that person should never set foot in the United States and their assets should be blocked. Whenever a North Korean ship is carrying illicit cargo, it should be interdicted, as allowable by international law.

Third, our relationship with China must now hinge on Beijing's full enforcement of a range of measures to stop Pyongyang. China has the most economic leverage to inflict serious damage to the regime's ability to build its illicit nuclear and missile programs and to abuse its own people.

Let's remember -- this is a nation that is propping up North Korea.

90% of North Korea's trade

is through China. China holds the most effective keys to stopping this madman. The Trump administration must employ a wide range of both coercive and noncoercive diplomatic tools to make clear to Beijing that any further coddling of Pyongyang means that business as usual with the United States will end.

Finally, the United States must continue our show-of-force exercises around North Korea, and the building of joint capabilities with our allies, Republic of Korea and Japan. A strong, trilateral alliance between these three countries can arguably provide the most effective policy tool to deter Pyongyang and

to promote lasting peace and security in the region.

Kim Jong Un must know that should economic and diplomatic measures fail, the United States and our allies will have the capability and resolve to counter his aggression with the strongest military the world has ever known.

The United States can only negotiate with this regime from a position of strength and only if Pyongyang first abides by the

denuclearization commitments

it has previously made, but subsequently chose to unilaterally discard.

Peaceful denuclearization of the Korean Peninsula must be our ultimate objective and it is our duty to try all diplomatic options to achieve this goal. The Trump administration can show the world that the United States will no longer lead from behind, but instead find a comprehensive solution the global community supports.

Bloomberg

Smith : The U.S. Missed Its Chance to Make China Play Fair

Noah Smith

Generals, the old saying goes, always fight the last war. A similar (though less pithy) principle is that politicians always propose solutions to the last decade's problems. In the U.S., there are two main areas where we see this principle at work. The first is immigration -- net illegal immigration stopped a decade ago, but President Donald Trump and his supporters are still up in arms over it. The second is China.

The standard story is that Chinese competition is devastating U.S. manufacturing. According to this tale, China's unbeatable cost advantage, driven by cheap labor, cheap energy and lax environmental protections, is siphoning jobs and investment away from the U.S. at a tremendous rate, exacerbated by China's artificially undervalued currency.

This narrative was essentially correct in the 2000s. Chinese competition devastated large swathes of American industry, leaving shattered careers and major economic dislocations in its wake. And the Chinese government was complicit -- with its steady purchases of U.S. dollar assets, China was holding down its currency to flood the U.S. market with cheap goods.

The People's Currency

But that was the 2000s; how true is the story today? A few parts of it still hold -- China's currency, the yuan, is still undervalued. The Economist has a quick and easy way to measure currency undervaluation -- just compare the price of a Big Mac hamburger in multiple countries. Here is what that it shows:

The Big Mac Index

Yuan undervaluation versus U.S. dollar

Source: The Economist

So the yuan is still too cheap. But something important has changed. The Chinese government is no longer buying U.S. assets to try to keep its currency weak. In fact, during the past few years it has been selling its fabled stock of foreign-exchange reserves at a fairly rapid clip:

A Legendary Stockpile Shrinks

Chinese foreign currency reserves

Source: Bloomberg

But there's another, even bigger reason why the old China story isn't accurate in the 2010s. Chinese wages have risen a lot. A decade ago, a Chinese worker made less than a 10th of what his or her U.S. counterpart did; today, it's about a quarter.

Disappearing Cost Advantage

Chinese average yearly wage in U.S. dollars

Source: Trading Economics

The trend is also important. Chinese wages have been rising so quickly and steadily that most multinational companies and investors must expect them to continue going up. That means that anyone who invests in China not only pays a much higher wages than 10 years ago, but is also signing up to pay even higher wages down the road.

Of course, these pay numbers don't tell the whole story. Businesses that look beyond the headline numbers will think about unit labor costs -- i.e., costs adjusted for productivity. Since Chinese workers have been getting more productive as their employers get more and better technology, China can still be a cheap place to produce things.

But here too, China's advantage has eroded substantially. A recent study by consulting firm Oxford Economics found that China's unit labor costs were only 4 percent lower than those in the U.S. According to that study, it's actually now cheaper to produce things in Japan, Mexico or (especially) India. Boston Consulting Group puts the difference at only 1 percent -- not nearly enough to motivate companies to shift production from the U.S. to China.

One reason for that is energy costs. Although hydraulic fracturing has lowered the price of power in the U.S., China has struggled to increase its production of coal, its main fuel source. China's coal boom was truly spectacular, but nothing can grow without limit -- various supply bottlenecks started to bite several years ago. Meanwhile, China's air pollution reached truly apocalyptic levels, forcing the government to start favoring renewable energy over dirty coal. As a result, Chinese coal consumption has actually fallen since 2013. And electricity in China, though still cheap, is now only about a third less expensive than in the U.S.

So China's legendary cost advantage, so potent in the 2000s, have mostly eroded in the 2010s. And the trend will probably continue. This means that although the U.S. lost lots of jobs and industry to China in the previous decade, the bleeding has stopped. Chinese companies are even starting to build some factories in the U.S.

This means that just like on immigration, the Trump administration is living in the past when it comes to China. If the U.S. had taken the China threat seriously 15 or 20 years ago, it might have been able to cushion the blow by forcing China to stop making its currency artificially cheap. But it's now too late for that -- the damage

to U.S. workers' careers and to U.S. industrial know-how has already been done. The great China Shock is over.

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

**THE WALL
STREET
JOURNAL.**

Niharika Mandhana in New Delhi and Chun Han Wong in Beijing

NEW DELHI—China on Wednesday stepped up pressure on India to withdraw from a weeklong military standoff that shows how the countries' contest for leadership in Asia is heightening the risk of conflict.

The dispute began in June when Beijing assembled workers and machines to extend a road in a remote Himalayan territory that is claimed by both China and Bhutan, a small, mountainous nation that is a close ally of India. The road is located near an area known as the "tri-junction," where China, India and Bhutan meet.

Bhutanese soldiers tried to stop the construction, according to India, which said it then dispatched its troops in coordination with Bhutan. Indian and Chinese soldiers have since planted themselves on the disputed land.

Beijing says India is trespassing and must fall back as a "precondition and basis for any meaningful dialogue." New Delhi says road-building in the area hurts India's security interests and Bhutan's territorial claims. Bhutan has called China's actions a "direct violation" of the countries' understanding not to change the situation on the ground until their boundary dispute is resolved.

In a position paper released Wednesday, China's foreign ministry accused India of "flagrantly" crossing over into Chinese territory. "India has invented various excuses to justify its illegal action, but its arguments have no factual or legal grounds at all and are simply untenable," the ministry said in the paper.

Share the View

What U.S. leaders need to do now is stop focusing on the last decade's problems, and start thinking about those of the next decade. Rebuilding U.S. industry and the careers of American workers will require hard

work -- infrastructure investment, retraining and education initiatives, smart regulation and other policies aimed at creating the new instead of protecting the old. Bashing China might have done the U.S. some good long ago, but it will achieve little or nothing now.

This column does not necessarily reflect th

A Road Brings China and India Closer to Conflict in the Himalayas

"No country should ever underestimate the resolve of the Chinese government and people to defend China's territorial sovereignty," it added.

The standoff on the Dolam Plateau is sparking concerns of a prolonged period of strain between China and India, which are maneuvering for power and influence in a region being redefined by China's rise.

"If India backed down, it would send a signal to the neighborhood that China is a better bet than India," said Srikanth Kondapalli, a professor of Chinese studies at Jawaharlal Nehru University in New Delhi. "This dispute is not just about a road. It's a reflection of the changes and realignments that are taking place in Asia."

Both countries are headed by nationalist leaders who have emphasized shows of strength. Indian Prime Minister Narendra Modi wants to forestall a unipolar Asia.

Chinese President Xi Jinping, meanwhile, is preparing for a pivotal Communist Party congress in the fall. Foreign diplomats say that Beijing wants to minimize geopolitical tensions that could upset preparations but doesn't want to be seen as soft on boundary claims.

The two nuclear-armed nations face off from time to time along the long, undemarcated stretches of their border. India lost a war, fought over territorial issues, to China in 1962.

The current dispute stands out because India doesn't claim the territory where its troops are positioned. Indian military strategists worry greater Chinese access to the area could leave India vulnerable at the "Chicken's Neck," a narrow sliver of territory near the tri-junction that connects the bulk of India with its northeast.

India's national security adviser, Ajit Doval, was in Beijing late last week. Neither side would say if the dispute was discussed in his talks with Chinese officials.

Ties between the two countries, never close, have grown far knottier as China has pursued regional dominance. It has made inroads into India's traditional sphere of influence, from Nepal to Sri Lanka and the Indian Ocean. In response, India has forged closer relations with the U.S. and Japan, moves that have irked Beijing.

India has also watched warily as Beijing has tried to shift the balance of power in Asia by enforcing its territorial claims in the disputed South China Sea.

The rivalry has surfaced in different ways in recent months. China is blocking India's membership to an international body that controls trade in nuclear technology, and has stymied India's attempt to impose United Nations sanctions on the leader of a Pakistan-based terror group.

In April, India facilitated a visit by the Dalai Lama to sensitive parts of the country, despite repeated warnings from China, which considers the spiritual leader of Tibetan Buddhism a separatist.

The following month, India declined to participate in the launch of the One Belt, One Road initiative, China's expansive infrastructure plan that seeks to tie dozens of countries to its ambitions. China's efforts to build an economic corridor through Pakistan-governed territory claimed by New Delhi has drawn sharp protests from India.

"India's positions on issues that go to the core of China's vision for a new global framework have upset the Chinese," said Jayadeva Ranade, the president of the New Delhi-based Center for China

Analysis and Strategy. "It sees India's intervention [over the Himalayan road] as the next in a series of provocative steps."

Since the start of the standoff, Beijing has kept up a steady drumbeat of criticism of India's position, which has been echoed in Chinese media.

A commentary published by the Global Times, a nationalist tabloid, warned, "The public's patience is running short" and "perhaps it is time that it be taught a second lesson," a reference to the 1962 war.

Bhutan is caught in the geopolitical competition. India provides vital economic and military aid to Bhutan and exercises significant influence, but the Bhutanese shun the notion their country is a protectorate of India, as recent Chinese commentaries have asserted.

China, which doesn't have diplomatic relations with Bhutan, would like to harness those sensitivities to diminish India's hold and start building influence there, as it has done elsewhere in the region.

India and China both have incentives to maintain their position yet avoid escalation, adding to the difficulty of predicting how long the standoff will last or how it will end, said Antoine Levesques, a research associate for South Asia at the International Institute for Strategic Studies in London.

The two sides, he said, are searching for a way to "walk the tightrope of showing results and restraint—both of which are important to both of them."

—Te-Ping Chen contributed to this article.

**The
New York
Times**

Kishkovsky

Trump Signs Russian Sanctions Into Law, With Caveats

Peter Baker and Sophia

WASHINGTON — President Trump signed legislation on Wednesday imposing sanctions on Russia and

limiting his own authority to lift them, but asserted that the measure included "clearly unconstitutional provisions" and left open the possibility that he might choose not to enforce them as lawmakers intended.

The legislation, which also includes sanctions on Iran and North Korea, represented the first time that Congress had forced Mr. Trump to sign a bill over his objections by passing it with bipartisan, veto-proof majorities. Even before he signed it,

the Russian government retaliated by seizing two American diplomatic properties and ordering the United States to reduce its embassy staff members in Russia by 755 people.

The measure reflected deep skepticism among lawmakers in both parties about Mr. Trump's friendly approach to President Vladimir V. Putin of Russia and an effort to prevent Mr. Trump from letting the Kremlin off the hook for its annexation of Crimea, military intervention in Ukraine and its meddling in last year's American election. Rather than the rapprochement Mr. Trump once envisioned, the United States and Russia now seem locked in a spiral of increasing tension.

Unlike other bill signings, Mr. Trump did not invite news media photographers to record the event, nor did he say anything about it to reporters. He ignored questions about the legislation at an unrelated event and instead relegated his comments to two written statements, one meant for Congress to describe caveats in his approval of the bill and the other issued to reporters to explain his grudging decision to sign.

As other presidents have in the past, Mr. Trump protested that Congress was improperly interfering with his power to set foreign policy, in this case by imposing waiting periods before he can suspend or remove sanctions first imposed by former President Barack Obama while Congress reviews and potentially blocks such a move.

In the statement to Congress, Mr. Trump said the bill "included a number of clearly unconstitutional provisions." Although he added that "I nevertheless expect to honor" the waiting periods, he did not commit to it. Moreover, he took issue with other provisions, saying only that he "will give careful and respectful consideration to the preferences expressed by the Congress."

"This bill remains seriously flawed — particularly because it encroaches on the executive branch's authority to negotiate," Mr. Trump said in the

separate statement to reporters. "Congress could not even negotiate a health care bill after seven years of talking. By limiting the executive's flexibility, this bill makes it harder for the United States to strike good deals for the American people and will drive China, Russia and North Korea much closer together."

"Yet despite its problems," he added, "I am signing this bill for the sake of national unity. It represents the will of the American people to see Russia take steps to improve relations with the United States. We hope there will be cooperation between our two countries on major global issues so that these sanctions will no longer be necessary."

Like Mr. Trump, who has offered no public comment or even a Twitter message about the Russian order to slash the number of United States Embassy workers, it appears that Mr. Putin has not completely given up on the idea of establishing closer relations. The Russian government took its retaliatory action before the president signed the bill so that it would be a response to Congress, not to Mr. Trump.

After Mr. Trump signed the measure on Wednesday, the Russian government reaction was mild. "De facto, this changes nothing," said Dmitri S. Peskov, the Kremlin press secretary, who was traveling with Mr. Putin in the Russian Far East, according to the Interfax news agency. "There is nothing new."

He added that no new retaliation should be expected. "Countermeasures have already been taken," he said.

The Russian Foreign Ministry attributed the sanctions to "Russophobic hysteria" and reserved the right to take action if it decided to. Vasily A. Nebenzya, the Russian ambassador to the United Nations, said the law would do

nothing to change Moscow's policies. "Those who invented this bill, if they were thinking that they might change our policy, they were wrong," he told reporters. "As history many times proved, they should have known better that we do not bend, we do not break."

Dmitri A. Medvedev, the Russian prime minister, declared the "end to hope for the improvement of our relations" and mocked Mr. Trump for being forced to sign. "The Trump administration has demonstrated total impotence, handing over executive functions to Congress in the most humiliating way possible," he wrote on Facebook. He added that "the American establishment has totally outplayed Trump" with the goal "to remove him from power."

American lawmakers said the new law sent an important signal that Russia would be held to account for its election interference and aggression toward its neighbors. But the lawmakers expressed concern about whether Mr. Trump would try to sidestep the measure.

The president's signing statement "demonstrates that Congress is going to need to keep a sharp eye on this administration's implementation of this critical law and any actions it takes with respect to Ukraine," said Senator Chuck Schumer of New York, the Democratic minority leader.

Senator Benjamin L. Cardin of Maryland, the senior Democrat on the Foreign Relations Committee and a prime driver behind the legislation, said, "I remain very concerned that this administration will seek to strike a deal with Moscow that is not in the national security interests of the United States."

The Trump administration continues to send mixed messages about Russia.

Vice President Mike Pence, who has been visiting Eastern Europe in recent days to shore up allies nervous about an assertive Kremlin, told a group of Balkan prime ministers on Wednesday that Russia sought "to redraw international borders by force" and "undermine your democracies."

"The United States will continue to hold Russia accountable for its actions, and we call on our European allies and friends to do the same," he said in Montenegro, the latest Eastern European nation to join NATO. He noted that the president would sign the sanctions legislation.

"Let me be clear: The United States prefers a constructive relationship with Russia based on mutual cooperation and common interests," Mr. Pence said. "But the president and our Congress are unified in our message to Russia: A better relationship and the lifting of sanctions will require Russia to reverse the actions and conduct that caused sanctions to be imposed in the first place."

But just a day earlier, Secretary of State Rex W. Tillerson offered a somewhat different take, focusing on the potential for cooperation with Russia in fighting the Islamic State and finding a resolution to the civil war in Syria. Rather than sounding unified with Congress, Mr. Tillerson complained that lawmakers should not have passed the sanctions legislation.

"The action by the Congress to put these sanctions in place and the way they did, neither the president nor I are very happy about that," he told reporters on Tuesday. "We were clear that we didn't think it was going to be helpful to our efforts, but that's the decision they made. They made it in a very overwhelming way. I think the president accepts that."

The Washington Post Trump signs Russia sanctions bill, but makes clear he's not happy about it (UNE)

President Trump signed into law Wednesday legislation that will impose new sanctions on Russia, but he immediately expressed doubts about its constitutionality and criticized Congress for giving itself greater powers to prevent him from rolling back penalties aimed at Moscow.

Trump's reluctant signing of the bill came nearly a week after it was approved overwhelmingly by bipartisan majorities in the House and the Senate that assured that any veto could be overridden. Trump's statement, however, raised

questions about whether he will enforce all of the law's provisions.

He called the legislation — which imposes new penalties on Russia, Iran and North Korea — "seriously flawed," primarily because it restricts his ability to negotiate sanctions concerning Moscow without congressional approval.

"By limiting the Executive's flexibility, this bill makes it harder for the United States to strike good deals for the American people, and will drive China, Russia, and North Korea much closer together," Trump

said in a statement Wednesday morning. "The Framers of our Constitution put foreign affairs in the hands of the President. This bill will prove the wisdom of that choice."

Although Trump said he would honor this section of the law despite his qualms, he argued that other parts of the measure are "clearly unconstitutional" and held out the possibility that he would ignore provisions concerning the territorial integrity of Ukraine and the denial of visas to foreign nationals targeted by the legislation.

White House press secretary Sarah Huckabee Sanders spoke at the daily press briefing on Aug. 2. White House press secretary Sarah Huckabee Sanders spoke at the daily press briefing on Aug. 2. (Reuters)

(Reuters)

"My Administration will give careful and respectful consideration to the preferences expressed by the Congress in these various provisions and will implement them in a manner consistent with the President's constitutional authority

to conduct foreign relations," he said.

Trump said his problems with the legislation did not mean he opposed its underlying principles.

"I favor tough measures to punish and deter bad behavior by the rogue regimes in Tehran and Pyongyang," he said. "I also support making clear that America will not tolerate interference in our democratic process, and that we will side with our allies and friends against Russian subversion and destabilization."

But lawmakers' solidarity in tying Trump's hands on Russian sanctions reflects a deepening concern about the White House's posture toward Moscow, which critics have characterized as naive. The new Russia sanctions expand on measures taken by the Obama administration to punish the Kremlin for its alleged efforts to interfere in the 2016 presidential election. But Trump has continued to cast doubt that Russia alone was responsible, and he has called the investigations of the matter by Congress and by a special counsel a "witch hunt."

[The Debrief: Pence talks tough on Russia while finding his footing abroad]

The administration's lobbying of lawmakers in public and private to pull back the legislation's requirement that Congress review any attempt by the president to amend sanctions against Moscow ultimately fell on deaf ears. The measure imposes a 30-day review period to give Congress a chance to vote down any of the president's proposed changes to these policies before they can be implemented.

Despite Trump's objections, House Speaker Paul D. Ryan (R-Wis.) praised the new law.

On Aug. 2, Russia's Ministry of Foreign Affairs responded to American sanctions with a video of a festival. On Aug. 2, Russia's Ministry of Foreign Affairs

responded to American sanctions with a video of a festival. (Russia/Twitter)

(Russia/Twitter)

"Today, the United States sent a powerful message to our adversaries that they will be held accountable for their actions," he said in a statement. "These sanctions directly target the destructive and destabilizing activities of Iran, Russia, and North Korea."

Trump said he signed the legislation despite his reservations for the sake of "national unity," but in a pointed jab at lawmakers in his own party, he questioned Congress's ability to negotiate sanctions based on its inability to approve the Republicans' health-care legislation.

"The bill remains seriously flawed — particularly because it encroaches on the executive branch's authority to negotiate," Trump said. "Congress could not even negotiate a health-care bill after seven years of talking."

Trump's decision to detail his concerns in a signing statement, asserting which parts of the law he would enforce, follows in a tradition that has grown more common among modern presidents. President George W. Bush frequently used signing statements to say that he could selectively enforce or ignore parts of bills passed by Congress, including to rebuff congressional restrictions on interrogation techniques. Issuing signing statements continued under President Barack Obama.

[Obama's secret struggle to retaliate against Putin's election interference]

Constitutional law experts said that with the sanctions bill, Congress rightfully asserted its powers to serve as a check on the executive branch, even on matters of national security.

Michael Glennon of the Fletcher School of Law and Diplomacy said

that Trump's statement was a "gross misreading" of the case law he cited to bolster his claim that the congressional review provision had unconstitutionally robbed him of the power to negotiate.

"That's obviously a misguided interpretation of his constitutional authority," he said. "Congress has very broad authority over foreign commerce — it's explicitly given the power to regulate commerce with foreign nations. It could have, if it desired, imposed those sanctions without giving the president any waiver authority whatsoever."

Senators who voted for the measure said they were perplexed by the president's assertion that it is unconstitutional.

"I don't know what he's talking about," said Sen. Tim Kaine (D-Va). "I don't think that's going to stand up."

Senate Foreign Relations Chairman Bob Corker (R-Tenn.) shrugged off Trump's criticism.

"It doesn't matter to me what the signing statement says," he said. "I know there's been some resistance at the White House on congressional review, but I think it's a good and important piece of legislation. I had that conversation with the president directly, and I am glad he signed it and that it has become law."

Russia this week reacted to Congress's passage of the sanctions bill — as well as the earlier Obama-imposed measures — by announcing that it would order the U.S. Embassy there to reduce its staff by 755 people and seize U.S. diplomatic properties.

[Putin orders cut of 755 personnel at U.S. missions]

Russian Prime Minister Dmitry Medvedev criticized Trump on Wednesday for signing the bill.

"The Trump administration has shown its total weakness by handing

over executive power to Congress in the most humiliating way," he tweeted.

For now, Trump's desire to improve relations with Russia has hit a major speed bump at the same time Americans are expressing growing support for an adversarial approach toward Moscow, according to a survey released Wednesday by the Chicago Council on Global Affairs.

Major national and political news as it breaks.

The poll found that 53 percent support working to limit Russia's power, compared with 43 percent who favor friendly cooperation and engagement, a sharp reversal from last year, when 58 percent favored cooperative efforts. More than 4 in 10 said Russian influence in U.S. elections represents a "critical threat" to the country.

The survey found mixed support for imposing additional sanctions, with 38 percent saying they should be increased and 41 percent saying they should be kept about the same. Far fewer, 17 percent, said the United States should decrease or eliminate sanctions on Russia, according to the poll of a random sample of 2,020 adults conducted June 27 to July 19.

Trump praised some recent changes made to the legislation that he said would help U.S. companies, including giving the Treasury Department more flexibility when handing out licenses. But he made clear that he thinks Congress should leave negotiating with foreign powers to him.

"I built a truly great company worth many billions of dollars," Trump said in his statement. "That is a big part of the reason I was elected. As President, I can make far better deals with foreign countries than Congress."



Pence talks tough on Russia while finding his footing abroad

By Ashley Parker

PODGORICA, Montenegro — The Eastern European countries that Vice President Pence toured this week on his 3½ -day trip through the region could be forgiven for thinking that Pence — with his throwback aesthetic of closely shorn hair and a square jaw — was just another happy Cold Warrior abroad.

At nearly every stop, the vice president spoke forcefully about the specter of Russian aggression, talked of "peace through strength,"

and reaffirmed the United States' commitment to the North American Treaty Organization, reiterating its cornerstone pledge that an attack on one nation is an attack on all.

"Under President Donald Trump, the United States of America rejects any attempt to use force, threats, intimidation, or malign influence in the Baltic states or against any of our treaty allies," Pence said Monday, at his first news conference with Baltic leaders, in Tallinn, Estonia. "To be clear, we hope for better days, for better relations with

Russia, but recent diplomatic action taken by Moscow will not deter the commitment of the United States of America to our security, the security of our allies, and the security of freedom-loving nations around the world."

Pence's trip came in the wake of bipartisan sanctions legislation against Russia and Russia's near immediate retaliation — including ordering the United States to reduce its staff at diplomatic missions in Moscow and elsewhere by 755 people — and his firm, no-nonsense

rhetoric was the natural message of a nation that has long considered Russia a chief geopolitical foe.

The only problem is that Pence's tough-on-Russia talk doesn't quite align with some of the previous comments from Trump, who remained mostly silent on the issue this week.

Where Trump has called NATO "obsolete" and personally cut the roughly 20-word sentence from a May speech at NATO headquarters affirming his nation's support for Article 5 — the shared defense

touchstone of the treaty — Pence spoke of the United States' commitment to both its NATO allies and to Article 5.

"Our allies in Eastern Europe can be confident that the United States of America stands with them," he said Sunday, speaking to reporters in Tallinn's cobblestone Town Hall Square. "We are committed to NATO. We are committed to our common defense."

Later, he twice reassured Montenegro — NATO's newest member — that "NATO is made up of large countries and small countries, but the United States of America has no small allies, and we cherish our new alliance with Montenegro through NATO."

Where Trump has long coveted a friendly relationship with Russian President Vladimir Putin — repeatedly refusing to fully accept the intelligence community's conclusion that Russia meddled in the 2016 presidential election and agreeing to sign the sanctions legislation only under political duress — Pence spoke of a Georgian "front line compromised by Russian aggression nearly a decade ago" and promised to stand up to any Russian malfeasance throughout the region.

"The United States strongly condemns Russia's occupation of Georgia's soil," Pence told U.S. and Georgian troops on Tuesday in Tbilisi, Georgia. "The United States prefers a constructive relationship with Russia based on mutual cooperation and common interests. But the president and our Congress are unified in our message to Russia — a better relationship, the lifting of sanctions, will require Russia to reverse the actions that caused the sanctions to be imposed in the first place. And not before."

While Pence talked up the sanctions legislation this week, Trump signed the bill on Wednesday and focused most of his statement on what he didn't like about it — lawmakers can block him from rolling back sanctions against Russia — and took jabs at Congress.

"The bill remains seriously flawed — particularly because it encroaches on the executive branch's authority to negotiate," Trump said in a statement. "Congress could not

even negotiate a health-care bill after seven years of talking."

In an interview, Pence said Trump is taking a "we'll see" attitude toward Russia and said the administration hopes the sanctions will lead to an improved relationship.

"We think that creates an environment where there can be a more honest dialogue about resolving differences, and finding common ground," he said.

Michael McFaul, who was the U.S. ambassador to Russia under President Barack Obama, said Trump's stance on Russia is far different from that of many in his Cabinet — a tension, he added, the vice president already has had to navigate. Recalling the Munich Security Conference in February, where Pence offered a similar message of support to NATO and U.S. allies, McFaul remembered, "Everybody liked that message, but everybody wondered: Is he actually speaking for the president of the United States?"

"There's no question that will be part of the challenge for the vice president," he said, "to make sure the people he meets with believe him when he says, 'This is our policy, not just the policy of the vice president's office.'"

But if Pence's hard-fought diplomacy may yet be undone by a brash presidential tweet, the man on display in Eastern Europe was a confident, comfortable vice president, seeming to find his footing on the world stage on his third trip abroad. Later this month, he will head to South America, where he will visit Argentina, Chile, Colombia and Panama, against the backdrop of a crisis in Venezuela that has reached a feverish boil.

Pence began his trip by coming to the back of Air Force Two to briefly chat with reporters, proffering cupcakes to one correspondent celebrating a birthday and asking if everyone was comfortable or needed anything. His office always travels with a doctor on board, he added, in case anyone is feeling sick.

He then took questions from reporters on his first day in Estonia; chatted for five minutes off the record with the press corps on the

flight from Tallinn to Tbilisi; and answered more questions during a joint news conference with Georgia's prime minister before sitting down for an interview with Fox News Channel. Before his departure, he spoke with Fox News again, and on his return flight, he had interviews with the reporters traveling with him.

Pence's effort to be accessible offered a contrast with this first trip abroad, where he largely kept the media at bay save for an off-the-record conversation on the flight home, or his second trip — a 10-day jaunt through Asia that left some reporters frustrated about his lack of accessibility.

"The president sent the vice president on this trip with a very clear message about what America first means, but that's not just a message for our foreign allies," said Jarrod Agen, Pence's deputy chief of staff. "The American people need to hear it too, which is why communicating that with the American media who are traveling with us is an important part of the trip."

In some ways Pence was still relying on a familiar playbook. He tied everything back to Trump, and not a day went by when he did not deliver some greeting or policy he claimed came directly from the president or remind his hosts that he was but a humble messenger for his boss.

In Tallinn's old town, as he shook hands with onlookers — many of them tourists like him — who had crowded the square to glimpse his motorcade, and often tried to offer connections to the president. When a Polish couple introduced themselves, Pence enthused, "The president was just in Warsaw," and when a Parisian man said hello, the vice president quickly noted, "The president was just in Paris for Bastille Day."

He seemed to have talking points ready for questions he didn't like, turning a query about the latest failed Republican health-care vote — and what exactly he had said to Sen. John McCain (R-Ariz.) in the chamber before the senator turned, flicked his thumb downward and torpedoed yet another Republican health-care plan — into a long-winded response about the Trump White House keeping its word.

"We'll never give up on our commitment to keep our promises, whether it be on health-care reform or getting the American economy rolling, or our promise to reengage the world," he said.

Pence — who keeps Air Force Two free of alcohol — did not so much as sip from his wine glass during a toast with the Georgian delegation Monday night, or another with the Montenegro delegation Tuesday evening.

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He was also unfailingly polite. While Trump appeared to shove Duško Marković, the prime minister of Montenegro, out of his way at NATO headquarters in Brussels in May as leaders gathered for a group photo, Pence and Marković spent much of Tuesday and Wednesday together, with nary a push.

"Your courage, particularly in the face of Russian pressure, inspires the world, and I commend you for it," Pence said at a dinner with Montenegro's leaders Tuesday night.

In return for Pence's support, his allies also stuck to script. At one point, a reporter asked Georgian Prime Minister Giorgi Kvirikashvili if he — as a leader of a country that has long dealt with Russian meddling — had any tips for the United States about Russia's attempts to sway the 2016 presidential election.

"I don't think that Georgia is in a position to judge about Russian interference," Kvirikashvili replied. "With our excellent intelligence capabilities, we were not able to detect any interference, and we think that the American nation has made its decision to elect a president."

At this, one of the vice president's top aides, who had been nodding along with Pence's answers to questions from his seat in the front row, offered a small, appreciative chuckle.



Robertson: Trump and Putin are locked in a hellish standoff

Nic Robertson is CNN's international diplomatic editor. The opinions in this article belong to the author.

(CNN)Vladimir Putin waited a long time to get his face-to-face meeting with Donald Trump. But when it came last month at the G20 summit in Germany, it appears to have been worth his while.

What was going to be a talk on the sidelines of the G20 became a full-fledged bilateral meeting that blossomed into a 2-hour-plus confab — far longer than the 45 minutes finally penciled in.

The meeting wasn't just notable for its length: It was held in near secrecy.

Unlike Trump's sit-down meetings with other leaders such as Xi Jinping of China, where plenty of White

House experts were at the table, only Secretary of State Rex Tillerson accompanied Trump to this cozy chat with Putin, who was aided only by his foreign minister, Sergey Lavrov.

But that wasn't Putin's only bite of the White House cherry at the G20. At a dinner for leaders and partners, Trump reportedly gave Putin a nearly hourlong, one-on-one meeting.

Aided only by Putin's translator, the circle of trust shrank even further than the bilateral meeting -- and with it the likelihood of ever knowing what was actually said.

But whatever was said turns out to have been enough to convince Putin he's going to have to cut his losses with Trump.

The early anticipation, on both sides, that the two men and two countries could get along and improve relations appears to have evaporated.

Putin has never been asked why he believed Trump would act any differently than any other US president: country first, self second.

We know Putin did believe that Trump had ambitions to rewrite modern history, allowing the eagle and the bear to embrace. Why else would he have tolerated Russia's Kremlin controlled-media fawning over Trump's presidential victory?

And now, more than half a year later, Putin has finally had the chance to stare Trump in the eye and decide once and for all if all his birthdays and Christmases had indeed come at once.

Whatever Putin learned from talking to Trump, he seems to have calculated that Trump is unlikely to be useful to him.

If that is the case, then Putin -- despite everything -- will be the first world leader to give up totally on this US President.

His calculation has quickly proved to be correct.

Much as Putin could still use a friend at the White House to help loosen international restrictions, ease his economy back to full health and rehabilitate Russia's international bully-boy image, his decision to crimp America's diplomatic mission in Russia -- cutting employees by a record 755 -- implies a "realpolitik" worthy of his Soviet predecessors.

The Russian leader appears to have concluded he needs to get tough, drop the honey and go back to the more familiar vinegar approach.

Having met and talked at length with Trump, Putin will have done what most KGB officers were trained to do: Spot weakness and speedily assess if it can be exploited.

Putin's judgment seems to be that Trump's weakness begins at home and that -- whether the US President likes it or not -- he is unlikely to come out of many of his domestic battles on top.

Any glimmer of hope that Putin may have had that the US leader might still be a useful partner in the immediate term has surely gone now that Trump has signed the sanctions bill that Congress passed last week.

Whether Trump was outsmarted by Congress or finally caved to pressure doesn't matter in Russia. What matters is that Putin's got the measure of Trump.

The scene is now set for what longtime Kremlin and Putin critic Bill Browder told me late last year would happen between the two men: "We'll

end up in a position where both these guys will be thumping their chests and staring each other down."

And here we are. Once these mission staffing cuts kick in in a month, Trump will be faced with a decision to follow usual protocol and make tit-for-tat Russian expulsions.

The stage is being set for Trump's first big overseas fight to be with the one world leader he won't criticize. Both men have resisted, but now the gloves are coming off -- and it's Putin who has landed the first punch.

In Trump's school of hard knocks, that's about as disloyal as it gets. However he frames it to himself, Trump will likely have a hard time not feeling some of this is personal.

While bigger issues such as North Korean missiles and Iranian nuclear plans loom on the horizon, none has become personal for Trump yet. From the get-go Russia has been the opposite.

Ultra-sensitive to the impression he was unfairly -- even unlawfully -- elected with Russian connivance, the wellspring of anger that bubbles below any Russia issue risks being exceptionally deep and potentially volatile.

If Trump decides to treat overseas leaders the same way he treats his own hires who have transgressed -- such as Attorney General Jeff Sessions -- then the tempo of the Russia relationship may accelerate.

As Tillerson said this week, Washington's relationship with the Kremlin is under strain: "The question, I think, of the events of the last week or so is -- Is it getting worse or can we maintain some level of stability in that relationship, and continue to find ways to address

areas of mutual interest and ways in which we can deal with our differences without those becoming open conflicts as well?"

Mutual concern being Syria, Ukraine and election meddling.

Tillerson laid out the red lines for engagement on Syria: that Bashar al-Assad must go and so must Iranian forces. On Ukraine he said Russia must make good on its commitments to a ceasefire.

Vice President Mike Pence, currently on a tour of NATO Baltic state allies, this week gave insight to White House thinking on Russia: "No threat looms larger in the Baltic states than the specter of aggression from your unpredictable neighbor to the east.

"At this very moment, Russia continues to seek to redraw international borders by force, undermine the democracies of sovereign nations and divide the free nations of Europe against one another."

Couple these frustrations with personal slight and maybe Browder is right: A showdown is coming, although Tillerson and Pence both say the US preference is for a constructive relationship with Russia.

Putin can hardly be happy with the new sanctions, but he will have proved himself right: that Trump is in trouble at home and may not be able to fight himself out of it. And if Trump is distracted at home, that can only create opportunities for Putin to outmaneuver the United States elsewhere.

THE WALL STREET JOURNAL

Rwanda's Success Story Adds a Dark New Chapter

Nicholas Bariyo

Paul Kagame is so certain he will secure a third term in Rwanda's presidential election on Friday that he claimed victory more than one month ago.

But cracks in the strongman's armor are starting to appear, as the coffee-fueled economy loses steam and rights groups say intimidation and oppression tar a state-building success story.

Polls ahead of the vote show more than 90% of Rwanda's 6.8 million voters back the former rebel leader who shepherded this tiny, landlocked East African nation from 1994's genocide to become a poster child for efficient governance and economic growth.

Lionized by government media and broadcast on digital billboards across the country, he has attracted a cult following after delivering an average economic-growth rate of 8% over the past decade, one of the world's fastest. In the capital Kigali, a new \$300 million convention center caps a skyline transformed by commercial and residential developments. Traffic is orderly and crime is rare.

The government's success in reducing poverty has attracted waves of foreign capital from aid agencies and private investors and plaudits from Western leaders including Bill Clinton and Tony Blair, burnishing Mr. Kagame's technocratic autocracy.

But while supporters see a visionary leader, critics, diplomats and rights groups say the president's genuine popularity has risen in tandem with violent repression, including an expanded effort to muzzle the opposition in the weeks before the polls.

"Kagame is not your average African strongman," said Simeon Wiehler, dean of the School of Social, Political and Administration Sciences at the University of Rwanda. "He has proved himself to be a formidable strategic organizer."

Meanwhile, more experts question the "Rwandan miracle" narrative, pointing to negligible fixed foreign investment and a failure of manufacturing and services sectors to grow as planned.

Rwanda's economy grew at 1.7% in the first quarter of 2017, the lowest quarterly real growth in gross domestic product in nearly a decade, according to the country's statistics office.

Mr. Kagame—able to run for the third term after constitutional changes were overwhelmingly approved in a 2015 referendum—is facing off against two unknown candidates who have had only three weeks to canvass for support.

Diana Rwigara, a popular critic of the 59-year-old leader, was disqualified from running after the election authority rejected her supporters' signatures. Thomas Nahimana, a well-known Catholic priest living in France who wanted to

repatriate and run for president was barred from returning.

When the U.S. and European Union envoys asked about the electoral commission's vetting process following the elimination of several presidential contenders, Mr. Kagame went on state television and warned them to "stop fueling fire."

In July, Human Rights Watch released a report documenting dozens of extrajudicial killings by Mr. Kagame's security forces over petty crimes, including stealing bananas.

Foreign diplomats and international financial institutions have privately expressed unease about Rwanda's political process, but there will be no formal international election monitoring.

Kigali sought more than \$200 million in financial assistance from the

International Monetary Fund last year, and its public debt has skyrocketed to 50% of total economic output, the IMF said.

Drought and lowering crop yields are also damping agricultural growth. Rwandan farmers are approaching the limits of what they can produce on their small, fragmented farms.

"It's important to note that Rwanda's economy is on a slowdown," said Benedict Craven, an analyst with the Economist Intelligence Unit. "If Kagame insists on staying amid a much less rosy economic picture than people have been used to under his rule, there is going to have to be a lot more opposition-crushing than there has been."

A spokeswoman for Mr. Kagame's ruling Rwanda Patriotic Front party said Kigali wouldn't accept "uncalled

for interference into the country's democracy by foreigners."

"This is not new. All the time we see the so-called international community make unhinged statements about Rwanda's success," the spokeswoman said. "Rwandans have rejected such influences."

The vast majority of Rwandans appear to strongly back Mr. Kagame as a steady hand who has kept his country stable in a volatile region. Vincent Kalemba, a clerk at a tourism company in downtown Kigali, said only Mr. Kagame would keep Rwanda united and progressing.

"My vote is only for Kagame," the 27-year-old said. "He has steered this country in the right direction, Rwanda will remain safe under his leadership."

Mr. Kagame's party, the Rwandan Patriotic Front, is campaigning on a platform of building new infrastructure, boosting agricultural productivity, mining and tourism. It has also promised to pave 2,500 miles of road over the next seven years.

Frank Habineza, one of Mr. Kagame's two opponents, told The Wall Street Journal that despite being on the ballot, he continues to face intimidation and harassment. Local authorities have disrupted several of his rallies, accusing him of not seeking clearance to hold them.

"The ruling party has basically fused with the state over the past 20 years," Mr. Habineza said. "It's such a big risk to be in opposition."

**The
New York
Times**

Editorial : Mr. Maduro's Drive to Dictatorship

Following a contentious vote on Sunday that effectively set Venezuela on the path to outright dictatorship, the United States has imposed personal sanctions on President Nicolás Maduro, putting him in the rarefied company of sitting leaders like Syria's Bashar al-Assad, North Korea's Kim Jong-un and Zimbabwe's Robert Mugabe, whose rapacious greed for power has brought their countries to ruin. There is no longer any question that this is where Mr. Maduro belongs.

No nation should have to suffer such a leader. And Venezuela, with possibly the world's largest oil reserves, had the chance to be one of South America's leading democracies. But overdependence on oil has led to political and economic turbulence, which became disastrous when Mr. Maduro sought to emulate his left-wing predecessor, Hugo Chávez, with lavish public spending that falling oil

prices and chronic mismanagement rendered unsustainable.

Today Venezuela is a basket case. The estimated inflation rate for 2017 is 720 percent; 80 percent of Venezuelans live in poverty, suffering from malnutrition, illness and outright hunger, while corrupt politicians and their military allies shamelessly enrich themselves. Mr. Maduro's response has been to assail spreading street protests with an iron fist and to erode the power of the National Assembly, in which his opponents have a majority.

More than 120 people have died in several months of protests. The deadliest day was Sunday, when Mr. Maduro brought to a vote his transparently power-grabbing plan to elect a tame Constituent Assembly to write a new Constitution that would tighten the government's hold on power, and in the meantime allow the president to dismiss any branch of government

deemed disloyal. The opposition boycotted the vote, allowing Mr. Maduro to claim victory despite what appeared to be a small turnout. Early on Tuesday, two opposition leaders already under house arrest were seized by state security agents.

Countering Mr. Maduro's drive to dictatorship is a challenge for his domestic and foreign opponents. Boycotting Venezuelan oil or oil-related businesses would precipitate a humanitarian crisis; leaving Mr. Maduro to his ways could lead to the radicalization of his opponents and uncontrolled violence. Efforts in the Organization of American States to suspend Venezuela in June were thwarted by the country's ideological allies and some Caribbean nations that Caracas supplies with cheap oil. Any sanctions by the United States — aside from the dubious moral authority of the Trump administration — feed Mr. Maduro's

claims of an "imperial" America seeking to crush Venezuela.

The individual sanctions on Mr. Maduro, under which all his American assets are frozen and Americans are barred from doing business with him, come on the heels of similar sanctions on other Venezuelan officials, with the threat of more to come. They are for now the best way to pressure him and his allies. But pressure from the United States is not enough: European and Latin American nations should join in the quarantine of Mr. Maduro and his cronies while offering them a chance to negotiate with the opposition on ensuring free elections, respecting democratic institutions, releasing political prisoners and allowing the supply of urgently needed international humanitarian assistance.

**The
New York
Times**

Venezuela Reported False Election Turnout, Voting Company Says

Nicholas Casey
BOGOTÁ, Colombia — The Venezuelan government reported false turnout figures for its contentious election over the weekend, announcing a tally that had been altered by at least one million votes, a software company involved in setting up voting systems for the country said on Wednesday.

"We know, without any doubt, that the turnout of the recent election for a National Constituent Assembly was manipulated," the company, Smartmatic, said in a statement.

The vote was part of an ambitious plan by the government to consolidate power. President Nicolás Maduro instructed Venezuelans to select from a list of trusted allies of the governing party — including his wife — who will rewrite the nation's Constitution and rule Venezuela with virtually unlimited authority until they finish their work.

Voters were not given the option of rejecting the plan. Venezuela's new governing body, known as the constituent assembly, will soon take charge of the country with the power to dismiss any branch of

government, including the opposition-controlled legislature.

The National Electoral Council said Sunday that nearly 8.1 million people had voted, just over 40 percent of eligible voters. But many Venezuelans rejected those figures as unrealistically high, pointing to the absence of lines or crowds at polling places. And no major monitoring missions watched over the vote.

On Wednesday, Smartmatic said that although Venezuela's election process includes "a series of auditing systems" that are

"impossible to circumvent," no election monitors from the opposition were present to watch for evidence as it came in. Opposition parties had boycotted the vote, declining to participate in the election or review the returns on Sunday.

The absence of auditors, the company said, allowed for a manipulation of the turnout numbers.

On Wednesday, Tibisay Lucena, the president of the electoral commission, issued a statement rejecting Smartmatic's claims as

"irresponsible" and threatening legal action against the company.

Ms. Lucena said the allegations should be viewed within a "context of permanent aggression" against the vote, citing attacks on voting booths on Sunday and sanctions imposed by the United States against her before the vote.

The company, she said, only provided "certain services and technical support which did not determine the result."

She added, "This shows an unprecedented state of siege underwritten by strategy to destroy electoral institutions and impede the election of a National Constituent Assembly."

The vote has been widely condemned by Venezuela's neighbors as a power grab for Mr. Maduro's leftist movement. The constituent assembly could effectively liquidate any official channels of dissent, leaving

opponents with few options beyond street protests.

Just 3.7 million votes had been cast by 5:30 p.m. on Sunday, not long before polling centers closed, Reuters reported on Tuesday, based on official election documents the agency reviewed.

The size of the turnout has been central to the legitimacy of the vote, as both the government and the opposition argue that the other side does not have widespread support. In early July, the opposition held a symbolic referendum against the constituent assembly, and said it drew about 7.1 million voters. That figure was not independently verified.

Smartmatic said in its statement that it had provided voting services for the Venezuelan government since 2004.

"Even in moments of deep political conflict and division we have been satisfied that the voting process and

the count has been completely accurate," the company said. "It is, therefore, with the deepest regret that we have to report that the turnout figures on Sunday, 30 July, for the Constituent Assembly in Venezuela were tampered with."

Venezuela's opposition sidestepped the criticism by Smartmatic that it had not participated in the vote or the monitoring of it. Instead, the opposition focused on the government, saying the company's findings confirmed that the vote had been a fraud.

"What had been said at the top of our lungs everywhere today has total confirmation," said Julio Borges, the head of the opposition-led National Assembly, calling for a criminal investigation.

Vicente Bello, the opposition's spokesman on voting issues, said the government had allowed many avenues for voter fraud. Voters were not asked to give proper identification, as in previous

elections, and the government allowed people to cast ballots in any of three different locations, he said.

"The same person could vote three times or more," he said.

Jennifer McCoy, a political scientist and former director of the Americas program of the Carter Center, an election monitoring group, said that while the government had faced criticism for using state money to appeal to voters during elections in the past, it had never been accused by a voting systems company of directly tampering with the result.

Ms. McCoy said it remained unclear from Smartmatic's assertions whether people had voted multiple times or whether officials had rigged the final tally. Regardless, she said, the government could easily let the public know.



Rubin : Venezuela shows why the U.S. cannot downgrade democracy

France

On Tuesday, my colleague Josh Rogin's report that the State Department was considering excising "democratic" and "just" (as in a "just" society) from its mission and purpose statements induced a backlash in foreign policy circles. The State Department's faulty reasoning was revealed before the day was out — by both Secretary of State Rex Tillerson and President Trump.

In a rare appearance in the State Department briefing room, perhaps a sign that the rotten press he and his department had been receiving was starting to sting, Tillerson addressed a range of issues, including Venezuela, where two prominent opponents of the regime were seized by security forces in the wake of an election (boycotted by the opposition) to elect an all-powerful Constituent Assembly that moves the country further down the road of totalitarianism. (The Constituent Assembly "will have the power to rewrite the Venezuelan Constitution, which [Venezuelan President Nicolás] Maduro desires, and is expected to replace the previous legislative body, where the opposition has a majority. The new body will establish a 'truth commission' to prosecute political opponents.") Tillerson told reporters:

Clearly, what we want to see is for Venezuela to return to its

constitution, return to its scheduled elections, and allow the people of Venezuela to have the voice in their government they deserve.

We are very, very troubled by what we're seeing unfold following the constituent assembly vote, which went about as we expected, but the re-arrest of opposition leaders last night is very alarming. This could lead to an outbreak of further violence in the country. The situation, from a humanitarian standpoint, is already becoming dire. We are evaluating all our policy options as to what can we do to create a change of conditions where either Maduro decides he doesn't have a future and wants to leave of his own accord or we can return the government processes back to their constitution. But we are quite concerned about we're seeing down there. It is a policy discussion that's currently under development through the interagency process this week.

In other words, *democracy* matters greatly to us and has consequences for the region. If the State Department's mission no longer extends to defending democracy, why bother even addressing it, let alone taking action against Maduro's thuggishness? Even the White House joined in condemning Maduro. "The United States condemns the actions of the Maduro dictatorship," Trump said in a written statement. "Mr. [Leopoldo] Lopez and Mr. [Antonio] Ledezma are

political prisoners being held illegally by the regime." The statement continued, "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." While the statement avoided the term "democracy," the evisceration of democratic protections and the *unjust* (there's that word again) actions of an authoritarian regime remain a concern of the United States precisely because it is in our national interest to maintain a peaceful and free hemisphere.

Read These Comments

The best conversations on The Washington Post

In reacting to the decision to remove democracy promotion from the State Department's mission Sen. Robert Menendez (D-N.J.) told me on Tuesday, "Everything we do to foster democracy in emerging states is an investment in national security." He explained, "Democracies make better partners for peace and prosperity. Renouncing our commitment to work for the values we hold dear would be a dangerous abdication of U.S. leadership, making our world less safe by destabilizing global security. From the Arab Spring to

Venezuela and Washington, we can't forget the fight for democracy requires more than a Twitter account and the adoption of a few budgetary changes." Menendez, in reaction to the State Department's refusal to fill numerous senior spots and rumors of a reorganization that will eliminate many programs and positions that support human rights, introduced legislation to thwart the realpolitik crowd. He told me that "last week I passed an amendment to the funding authorization bill before the Senate Foreign Relations Committee to codify and mandate the Bureau of Democracy, Human Rights, and Labor, whose responsibility it is to support democracy and human rights as a critical component of the State Department's work." He vowed, "I will fight tooth and nail so the U.S. government doesn't walk away from our responsibility to conduct foreign policy in a responsible way that doesn't cripple our global standing and directly harms our national security interests."

Candidly, the administration's foreign policy objectives remain murky and incoherent. If the State Department doesn't know what it stands for, how does it expect adversaries and friends around the world to know where the United States stands?

Venezuelan Officials Tampered With Election, Voting-Software Firm Says

Kejal Vyas, José de Córdoba and Mayela Armas

CARACAS—Venezuelan authorities tampered with votes during an election this week to pick a 550-member body to rewrite the country's constitution, said the London-based company that provided voting software and electronic machines for the poll.

"We are convinced this is the first time there has been fraud in any election that we have been involved with," Mark Malloch-Brown, chairman of Smartmatic, said in an interview on Wednesday. He spoke after the company disclosed that officials doctored more than one million of the 8.1 million votes the government said were cast.

The revelations from Smartmatic, which provides voting software to governments worldwide, cast further doubt over the legitimacy of Sunday's election of a powerful constituent assembly staffed with loyalists to Venezuelan President Nicolás Maduro.

The U.S. and many European and Latin American countries condemned that vote as illegitimate and conducted in an atmosphere of intimidation and human rights abuses. The Trump administration has imposed sanctions on Mr. Maduro and other top officials in recent days.

The government had intended to draw millions to the polls and outflank the opposition, which on July 16 said more than 7.5 million Venezuelans voted to reject the assembly in an unauthorized referendum. The assembly, which was to have convened on Wednesday, has

broad powers over every institution in the country, including the opposition-controlled congress.

By late Wednesday, a string of Venezuelan officials were denouncing Smartmatic as being part of an international destabilization campaign against the Venezuelan government.

"These types of lies are planted so that the whole world attacks Venezuela," said Jorge Rodríguez, a top aide to Mr. Maduro who has long had a role in overseeing elections in Venezuela.

During the election process, the company said authorities barred it from carrying out a biometric fingerprint audit of the results and there were no independent international monitors. The machines themselves weren't tampered with, Mr. Malloch-Brown said.

The company's voting system requires independent auditors to compare voter receipts from each polling station with an official tally, but there were none. The opposition, which usually has officials at voting stations, boycotted the vote because its leaders said the election was stacked in the government's favor.

"Our belief is that because there were no observers at the stations, a number was announced that had no relationship to that of the number the machines had counted," said Mr. Malloch-Brown, a member of Britain's House of Lords. "It would have been routine to do a fingerprint audit to make sure the machine operators did not allow people to vote twice."

Smartmatic's employees left the country before the company announced the fraud in a London press briefing on Wednesday, said Mr. Malloch-Brown. "We thought it was prudent to do so given the current state of heightened political emotion in the country," he said.

A person familiar with the Smartmatic system and how the vote was carried out on Sunday said that the machines registered between 6 million and 7 million votes. But he said the company had no way to determine whether election participants voted multiple times because voters weren't required to vote in the neighborhood polling station where they were registered and no final tally was made available.

"That number could have been double votes," he said.

Smartmatic's statement follows other allegations that raise questions over the Sunday vote's fairness and legality.

For one, the 6,000 candidates were handpicked supporters of the ruling Socialist Party.

An exit poll by the pollster Innovarium estimated 3.6 million participants, less than half the number the government claimed. And Datanalisis, a respected Caracas polling firm, said that 13% of the country's 19 million voters, about 2.5 million, had said they would be very open to voting.

Luis Rondón, one of the five rectors in the election council and the only one who represents the opposition, called the election unconstitutional. He said the antifraud controls of

past elections weren't employed this time.

Venezuelan opposition leaders on Wednesday called for an investigation of the rectors who run the election council. "The rectors committed a crime, which is to doctor the electoral results," said Julio Borges, president of the National Assembly.

Those who have worked with Smartmatic say it is speaking out to ensure its growing business is not hurt by the fraud allegations.

The company has helped conduct elections in Brazil, Argentina, Belgium and the U.S., where it provided voting infrastructure for the 2016 Republican primaries in Utah.

In Venezuela, it worked on the elections in which Hugo Chávez, Mr. Maduro's predecessor, won reelection; on a constitutional reform referendum that Mr. Chávez lost; and on the 2013 election that brought Mr. Maduro to power. Smartmatic said it has had no problem certifying the voting in those and other elections.

But the company said this time it couldn't endorse the result.

"They care about the integrity of their company, which is why I think they're coming out now because they feel it may be compromised," said Jennifer McCoy, former director of the Carter Center, who led election observer missions in the past in Venezuela and knows how Smartmatic operates.

Venezuela election results 'manipulated' by at least 1 million votes, polling company says

CARACAS, Venezuela — Results from a controversial election for a new Venezuelan political assembly were "manipulated" and are off by at least 1 million participants, the company that provided the voting system said Wednesday.

The disclosure came as Venezuela braced for a pivotal moment in its descent toward full authoritarian rule. Voters on Sunday elected 545 pro-government legislators who will sit in a new super-congress vested with vast powers.

Late Wednesday, President Nicolás Maduro announced that their official installation would take place Friday,

a day later than anticipated, in the same neoclassical building in central Caracas that already houses members of the opposition-controlled legislature elected in 2015. It remained unclear whether some of the newly minted officials would still try to enter the building Thursday.

Several opposition lawmakers had initially vowed to make a defiant stand inside the chamber when the newcomers arrived. But amid growing internal divisions, at least some in the opposition were apparently changing tactics. The plan, according to two opposition legislators, was to instead launch a

protest march toward the assembly building.

"I think the public is aware of our capabilities," opposition lawmaker Juan Requesens said. "Unless we armed ourselves to defend the space, we wouldn't be able to do it."

The White House said that Venezuelan President Nicolás 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 Nicolás Maduro is now effectively a dictator after "seizing absolute power." (Reuters)

(Reuters)

Other opposition lawmakers began to suggest that both sides might be able to share the building.

[As opposition leader is led away, a cry of "Dictatorship!"]

The standoff loomed as Antonio Mugica, chief executive of London-based Smartmatic, which has provided technology for Venezuelan elections since 2004, said it detected an inaccurate turnout figure Sunday through the automated balloting system. Venezuelan authorities had said more than 8 million people cast

ballots, more than the number of people who voted against the new assembly in an informal referendum last month.

"With the deepest regret, we have to say that the turnout data presented on Sunday, July 30, for the constituent election was manipulated," Mugica said at a news conference in London.

His company's analysis of the data, he said, suggested the number was off by "at least 1 million."

Tibisay Lucena, the pro-Maduro president of Venezuela's election council, dismissed the allegations and threatened to sue Smartmatic.

"It's an irresponsible allegation with estimates that aren't based on the data," Lucena said in a televised statement.

The company's charges add to growing allegations of massive irregularities in Sunday's election, which was condemned internationally. The Trump administration, which slapped sanctions on Maduro on Monday, described it as a "sham election." A host of Latin American nations,

including Brazil, Argentina, Peru and Colombia, have called the vote illegitimate.

The European Union on Wednesday issued a statement saying its members would not recognize the new Constituent Assembly.

In a country suffering food shortages and a deepening economic collapse, government channels on Wednesday showed celebratory images of the new assembly's members being announced to wild cheers from crowds adorned in red T-shirts and Venezuelan flags. Maduro, the anointed successor of leftist firebrand Hugo Chávez, who died in 2013, has portrayed the new assembly as the cornerstone of an effort to funnel more power and money directly to the people, including to slums.

[Options shrink for Venezuela's opposition]

Senior government officials have dismissed allegations of fraud, saying they came from enemies of Venezuela's socialist system.

In a sense, there was no way that the government could lose Sunday's

vote. All candidates, including the wife and son of Maduro, were backers of the socialist administration. There was also no voter-participation threshold needed for the outcome to be deemed valid.

But generating a high turnout was considered vital to proving public enthusiasm for the new Constituent Assembly, which gives the government effective control over all branches of government. Opinion polls show the new body and Maduro are deeply unpopular.

The government claimed a turnout of 41.5 percent of eligible voters — more than 8 million votes. On Wednesday, the Reuters news agency reported that it had reviewed internal electoral commission data showing that only 3.7 million people had voted by 5:30 p.m. Most polling stations closed at 7 p.m., but some stayed open later.

[Why even opposition forces in Venezuela are wary of U.S. oil sanctions]

Today's WorldView

What's most important from where the world meets Washington

On Wednesday, there were more signs of broadening divisions among the opposition on the best path forward.

Henry Ramos Allup, secretary general of the Democratic Action party, announced that his candidates would compete in state elections, initially scheduled for December, despite the allegations of government fraud in the recent balloting. He also backed away from a plan, supported by some in the opposition, to form a parallel government to challenge Maduro.

"Our strategy has always been respect for the constitution, institutions, and fight for free elections," he said. "We cannot ignore that. It's what the international community backs."

Rachelle Krygier and Mariana Zuñiga in Caracas and Michael Birnbaum in Brussels contributed to this report.

THE WALL STREET JOURNAL

Paulo Trevisani

Brazil President Michel Temer Beats Back Corruption Charges

Samantha Pearson and Paulo Trevisani

BRASÍLIA—Brazilian President Michel Temer fended off corruption charges against him in a landmark congressional vote Wednesday, allowing the country's embattled political establishment to preserve its tenuous hold on power.

The lower house of Congress, where over a third of lawmakers are also under investigation for various crimes, voted by a large margin to reject bribery charges against Mr. Temer, preventing his case from going to trial at the Supreme Court. In a tense session punctuated by a brief fist-fight and protests from opposition parties, lawmakers in favor of the president largely justified their decision by saying they were voting in favor of political stability and economic growth.

With an approval rating of just 5%, Mr. Temer has relied on his skills as a deft backroom negotiator to survive, luring lawmakers with funds for their cash-strapped states. Meanwhile, protests have waned as demonstrators grew weary of the country's prolonged political and economic turmoil.

Mr. Temer's victory allows the leader to push ahead with economic reforms aimed at relieving Brazil's fiscal crisis. But corruption watchdogs condemned the result of

the vote—the first of its kind in the country's history—as a setback for the nation's institutions and Brazil's recent efforts to tackle what they say is an enduring culture of impunity.

"This decision reveals a striking disconnection between the old political order and a society it no longer represents," said Bruno Brandão, the Brazil representative for Transparency International. "This country is no longer what politicians wish it was."

Mr. Temer was charged in June as part of the country's sprawling Car Wash corruption investigation for allegedly taking close to \$160,000 in bribes from the Brazilian meatpacking giant JBS and agreeing to take \$12.1 million more. He has repeatedly denied wrongdoing and has vowed not to resign.

In a televised speech after the session, Mr. Temer labeled Congress's decision as an "achievement for the rule of law" and called for unity across the country. "It is the time now to cross over the bridge together that will lead us to the great future that Brazil deserves," he said.

In Brazil, only the Supreme Court can investigate and punish sitting politicians—a measure designed to safeguard the country against a return to authoritarian rule. In the case of a president, the court also

needs the support of at least two thirds of Congress to proceed.

Opposition parties fell far short of that mark, mustering only 227 votes to put the president on trial. More than half of the 513-seat Congress—263 lawmakers—voted to reject the charges, while another 23 didn't vote.

Opposition lawmakers staged protests throughout Wednesday's session, holding up banners and even bringing along suitcases stuffed with fake dollar bills featuring Mr. Temer's face.

With the vote, Mr. Temer avoids a trial that would have led to him being suspended from office, leaving House Speaker Rodrigo Maia in charge and giving Brazil its third president in less than two years.

Former President Dilma Rousseff was impeached in May and ousted three months later for breaking fiscal laws. Mr. Temer, her vice president, took over.

Brazil's stock market closed up almost 1% as voting got underway Wednesday, while the country's currency also strengthened against the dollar.

Mr. Temer's victory was largely expected. Still, observers have been closely watching the vote to gauge the president's congressional support, said Rafael Cortez, a

political scientist at São Paulo-based consultancy Tendências.

"This is not about congressmen evaluating the judicial merits of the case—they are weighing up the costs and benefits for them of sticking by the president," said Mr. Cortez.

The result signaled Mr. Temer has enough political capital to defend himself against further graft-related charges that are expected to be filed against him in coming weeks.

Mr. Temer has gone to extraordinary lengths in recent weeks to secure the support of lawmakers, approving \$1.3 billion in financing for projects in their home states, according to Open Accounts, a public-accounts watchdog.

"It shows the commercial relationship in Brazil between the executive and legislative branches of government," said the watchdog's chairman, Gil Castelo Branco.

In one extreme display of support, Rep. Wladimir Costa had Mr. Temer's name tattooed onto his shoulder over the past week.

While millions took to the streets ahead of Ms. Rousseff's impeachment, there were fewer demonstrations this time around amid concerns about the country's nascent economic recovery.

"I've given up on politics—I'd rather wake up and watch cartoons on TV instead," Ricardo Gonçalves, a 32-year-old cinema manager from São Paulo said after the result.

Rep. Beto Mansur, a close ally of Mr. Temer, said that supporting such an unpopular president

wouldn't hurt lawmakers' chances in general elections next year if the administration manages to revive the country's economy and reduce the 13% unemployment rate.

"I don't think people will make this link that if you helped Temer you don't deserve their vote," said Mr.

Mansur. "Instead, they'll ask, 'Did you help fix some of our problems?'"

In an interview before Wednesday's vote, Car Wash's lead prosecutor, Deltan Dallagnol, said that voting in favor of Mr. Temer to preserve economic and political stability would be a grave error.

"A government supported by pillars of corruption is an unstable government," he said. "It will remain stable, but only until the next scandal."

Bloomberg

Bershidsky : Tillerson Is Right Not to Preach American Values

Leonid Bershidsky

Recent leaks from the U.S. State Department suggest that Secretary Rex Tillerson is not interested in one of its traditional missions: promoting democracy across the world. But could it actually be a wise move to pause those efforts -- especially at this undeniably awkward moment for the U.S.?

Josh Rogin at The Washington Post reports that State is looking to amend its mission statement, editing out the goal of "shaping" a "just and democratic world." A Politico report reveals Tillerson's reluctance to access a total of \$79.8 million of available funding earmarked under President Barack Obama for counteracting Russian and Islamic State propaganda. There's clearly a pattern there: Tillerson, who is intent on downsizing the department, appears to consider the negotiating part of its job more important than the soft power part. He has said as much, warning underlings that too much focus on promoting U.S. values "really creates obstacles to our ability to advance our national security interests, our economic interests."

Understandably, that rankles old-timers. They see it as a reflection of the Trump administration's isolationism, its lack of firm principles, even a pro-Russian attitude (why else would Tillerson withhold money from an effort against Russian propaganda?). But it could be just a former businessman's instinct against waste.

This year's "Soft Power 30 Report," produced by the London-based communications firm Portland, ranked the U.S. in third place among the world's most influential nations -- after France and the U.K. The report points to America's unmatched advantages: Its role as the global center of higher education, its immensely popular cultural output, its strength in new technology. But it also explains why the U.S. allowed

France to overtake it. "Clear threats to American soft power do exist," the report said, "if its leadership continues with an 'America First' approach of promoting nationalistic rhetoric, devaluing international alliances, and prioritizing hard over soft power." Under the Trump administration, the international image of the U.S. has suffered, polls by both Portland and the Pew Research Center show.

One of Portland's recommendations is that Tillerson not weaken the public relations function of State because that would "diminish America's ability to leverage its existing soft power assets." But, given the president's colorful history, his tendency to distort even well-known facts and his penchant for flip-flopping, does the Trump administration have the credibility to push a set of values to the outside world?

Even Obama, a far more traditional global role model, wasn't particularly effective at projecting America's soft power: hopes for more democracy in the Arab world turned out to be misplaced, populist parties rose in Europe, and Russia kicked out U.S.-backed organizations that worked with its civil society.

Arguably, the U.S. has always been better at projecting soft power through its private sector than through government channels. Hollywood, the music and tech industries, the lively and masterful media provide the shining examples everyone wants to imitate. Their success comes bundled with American values, such as a broader freedom of speech than in most other countries, openness to diversity, economic liberty, the constant quest for the next new thing. The energy pumping through the American cultural product is genuine: Anyone who has been to the U.S. has felt it in daily interactions. Can the government add much to this perception? I doubt it. But as part of such a product, even the Trump administration can contribute to promoting U.S. values:

Look how relentlessly U.S. journalists pursue the president and his team. Such a fiery, eminently watchable confrontation is possible in very few nations.

I grew up in the Soviet Union, my eyes and ears filled daily with state propaganda. But, like others around me, I sought out American and European movies, music, books, clothes, magazines. None of what I wanted was government-produced, which made it all the more attractive. The Soviet machine sputtered because it lost credibility in competition with Western private initiative.

When it comes to counteracting Russian state propaganda today, the private sector still does a great job. RT, the TV channel that pushes the Kremlin point of view to U.S. audiences, doesn't even have Nielsen ratings (and it would certainly pay for them if a lot of people watched it). That's because private U.S. news outlets dominate. And if some of them sometimes choose to amplify RT's messages, that's because their audience wants them to, in order to feed its confirmation biases. What would the State Department do with the millions of dollars it's been given to fight Russian propaganda? Would it be anything U.S. media and civil society groups are not doing better?

Last year, Michael Lumpkin, coordinator of the State Department's Global Engagement Center, which is trying unsuccessfully to get the money from Tillerson, gave an example of the center's efforts against Islamic State. "In East Africa we are establishing an online radio station in Kiswahili (or Swahili)," he wrote. "It airs youth-produced programming that pushes back against the rising volume of violent extremist propaganda in the region. In particular, the content is aimed at local youth living in neighborhoods where violent extremists are known to recruit." But there are lots of other players in African community radio, from the Gates Foundation to the

United Nations. They all have an advantage over the U.S. government: They are more neutral, and their funding sources cannot be used against them by the adversary.

Instead of spending \$80 million fighting a propaganda war that authoritarian regimes and terrorist groups are trying to force on the U.S., America should simply let news organizations do their job. Tax breaks for expanding international reporting networks and starting foreign publications would work far better than direct investment in counterpropaganda, which is, essentially, state propaganda as well. An African journalist with experience stringing for a U.S. publication is worth a dozen state-funded PR projects: The website he will set up some day will do an honest, compelling job promoting democratic, humanist values.

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The U.S. does best when it promotes those values spontaneously, by example. The only reason Russia and other authoritarian regimes have state-financed propaganda machines is because they cannot match that. I'd like to think Tillerson's opposition to imitating them at a cost to U.S. taxpayers stems from an understanding of American soft power's origins. Let him do deals -- and let U.S. media and civil society judge those deals from a values standpoint. That's how the U.S. system is supposed to work, and that's what people the world over find attractive about it.

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

DeSanctis : Health-Care Reform Lives: Bipartisan Group Seeks Solutions

Is legislative health-care reform really dead?

Most of Congress seems to think so, and President Trump agrees, if his irate tweets about taking executive action to fix health care on his own are any indication. But the fact remains that Obamacare exchanges are still struggling all across the country. While a GOP-led repeal bill might not be on the table again anytime in the near future, some lawmakers continue to float possible solutions.

In the House, a group of about 40 centrist lawmakers hopes to lead the effort to stabilize the Obamacare exchanges. Called the Problem Solvers caucus, the group includes some moderate congressmen from the New Democrat Coalition and the GOP's Tuesday Group.

Led by Democratic congressmen Tom Reed (N.Y.) and Josh Gottheimer (N.J.), the caucus is primarily focused on continuing to fund the Affordable Care Act's cost-sharing-reduction subsidies (CSR payments), which reduce the significant costs to insurers of covering low-income Americans under Obamacare.

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The bipartisan group also wants to establish a federal stability fund that states could access to reduce premiums for citizens with high-cost medical needs. The moderate

lawmakers hope to alter the employer mandate so that it applies only to companies with over 500 workers, which would relieve the tax burden on small businesses that choose not to provide insurance plans.

The Problem Solvers caucus has also rallied behind a few ideas that have gained bipartisan support in the past, including abolishing the ACA's medical-device tax and expanding states' ability to seek waivers from some of the bill's coverage rules.

On Wednesday, Republican congressman Mark Meadows, chair of the House Freedom Caucus, said health-care reform isn't over. He also said that he has met with the Trump administration to discuss the path forward, and he's confident they can develop a new plan. Meadows was one of the key GOP members to broker the deal for an amendment that enabled the American Health Care Act to pass the House in April.

Over in the Senate, a handful of moderate GOP senators have suggested providing block-grant health-care funding to the states. This proposal was put forth in an amendment last week by GOP senators Lindsey Graham and Bill Cassidy, but it has yet to receive a vote. It would need to be scored by the CBO before a floor vote could take place.

Graham and Cassidy, along with moderate GOP senator Dean Heller

(Nev.), met with Trump on Friday to discuss their plan. The White House, eager to capitalize on any idea to advance reform after last week's debacle, seems intent upon using this plan as a means of gathering momentum for further health-care negotiation.

Meanwhile, Republican senator Lamar Alexander (Tenn.) and Democrat Patty Murray (Wash.) announced Tuesday afternoon that the Senate Health, Education, Labor, and Pensions committee will hold bipartisan hearings throughout September to discuss possible ways to stabilize the ACA marketplaces.

We simply can't afford to give up on health-care reform.

For his part, Trump has threatened to stop doling out CSR payments, apparently with the goal of further exacerbating the problems that already exist on the Obamacare exchanges. Trump seems to believe that further devolution of the exchanges would force lawmakers to implement an immediate health-care solution, but ending CSR payments would almost certainly lead to utter chaos in the insurance markets, making a fix even more difficult.

These efforts, while uncertain and rather uncoordinated, reveal a basic fact: We simply can't afford to give up on health-care reform. The fact that bipartisan cooperation is

emerging only now is shameful; Democrats should have cooperated to begin with. Obamacare reform was always going to be necessary, in one form or another. With earlier Democratic support, it might've been feasible to develop legislation that could fix at least some of the problems with the exchanges *and* garner enough support to be passed into law.

Legislative efforts may be effectively dead for the near future, but as health-care policy expert Avik Roy wrote on the Corner just after the Senate vote failed early Friday:

The GOP cannot simply "move on" and give up on health care. Health care is the biggest driver of our debt and deficit, the biggest driver of growth in government, and one of the biggest drivers of economic insecurity for those in the middle class and below. Take some time to reflect, yes. Come up with a better strategy, yes. But to give up on health-care reform is to give up on everything conservatives stand for.

If nothing else, the evident failures of Obamacare — premium costs constantly on the rise, more insurers fleeing the ACA exchanges across the country, leaving many states with just one or two insurance options on the exchanges — preclude anyone in Washington from giving up on reform for good.

Alexandra DeSanctis

The New York Times Editorial : Capitol Shocker: Democrats and Republicans Start Working Together on Health Care

The Editorial Board

Something unusual and important is happening in Congress: Republicans and Democrats are working together to improve the health care system. And they're doing so in defiance of President Trump, who appears determined to sabotage the Affordable Care Act and the health insurance of millions of people.

This surprising if modest burst of bipartisanship comes just days after the Senate failed to pass a Republican bill to repeal important provisions of the A.C.A., or Obamacare. On Monday 43 members of the House outlined a proposal to strengthen the insurance marketplaces created by the 2010 law. On Tuesday Lamar Alexander and Patty Murray, the

Republican and Democratic leaders of the Senate Health, Education, Labor and Pensions Committee, said they would hold hearings and introduce a bill to cut premiums and encourage insurers to sell policies on the marketplaces for 2018.

It is, of course, impossible to know if such efforts will succeed. Even if they result in legislation, Republican leaders could refuse to bring it to the floor for a vote. Having treated Obamacare as a political piñata for seven years, Republicans might find it hard to actually help the program. Another danger is that Mr. Trump and his health and human services secretary, Tom Price, could try to pre-emptively weaken the marketplaces through administrative measures. Still, it's good to see politicians actually doing their jobs.

The sight of members of both parties working together in the public interest is uplifting, especially after the long partisan campaign to take insurance away from so many Americans.

Contrary to Mr. Trump's tweets, Obamacare is not collapsing. But it needs work, and some insurance markets are in trouble. Insurers have said they will no longer sell policies in 20 counties in Indiana, Nevada and Ohio, and many are proposing to raise premiums because of the uncertainty created by Mr. Trump's threats. Experts say insurers could withdraw from even more counties, especially in rural and suburban areas, if the president sabotages the law.

The biggest fear, one shared by Mr. Alexander and Ms. Murray, is that

Mr. Trump will stop subsidies authorized by the A.C.A. to make health care affordable to low-income people. The government pays these subsidies, about \$7 billion this year, to insurance companies every month. In exchange, the companies reduce the deductibles and co-pays for people who earn between 100 percent and 250 percent of the federal poverty line, or \$12,060 to \$30,150 a year for a single person.

House Republicans sued the Obama administration in 2014, arguing that the payments were illegal because Congress had not explicitly appropriated money for them. A Federal District Court judge ruled in the Republicans' favor, and the case is now on appeal. If Mr. Trump stopped the payments,

insurers say, they would have to increase premiums by about 20 percent. The government would have to bear much of this additional cost, since the A.C.A. also subsidizes premiums for people with incomes between 100 percent and 400 percent of the poverty line. If premiums go up, those subsidies would automatically increase. The Kaiser Family Foundation estimates that if Mr. Trump stopped the

payments to reduce deductibles and co-pays, total government spending would actually increase by \$2.3 billion next year.

The bipartisan groups say their proposals would appropriate money for the subsidy payments, at least temporarily. That would remove the legal threat over the program, and barring a veto by Mr. Trump, would reduce his ability to sabotage the

law. The House group also wants to create a "stability fund" to help insurance companies cover the cost of treating very sick customers. Experts say such reinsurance programs can encourage insurers to sell policies in rural and high-cost areas and help drive down premiums.

A deadline looms; insurance companies will decide in the next

few weeks whether they will sell Obamacare policies in 2018 and what premiums to charge. Congress has an important role to play. It can follow Mr. Trump's lead, and treat Americans' health care as a hostage in a purposeless political battle, or it can stabilize the health care market and help millions of people.

THE WALL STREET JOURNAL

Editorial : The Coming ObamaCare Bailout

The Senate GOP's health failure is a political debacle that will compound for years, and the first predictable fallout is already here: Republicans in Congress are under pressure to bail out the Obama Care exchanges, even as Donald Trump threatens to let them collapse. The GOP needs to get at least some reform in return if it's going to save Democrats and insurers from their own failed policies.

At immediate issue are government payments that insurers receive to offset the costs of mandated benefits and other rules for Affordable Care Act customers. Unlike ObamaCare's tax credits that go directly to consumers, these "cost-sharing" subsidies for insurers aren't a permanent appropriation. That means Congress can decide not to appropriate funds, and it hasn't done so since 2014.

President Obama spent the money anyway, which inspired a lawsuit by the House of Representatives against the White House for usurping its power of the purse. Federal Judge Rosemary Collyer last year issued a potentially landmark ruling that Mr. Obama had exceeded his constitutional power. Paying "reimbursements without an appropriation thus violates the Constitution," Judge Collyer wrote.

The Obama Administration appealed to the

D.C. Circuit Court of Appeals. But the Trump Administration and House Republicans asked that the case be stayed amid Congress's health-care negotiations. Health and Human Services Secretary Tom Price has continued the subsidies in the meantime, and another payment is due this month.

Mr. Trump tweeted over the weekend that he'll stop these payments if Congress gives up on health reform, and he's right for the wrong reason. HHS shouldn't spend the money because Judge Collyer is right that it's illegal to do so. Republicans sued to stop Mr. Obama from violating the law and it's no better if the spender is a Republican President.

While Judge Collyer might be overturned by the liberal D.C. Circuit, the Supreme Court is likely to uphold her careful reading of the law and Article I of the Constitution. The Affordable Care Act authorized the insurer subsidies but subject to an annual appropriation. Congress has enacted many entitlement programs with automatic spending provisions, but it didn't here because it wanted leverage over insurers on an annual basis. If a President can spend the money anyway, then he is co-opting Congress's most important power.

Democrats and even many Republicans want Mr. Trump to continue the subsidies in any case so they don't have to take responsibility for the failing

exchanges. Insurers also want the cash, and is there a worse lobby in Washington? Insurers worked to defeat the GOP's health reform and now they want the same Senators to bail them out. Sometimes we fantasize about endorsing single-payer simply to put the insurers out of business.

Yet the decline of the exchanges is real, and premiums will rise faster with even fewer insurance choices if the cost-sharing subsidies end. Senate Minority Leader Chuck Schumer is demanding that Republicans help him bail out the insurers, and the GOP's Lamar Alexander is ready and willing. Democrats are only too happy to see the GOP prop up ObamaCare, but the debate will divide Republicans, none of whom voted for the law that produced the current mess.

Mr. Schumer is mumbling sweet nothings about "bipartisanship," but his definition of that word is GOP surrender: Bail out insurers, impose price controls on Big Pharma, and that's about it. The Republicans who killed the GOP reform—Susan Collins, John McCain and Lisa Murkowski—will want their own political bailout on similar terms.

But if Mr. Trump and the GOP are going to accept the political pain of rescuing insurers, they ought to get at least some reform in return. Republicans want to pass tax reform, and one demand could be a reduction of the corporate tax rate

to 20%. Keep in mind that Chief Justice John Roberts upheld the constitutionality of ObamaCare as a "tax."

If that's too much for Democrats, then the GOP ought to at least demand the elimination of the employer and individual mandates, both of which are deeply unpopular, and the 2.3% medical-device tax that is merely passed along to consumers and that even Elizabeth Warren has decried.

Mr. Schumer may figure he can bludgeon the GOP into surrender because his press-corps buddies will blame the GOP for rising premiums. Mr. Trump's stupid tweets haven't helped by suggesting that he wants the exchanges to fail. But if Democrats reject any policy compromise, then Republicans will at least have a case to make to voters that Democrats are the reason the exchanges are collapsing.

Republicans put themselves in this political box by failing to reform ObamaCare on their terms. They shouldn't compound the rout by flipping their convictions on the power of the purse or surrendering wholesale to Democrats and insurers. They need to demand that "bipartisan" means both sides get something.

POLITICO GOP clash looms over raising the debt ceiling

By SEUNG MIN KIM and RACHAEL BADE

Republican congressional leaders are quietly preparing to pass a "clean" debt ceiling increase, according to multiple senior GOP sources — setting the stage for a high-risk showdown with rank-and-file Republicans this fall.

Trump administration officials, led by Treasury Secretary Steven Mnuchin, are imploring Congress to raise the \$19.8 trillion debt limit with

no strings attached by the end of September. And Senate Majority Leader Mitch McConnell and Speaker Paul Ryan — well aware they need Democrats to pass any debt bill through the Senate — are on board, albeit begrudgingly so.

Story Continued Below

But beyond the leadership, there are few Republican takers, at least so far. GOP lawmakers in both chambers of Congress are calling for any debt ceiling hike to be accompanied by spending cuts or

fiscal reforms — the same demand they made repeatedly during Barack Obama's two terms.

That means McConnell (R-Ky.) and Ryan (R-Wis.) will have to rely on Democrats and enough moderate Republicans to help them avert a financial catastrophe by Sept. 29, the day Treasury exhausts its borrowing authority and the very last day for Congress to act.

"We shouldn't even play with that. It should just be 'clean,'" said Senate Finance Committee Chairman Orrin

Hatch (R-Utah), who supports McConnell's strategy. "Some conservatives think they can get some programs cut. Well, that's not gonna happen ... We have to pay our bills and anybody who doesn't want to do that doesn't deserve to be here."

Compare that with Sen. James Lankford's take: The Oklahoma Republican flatly responded "no" when asked whether GOP leaders should move a so-called clean debt limit increase.

"You should never have a time that we deal with the debt ceiling that we're not dealing with the reason that we have debt ceilings," Lankford said. "And that's the debt and deficit. So they should always be combined in some way."

Meanwhile, Democrats, who time and again have coughed up votes to allow the GOP to avoid crises, are mulling their own demands with a Republican now in the White House. Some Senate Democrats have floated seeking a reauthorization of health insurance programs for low-income children in return for their support. And House Democrats likewise are considering a play to leverage their own priorities.

The upshot: Congress will return next month from August recess with no clear road map for avoiding the first-ever default on the nation's debt.

McConnell is already privately raising the issue with fellow GOP senators, according to one senior GOP aide. Top Republicans are eager to avoid a repeat of the 2011 standoff between Congress and the Obama White House that led to a downgrade of the nation's sterling credit rating.

Spokesmen for the majority leader declined to comment on McConnell's debt limit strategy. But some other senior Republicans are backing up McConnell, warning lawmakers of the consequences of tangling over the nation's debt limit, particularly with the party controlling all levers of power in Washington.

"We're going to need to raise the debt limit," Senate Majority Whip John Cornyn (R-Texas) said. "We're talking about different options."

One option being considered is to roll a debt ceiling increase into a spending bill that must pass by

Sept. 30 to avoid a federal government shutdown. Moderate Republicans in the House, including Rep. Charlie Dent of Pennsylvania, a leader of the Tuesday Group, have been imploring House leaders to champion such a package as well.

Complicating the task is the fact that Trump administration officials have sent conflicting signals about how they want the debt ceiling to be handled.

Though Mnuchin has been the dominant voice of the administration on this issue, Office of Management and Budget Director Mick Mulvaney earlier this year insisted that spending cuts or other reforms should be part of any debt hike, even as he's indicated Treasury is taking the lead.

Mulvaney took a hard line on the debt ceiling as a member of the House before his elevation to the Cabinet. And his view has plenty of support in Congress.

"If there's ever a good example of kicking the can down the road, it is continually raising the debt ceiling and not dealing with the cause of the debt," said Sen. Steve Daines (R-Mont.). "So it concerns me greatly that it'll just be another punt if we don't do anything, at least some structural reform."

In the House, Ryan and his leadership team are waiting for the Senate to act first. While they have not publicly endorsed a "clean" debt ceiling approach, House GOP leaders are preparing to push whatever the Senate passes and clear it for President Donald Trump's signature.

They know that it's likely to be a straight debt ceiling hike. And some in House leadership are dreading the fight it will spark with the right flank of their conference.

They know they'll have to rely heavily on House Minority Leader Nancy Pelosi (D-Calif.) for votes to pass any deal. All but perhaps a couple dozen moderate-minded House Republicans, leadership sources predict, will vote against a bill raising the nation's borrowing limit without equivalent spending cuts — so Ryan will need every Democrat Pelosi can get.

Democrats don't want to risk defaulting on the debt. But they're also concerned that after offering up their votes to Republicans to clear the debt ceiling hurdle, Republicans will promptly turn around in October and pass tax cuts that could balloon the deficit and disproportionately benefit the wealthy.

So Democrats are waiting for Republicans to reveal their strategy before going public with their own demands.

"You know what? They are in charge. They have a majority in the House and in the Senate and the White House and so they have to make the decisions governing," said Sen. Debbie Stabenow of Michigan, the fourth-ranking Senate Democrat. "We'll work with them but they're gonna have to step up."

The likelihood that House leaders will have to lean on Democrats could undermine Ryan's political standing. Conservatives drove out ex-Speaker John Boehner (R-Ohio) because he sometimes violated a GOP tradition known as the Hastert Rule, which dictates that a "majority of the majority" must support legislation.

Ryan, for the first time, will probably have to break that unofficial agreement. Most of his 240-member conference is expected to oppose a clean debt ceiling bill.

Conservatives in the House Freedom Caucus have made

demands to support a debt increase, including steep cuts to mandatory programs. But GOP leaders under their current strategy will, in essence, ignore conservatives because they can't give them what they want and expect it to clear the Senate's higher, 60-vote threshold.

During an Americans for Prosperity speech Wednesday, Freedom Caucus Chairman Mark Meadows seemed to acknowledge that conservatives would get squeezed. While the North Carolina Republican prefers spending cuts, he said a "clean" increase was also a possibility — and he assured the audience that he wanted no part of the government defaulting on its debts.

"I think that we ought to attach something to it," he said, later adding: "Either that will get done or a clean debt ceiling will get done. We will raise the debt ceiling and there shouldn't be any fear of that."

The headache for Ryan on the debt ceiling, however, won't just be from the Freedom Caucus. Even some Ryan allies have said privately they would never back a clean debt ceiling increase. Many of them campaigned promising to lower, not increase, the debt.

House GOP leaders, however, could receive cover from the White House. And centrist Republicans will also likely go along.

Still, the call for cuts from the base won't be easy to resist for some.

"I wish we could tie things to it," said Sen. Richard Shelby (R-Ala.) "But can we? I don't know."

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The New York Times Trump Keeps His Conservative Movement Allies Closest

Jeremy W. Peters

WASHINGTON — Sometimes he just wants to know how he's doing, like a maître d' checking in after a meal. "How's this playing?" President Trump asked Fox News's Sean Hannity over dinner in the private residence of the White House the other night, a few hours after visiting Wisconsin to announce a deal to create thousands of new factory jobs.

Often he's effusive. "I love you, Jim," Mr. Trump told Jim DeMint, the former Heritage Foundation president, during a small gathering of conservative leaders in the Oval Office in March.

And often he delivers. Tony Perkins, president of the Family Research Council, pressed Mr. Trump for months to make the statement he issued last week saying transgender people would be barred from the military. "I've been to the White House I don't know how many more times in the first six months this year than I was during the entire Bush administration," Mr. Perkins said.

Mr. Trump has strained relations with a lot of people these days — members of his own party in Congress, the 55-plus percent of Americans who say they disapprove of his performance, his attorney general, his recently ousted

communications director and chief of staff. But through all the drama and dismay, one group has never really wavered: the leaders of the conservative movement.

This is no accident. Mr. Trump and members of his administration have spent their first six months in office cultivating and strengthening ties to the movement's key groups and players with a level of attention and care that stands out for a White House that often struggles with the most elementary tasks of politics and governing.

Their outreach extends to groups across the ideological spectrum — small government, tax-averse Tea Party followers; gun owners;

abortion opponents; evangelical Christians and other culturally traditional voters. And it reflects the importance that Mr. Trump and his aides have placed on the movement politics of the right, which they recognize as the one base of support they cannot afford to alienate since conservatives, according to Gallup, are 36 percent of the electorate.

"You want the structures that deliver people, votes and enthusiasm — and he understands that," said Grover Norquist, the veteran anti-tax activist who has been working with White House officials as they develop a tax legislation package.

"Where's Trump been the most solid?" Mr. Norquist asked, listing the range of conservative constituencies the president has prioritized. "Taxes. He's never going to raise taxes. Pro-life, he gets that. Home schoolers, he listens to them. And guns. He's good on guns."

In the last week alone, the White House has given the right plenty to applaud. Besides the transgender order, Mr. Trump announced plans to crack down on Latino gang activity, urging police not to be "too nice" in making arrests. A memo surfaced describing the Justice Department's plan to redirect resources against universities that have affirmative action policies it deems discriminatory to whites.

And on Wednesday, the White House embraced reducing the number of people who can immigrate to the country legally, as one of the president's senior aides ripped into a reporter on live television for revealing his "cosmopolitan bias" by questioning the fairness of the proposal.

In the coming weeks, the president will speak out more on the need to start construction on a border wall and step up pressure on Congress to approve the necessary funding.

Despite his failure to push any of his major agenda items like getting the Affordable Care Act repeal through Congress, the president has remained largely insulated from conservative backlash. His approval rating among conservative Republicans nationally is 89 percent, according to Gallup — almost exactly what it was on Inauguration Day.

Republican strategists who have been looking at private polling in states where Mr. Trump won in November say he continues to outperform his national average among right-leaning voters.

"If you're a conservative Republican voter, who are you more likely to blame, Trump or Mitch McConnell?" asked Frank Cannon, a Republican who advises conservative groups and candidates. "I think that question answers itself."

Kellyanne Conway, the president's counselor who was a pollster and strategist for conservative causes for two decades before joining the Trump campaign last summer, said the goal of the administration has been to bring the movement inside after years in the political wilderness.

"So many of them look at this administration as a rescue mission years in the making," she said. "It's not just about policy but respect. And they just haven't felt respected."

Not that there aren't disagreements. Mr. Perkins was among dozens of conservative activists who signed a letter last week in support of Attorney General Jeff Sessions, who has been subject to ridicule and taunting by Mr. Trump on Twitter.

"To lose his leadership would be disastrous for the president's policy agenda," they wrote.

But Mr. Trump's willingness to grant conservative activists a seat at the table in the way that other Republicans have not has endeared the president to the movement.

"People are becoming increasingly irritated with Republicans on Capitol Hill," said Jenny Beth Martin, co-founder of the Tea Party Patriots, who was also in the Oval Office meeting in March with conservative leaders. Speaker Paul D. Ryan, she added, has yet to ask her group into his office this year.

Ms. Martin recalled reminding Mr. Trump in March that her group had made over two million phone calls

last fall to voters on his behalf "after a certain video came out" — meaning the tape of the president boasting about grabbing women by the genitals. Mr. Trump turned to his chief of staff at the time, Reince Priebus, and ribbed him with a reminder that the speaker, who is Mr. Priebus's friend, had publicly disavowed Mr. Trump at the time and disinvited him from a rally in Wisconsin. Then he turned to Ms. Martin and said, "Thank you, Jenny Beth."

Every Friday afternoon the White House sends an email to movement leaders called "The Trumpet," which lists the latest events and achievements that conservatives might find of interest and asks for their help in promoting the president's policies.

"Please publicly push for tax reform that is simpler and fairer, that provides middle-class tax relief," one email implored last month.

There are small Oval Office gatherings, dinners with the president at the White House, regular strategy sessions with his senior staff, meetings with Vice President Mike Pence in his office and at his Naval Observatory residence.

Mr. Trump does not spare the hyperbole.

"Everyone's talking about you," he said in a voice mail message to Marjorie Dannenfelser, a leading anti-abortion activist, thanking her for her work during his campaign. "The job you did was incredible. Sort of record-setting."

Mr. Perkins, who serves as pastor of a Louisiana church, said he is besieged with congregants who tell him they are standing by the president.

"There's not a Sunday that goes by that I don't have people in the

congregation that will grab me," Mr. Perkins said, "and say, 'How's the president doing? Did you see him this week? I'm praying for him every day and I'm just so angry at the media and how they're attacking him.'"

Mr. Trump frequently reminds conservative leaders that he received 81 percent of the white Evangelical vote — adding, for good measure, that it was a "historic" number. He calls them "my people" and thanks them for their friendship.

"You are my friends, believe me," he assured the audience at the National Rifle Association's annual leadership forum in April, becoming the first sitting president since Reagan to address the gathering.

Ms. Dannenfelser, the anti-abortion activist who leads the Susan B. Anthony List, said that a level of trust has built up between the movement and Mr. Trump, despite early misgivings, as it became clear to them that his allegiance was not fleeting.

"He's comfortable with us because we have a deal that works," she said. "He's withstood all these pressures close to him. And I think that's because this is who he is, and how he wants to do politics."

Ms. Martin, the Tea Party activist, was in Washington last week during a last-ditch lobbying effort to pass the doomed Affordable Care Act repeal.

Before she headed off to Capitol Hill for the day, she read from a letter she had recently received from a retired Army nurse from Ohio. "They are doing everything they can to make our president look bad," the letter said. "Everything they are doing will backfire on them in due time."



Editorial : Why Congress is ignoring Trump

August 2, 2017

—Is President Trump evolving into a figurehead, increasingly ignored by Congress and even some members of his own executive branch of government?

Mr. Trump retains enormous direct powers — he can deploy troops, negotiate treaties, and issue executive orders. But his record is mixed at best on the larger, more complex aspects of presidential authority, which involve developing and helping to pass legislation, or lobbying the nation directly via the bully pulpit of the Oval Office.

Following the collapse of the latest attempt to repeal Obamacare in the

Senate, a few administration critics have begun resorting to the "w" word — "weak." There's still time to turn things around for the Trump presidency, but it is already getting late, and many angry and incorrect tweets have flowed under the metaphorical bridge. A powerful and competent chief of staff, if that's what new hire John Kelly becomes, would be a good start, says political scientist Matt Glassman.

"A fair amount of damage is done ... but Clinton '94 is a good road map for DJT: recognize weaknesses, bring in the right people," says Mr. Glassman in a response to a reporter's inquiry on social media.

Trump supporters think that if the president has fallen short of his goals it is due to the animosity of establishment Washington. The failure of Obamacare repeal lies with GOP leadership, in their view. Tax reform is still to come, and the stock market is booming. Maybe the president isn't a policy wonk, but so what? That's what he has staff for. Trump is a different kind of politician, to his voters, one who threatens incumbents.

Pushback from Congress ...

But to see why some political scientists would call Trump ineffective, look at what's happening in Congress this week. The

president has railed on Twitter that Senators will be "quitters" if they don't redouble efforts to repeal Obamacare. His budget director has said that the Senate shouldn't vote on anything else until they vote again on health care.

Senators are apparently treating those words as empty threats. Majority leader Mitch McConnell has outlined legislative plans leading up to the August recess, and health care isn't in them.

Then there's the Russia sanctions bill. In a statement, Trump excoriated that legislation on Wednesday as partially unconstitutional. Yet as he did so,

he signed it into law. He effectively had no choice, since it passed the House and Senate with large majorities, which could have overridden a presidential veto.

Asked Wednesday about Trump's criticisms of the sanctions law, Sen. Bob Corker (R) of Tennessee, chair of the Senate Foreign Relations Committee, answered simply, "that's fine."

Pressed by a reporter on the president's complaint that the sanctions law infringed on executive branch authority, Senator Corker, by now in an elevator, just shrugged his shoulders as the doors closed, ending the conversation.

... and from executive agencies

Nor are lawmakers the only officials in Washington contradicting the president. The same thing's happening with the president's own executive branch.

Last week the Department of Defense was put in an awkward position, and explained that

transgender soldiers have not been banned from the military, as Trump had tweeted. Or at least, not yet — the White House still must draw up orders and the military must figure out how to carry them out before that happens.

As Jack Goldsmith, a Harvard Law School professor, points out on the blog Lawfare, one of the most remarkable aspects of the entire Trump presidency has been the extent to which senior officials treat Trump as if he were not chief executive.

They regularly contradict his statements, whether it is UN Ambassador Nikki Haley saying that the US "absolutely" supports a two-state solution in the Israeli-Palestinian dispute, to the many top security officials who have testified there is no evidence that President Barack Obama directed wiretapping of Trump in Trump Tower, as Trump charged.

Meanwhile, Secretary of Defense Jim Mattis has been quietly

reassuring allies that Trump is not in fact rejecting NATO's common defense, as he sometimes seems to do.

Overall, Trump is not a figurehead in the sense of being a stand-in for someone else, so much as someone who does not seem to understand the requirements of being president, says George Edwards III, a professor of presidential studies at Texas A&M University. He seems to view his job as primarily selling things, not helping develop legislation or even contributing core ideas much beyond a few key points, such as building a southern wall.

"We've got a very ill-informed, impulsive guy as president of the United States. He knows less about public policy than maybe any president ever," says Professor Edwards.

He's not weak in terms of using his hard power, such as rolling back Obama-era regulations, or deporting immigrants here illegally,

according to Edwards. But he's weak in regards to dealing with the other branches of the US government and the complex structure of powers woven by the Constitution.

"He's weak more with Congress and the public," says Edwards.

His job-approval polls aren't good. The FiveThirtyEight poll aggregator has him at 37 percent approval and 57.5 percent disapproval, its worst numbers for him yet.

As Glassman notes, Trump's presidency is far from failed — both Jimmy Carter and Bill Clinton suffered through difficult periods in terms of congressional interaction and public approval. But in one thing at least Trump is right: a few big wins of some sort on legislation would probably help.

Staff writer Francine Kiefer contributed reporting from Capitol Hill.

THE WALL STREET JOURNAL

Rove : Kelly's Boot Camp for Presidential Aides

Karl Rove

John Kelly has injected some Marine discipline into a chaotic White House—for a few days, at least. Sworn in Monday as chief of staff, Mr. Kelly immediately cashiered the communications director Anthony Scaramucci, told other senior aides that they report to him, and curtailed Oval Office walk-in privileges. If he hadn't taken these actions to reduce conflict, friction and end-runs in the West Wing, the retired general would have been neutered from the start.

But how long this new tone will endure is unclear, given Donald Trump's mercurial moods. Will Mr. Trump resist Mr. Kelly's efforts to impose order? Or will Mr. Trump realize that a strong chief of staff reflects a strong president, much as James Baker's service revealed Ronald Reagan's confident leadership?

There are many methods Team Trump might use to repair the early damage to the administration, some of which would work better than others. One not-so-promising approach would be appealing to the party loyalty of congressional Republicans—an idea Mr. Trump raised in his recent address to the Boy Scouts. "As the scout law says, a scout is trustworthy, loyal," Mr. Trump said. "We could use some more loyalty, I will tell you that."

But Mr. Trump, having not been a paragon of partisan fealty, is hardly in a position to insist on it now. He was a registered Democrat or independent for most of his life. Before running for president some of his largest political contributions went to help elect Nancy Pelosi speaker in 2006. He later said his only criticism of her performance was that she hadn't done enough to impeach President George W. Bush, whom Mr. Trump opposed in 2004 while supporting John Kerry.

Most congressional Republicans don't believe they owe Mr. Trump. No matter how much they welcomed his victory, many feel they pulled him into office, not the other way around. Of the 22 Republican senators elected last fall, only five trailed Mr. Trump in their states. To its chagrin, the left-wing Daily Kos found only 34 of the 241 victorious Republican congressmen didn't get more of the vote than Mr. Trump.

The absence of a close relationship between the White House and Republican congressional leaders creates another challenge. Some White House aides and outside allies have aimed to disrupt or even oust the GOP's House and Senate leadership. Mr. Kelly should restrain these impulses during the coming battles over tax reform, the budget, the debt ceiling, infrastructure and—possibly—health care again. "A

drop of honey catches more flies than a gallon of gall," as Lincoln put it.

Mr. Kelly's challenge is to help Mr. Trump win support the old-fashioned way: by making a substantive case that the president's policies are good for America. This requires strengthening the White House policy-making apparatus. Top advisers must not only frame good decisions for the president, but should also arm him and his supporters with arguments, talking points, rebuttals, fact sheets, story lines and examples of people who will be helped by his policies.

Putting an emphasis on substance will also require focusing the president's voice. Discipline is not one of Mr. Trump's strengths. Mr. Kelly must make it one. The president won't persuade Congress and American voters to back his agenda unless he makes his case consistently, without skittering from issue to controversy and back again. There should be more set-piece speeches spelling out policies in a sustained fashion and fewer tweets attacking fellow Republicans or cabinet members.

The chief of staff should name a key lieutenant to replace Mr. Scaramucci. This new communications director would work closely with colleagues across the administration, allies on Capitol

Hill, and outside groups to organize support for Mr. Trump's initiatives. The strategy must employ every available means to transmit the White House's message—from tweets, to cable, print and digital media, to town halls and Oval Office addresses. So far the administration's communications strategy has been nonexistent.

Mr. Kelly is a decorated combat commander, but he is also a veteran of Washington's political wars. He completed tours as the Marine liaison officer to the House, assistant to the Supreme Allied Commander of Europe, legislative assistant to the Marine Commandant and senior military assistant to two defense secretaries, Robert Gates and Leon Panetta. This experience should serve him and the president well in the tough battles ahead.

The first six months of the Trump presidency have been marked by chaos, and the administration cannot survive another six months of the same. Mr. Kelly has the skills to help the president turn things around. The question is whether Mr. Trump will empower him to do so.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).



D'Antonio : This is Trump in panic mode

Michael D'Antonio

(CNN)President Trump's turn toward a general who radiates a calm sense of command signals he is truly distressed. North Korea's missile tests, massive legislative failures and record-low poll numbers would rattle anyone, but must surely be worse for a man whose constant claims to confidence and success suggest that he is, in fact, deeply conflicted about his own competence.

In addition, for a man who prizes loyalty and surrounds himself with family instead of those with policy expertise, Donald Trump's elevation of John Kelly to a position in which

Ivanka Trump and Jared Kushner

will report to him instead of directly to the President further speaks to a sense of inner panic. A respected Marine Corps general, Kelly is expected to bring order to a White House that is perhaps the most chaotic and dysfunctional in history but is so burdened by infighting and intrigue that officials generally avoid uttering obvious truths, except when they leak to reporters.

Given his limited public persona, on the other hand -- which consists of little more than brags, insults and crude observations -- Donald Trump's true moods and motives can be difficult to discern. Trump can seem like a human sound system with the volume set so high every note just sounds like noise.

With so much dissonance, one bizarre week in the Trump presidency can

blend into another and eventually they all seem the same. They are not. Last week stands apart: sexual innuendo in a speech to Boy Scouts, urging police to rough up suspects, suddenly barring military service for transgender Americans, revolving-door turmoil in the West Wing. It all points to a President/performer who knows he is losing his audience and can't figure out how to give them what they want.

When pressed to the edge of panic, Trump will modify his behavior. In the 1990s, for example, he became a quieter, less braggadocious Trump when his casinos went bankrupt and his airline business failed. The first sign that Trump was in panic mode last week came as he brought Anthony Scaramucci onto the stage, naming him White House communications chief. In Italian theater, a scaramuccia is a menacing court jester who inevitably falls from grace and Trump's jester fit the archetype perfectly, ousting

Sean Spicer

and Reince Priebus before -- in a stunning bit of political theater, "The Mooch" and his profane, on-the-record tirade became a bigger laughingstock than the men at whom he had aimed his blade.

Spicer

and Priebus were easy prey because the dramatist (read President) had introduced them to us as characters who would inevitably be killed off.

As Priebus and Spicer were humiliated and driven away, you could almost hear the snickers in the audience. The dismissal of the preening Scaramucci, on the other hand, came with the power of a lightning strike. Then, as the smoke cleared, the world could see the figure of John Kelly, the new chief of staff. The President's affection for military men was noted during the 2016 campaign, when he talked about

Gen. George "Blood and Guts" Patton

as if he were a perfect hero and not the troublesome brute whom Eisenhower called a "problem child." However, the President's fascination with

strong military men

goes back much further and is far more primal.

As an unruly boy, Trump was suddenly sent away by his father to attend a military school renowned for its harsh discipline. (As he told me, it was the kind of place where the grown men in uniforms "smacked you around.") At the academy, Trump adopted a barking World War II veteran named Theodore Dobias as a substitute father. As Dobias once recalled for me, Trump was "the most manipulative" boy he ever encountered and through his wheedling and pleasing, got everything he wanted. Before he was finished, Trump was marching down Fifth Avenue in Manhattan, sun glistening off the brass of his uniform, at the head of the corps marching in the Columbus Day parade.

Although young Trump escaped serving through a series of academic and medical deferments, the President was so enamored of the military style that 50 years later, he would speak lovingly to me of Brasso polish and spit-shined shoes. As Kelly takes charge, he doesn't need to show up in a uniform bedecked with medals to keep the President's admiration and support. As Trump accepted Kelly's demand that his buddy

Scaramucci be dismissed

, he demonstrated he is willing to give the general what he wants, including respect -- and, perhaps the obedience of his own children, in exchange for his leadership.

As he sets to work, Kelly for his part will undoubtedly seek to end the deception and bumbling that have characterized the White House under a President whose impulse is to deny and distort whatever facts displease him. Kelly no doubt considers this work an act of public service for a country which, under President Trump, is fast losing credibility around the world.

His biggest challenge resides in the fact that most of the turmoil can be traced to a President who is, himself, undisciplined. The good news is that Trump has allowed himself to be controlled by military men in the past. However, any hope in this history must be tempered with the fact that the panicking President does not wear integrity well and can be expected to revert to chaos as soon as he feels comfortable again.



Editorial : Trump's war on legal immigration would cripple the economy

PRESIDENT TRUMP says accelerating the United States' economic growth is one of his administration's most cherished goals. On Wednesday, he embraced a legislative overhaul to the immigration system that, if enacted, would make that goal unattainable.

Mr. Trump endorsed a bill sponsored by a pair of conservative Republican senators, Tom Cotton of Arkansas and David Perdue of Georgia, that would reduce legal immigration by about half over a decade, a shift that a broad consensus of economists believe would sap the nation's economic vitality. It would slash the number of immigrants granted green cards for legal permanent residence to about

540,000 annually from the current level of roughly 1 million.

The legislation would achieve that chiefly by eliminating green cards granted to siblings and grown children of current immigrants and green-card holders — so-called chain migration — while holding steady the number of green cards based on job skills. Those employment-based immigrants would be selected according to a points system that would favor English speakers with higher levels of education and high-paying job offers. So much for the tired, poor, huddled masses for whom the Statue of Liberty stands as a beacon.

The best conversations on The Washington Post

Halving the number of legal immigrants would deprive an array of businesses of oxygen in the form of labor — exactly the opposite strategy required for growth in an economy where productivity is stagnant and unemployment is extremely low. By drastically constricting the supply of legal immigrants, Mr. Trump's program would also sharply intensify the demand for undocumented immigrants, for whom no wall would be an effective deterrent.

In economic terms, therefore, the legislation makes little sense, which explains why Stephen Miller, the White House senior adviser for

policy, repeatedly justified it by saying that ordinary Americans would support it in a poll. (Mr. Miller also made a point of mentioning that the poem summoning the tired, huddled masses to America was not on the original Statue of Liberty but added later. Touché!)

Stephen Miller, President Trump's senior policy adviser, was questioned about the statistics behind Trump's new immigration policy on Aug. 2. Stephen Miller, President Trump's senior policy adviser, says Trump supports curbing legal immigration to show "compassion" for "American workers." (Reuters)

(Reuters)

Mr. Miller is correct that as a percentage of the country's population, foreign-born residents are near their highest level in almost a century. That stark fact is a major cause of the nativist, anti-immigration backlash that helped propel Mr. Trump's candidacy and that sustains the hard core of his political base even after a calamitous first six months in office.

Yet with the U.S. birthrate at a historic low, and baby boomers starting to retire, it is a simple truth that the United States will need an infusion of immigrant labor to maintain economic growth, let alone expand it. To bar immigrants while the birthrate dips is to emulate Japan, whose own fading economic prospects are a direct result of

precisely such conditions and policies.

The bill's sponsors ignore Japan while citing Canada and Australia as models of the merit-based immigration system envisioned by the legislation. In fact, in per capita terms the United States already admits less than half the number of annual immigrants let in by both Canada and Australia. While fresh

immigrants do depress wages for some low-skill and minority workers, as Mr. Trump argued, they act as rocket fuel for the overall economy. By cutting their numbers, Mr. Trump would undercut the nation's prospects.

**The
Washington
Post**

Trump, GOP senators introduce bill to slash legal immigration levels (UNE)

President Trump announced the Reforming American Immigration for Strong Employment (RAISE) Act on Aug. 2, which aims to cut immigration by half from the current level of more than 1 million green cards granted per year. (The Washington Post)

President Trump on Wednesday endorsed a new bill in the Senate aimed at slashing legal immigration levels in half over a decade, a potentially profound change to policies that have been in place for more than half a century.

Trump appeared with Republican Sens. Tom Cotton (Ark.) and David Perdue (Ga.) at the White House to unveil a modified version of a bill the senators first introduced in February to create a "merit-based" immigration system that would put a greater emphasis on the job skills of foreigners over their ties to family in the United States.

The legislation seeks to reduce the annual distribution of green cards awarding permanent legal residence to just over 500,000 from more than 1 million. Trump promised on the campaign trail to take a harder line on immigration, arguing that the growth in new arrivals had harmed job opportunities for American workers.

[Fact Checker: President Trump's claim that illegal immigration went up under past administrations]

"Among those who have been hit hardest in recent years are immigrants and minority workers competing for jobs against brand-new arrivals," said Trump, flanked by the senators in the Roosevelt Room. "It has not been fair to our people, our citizens and our workers."

White House senior policy adviser Stephen Miller spoke about the president's proposal to reduce immigration at the daily press briefing on August 2. White House senior policy adviser Stephen Miller spoke about the president's proposal to reduce immigration at the daily press briefing on August 2. (Reuters)

White House senior policy adviser Stephen Miller spoke about the president's proposal to reduce immigration at the daily press briefing on August 2. (Reuters)

The bill faces dim prospects in the Senate, where Republicans hold a narrow majority and would have difficulty reaching 60 votes to fend off a filibuster. But the president's event came as the White House sought to move past a major political defeat on repealing the Affordable Care Act by pivoting to issues that resonate with Trump's core supporters.

Meanwhile, the Justice Department has begun laying the groundwork to potentially bring legal challenges against universities over admissions policies that could be deemed to discriminate against white students.

Trump's critics accused the administration of pursuing policies that would harm immigrants and racial minority groups.

"This offensive plan ... is nothing but a series of nativist talking points and regurgitated campaign rhetoric that completely fails to move our nation forward toward real reform," Sen. Richard Blumenthal (D-Conn.) said in a statement.

Angelica Salas, executive director of the Coalition for Humane Immigrant Rights, predicted that the bill would not go far in Congress and called it "red meat to Donald Trump's base."

Despite criticism, a federal program that awards U.S. permanent residency to foreigners through a lottery has been around for almost 30 years. This is how the lottery works. Despite criticism, a program that awards U.S. permanent residency through a lottery has been around for almost 30 years. (Claritza Jimenez/The Washington Post)

Despite criticism, a federal program that awards U.S. permanent residency to foreigners through a lottery has been around for almost 30 years. This is how the lottery

works. (Claritza Jimenez/The Washington Post)

Trump had met twice previously at the White House with Cotton and Perdue to discuss the details of their legislation, which is titled the Reforming American Immigration for Strong Employment (Raise) Act. Their proposal calls for reductions to family-based immigration programs, cutting off avenues for the siblings and adult children of U.S. citizens and legal permanent residents to apply for green cards. Minor children and spouses would still be able to apply.

The bill would create a point system based on factors such as English ability, education levels and job skills to rank applicants for the 140,000 employment-based green cards distributed annually.

In addition, the senators propose to cap annual refugee admissions at 50,000 and to end a visa diversity lottery that has awarded 50,000 green cards a year, mostly to applicants from African nations.

Cotton said that while some might view the current immigration system as a "symbol of America's virtue and generosity," he sees it "as a symbol we're not committed to working-class Americans and we need to change that."

The number of legal immigrants has grown rapidly since 1965, when lawmakers eased restrictionist laws that had been in place for four decades that largely shut down immigration from Asia, Africa and Eastern Europe.

Trump's chief policy aide, Stephen Miller, argued that the system has grown unwieldy, flooding the country with low-skilled workers who drive down wages for Americans of all racial backgrounds, including other immigrants who are already here.

Miller sparred with a reporter Wednesday at the daily White House briefing over the symbolism of the Statue of Liberty. He argued that the famous poem by Emma Lazarus was "added later" and thus

did not define the U.S. immigration system as offering protection to the "poor" and "huddled masses."

"If you look at the history of immigration, it actually ebbed and flowed," Miller said. "There were periods of large waves followed by periods of less immigration."

The legislation was quickly denounced by congressional Democrats, including the Congressional Hispanic Caucus, and immigrant rights groups. It is also likely to face resistance from some business leaders and moderate Republicans in states with large immigrant populations.

Opponents of the bill said that immigrants help boost the economy and that studies have shown they commit crimes at lower levels than do native-born Americans.

"This is just a fundamental restructuring of our immigration system which has huge implications for the future," said Kevin Appleby, the senior director of international migration policy for the Center for Migration Studies. "This is part of a broader strategy by this administration to rid the country of low-skilled immigrants they don't favor in favor of immigrants in their image."

Perdue and Cotton said their proposal is modeled after "merit-based" immigration systems in Canada and Australia that also use point systems. But those countries admit more than twice the number of immigrants to their countries as the United States does now when judged as a percentage of overall population levels.

"Just because you have a PhD doesn't mean you're necessarily more valuable to the U.S. economy," said Stuart Anderson, executive director of the National Foundation for American Policy. "The best indication of whether a person is employable is if someone wants to hire them."

Local Politics Alerts

Breaking news about local government in D.C., Md., Va.

Alex Nowrasteh, an immigration policy analyst at the Cato Institute, wrote that the bill "would do nothing to boost skilled immigration and it will only increase the proportion of employment-based green cards by cutting other green cards. Saying

otherwise is grossly deceptive marketing."

Cuts to legal immigration levels, including some of the same groups targeted in the Cotton-Perdue bill, were included in a comprehensive immigration bill in 2013 that was backed by President Barack Obama and approved on a bipartisan basis in the Senate.

But that bill, which died in the GOP-controlled House, would have offered a path to citizenship to an estimated 8 million immigrants living in the country illegally and cleared a green-card waiting list of 4 million foreigners.

Groups that favor stricter immigration policies hailed the legislation as a step in the right direction. Roy Beck, president of

NumbersUSA, said the Raise Act "will do more than any other action to fulfill President Trump's promises as a candidate to create an immigration system that puts the interests of American workers first."

The New York Times Trump Supports Plan to Cut Legal Immigration by Half

Peter Baker

WASHINGTON — President Trump embraced a proposal on Wednesday to slash legal immigration to the United States in half within a decade by sharply curtailing the ability of American citizens and legal residents to bring family members into the country.

The plan would enact the most far-reaching changes to the system of legal immigration in decades and represents the president's latest effort to stem the flow of newcomers to the United States. Since taking office, he has barred many visitors from select Muslim-majority countries, limited the influx of refugees, increased immigration arrests and pressed to build a wall along the southern border.

In asking Congress to curb legal immigration, Mr. Trump intensified a debate about national identity, economic growth, worker fairness and American values that animated his campaign last year. Critics said the proposal would undercut the fundamental vision of the United States as a haven for the poor and huddled masses, while the president and his allies said the country had taken in too many low-skilled immigrants for too long to the detriment of American workers.

"This legislation will not only restore our competitive edge in the 21st century, but it will restore the sacred bonds of trust between America and its citizens," Mr. Trump said at a White House event alongside two Republican senators sponsoring the bill. "This legislation demonstrates our compassion for struggling American families who deserve an immigration system that puts their needs first and that puts America first."

In throwing his weight behind a bill, Mr. Trump added one more long-odds priority to a legislative agenda already packed with them in the wake of the defeat of legislation to repeal and replace President Barack Obama's health care program. The president has already vowed to overhaul the tax code and rebuild the nation's roads, airports and other infrastructure.

But by endorsing legal immigration cuts, a move he has long supported, Mr. Trump returned to a theme that has defined his short political career and excites his conservative base at a time when his poll numbers continue to sink. Just 33 percent of Americans approved of his performance in the latest Quinnipiac University survey, the lowest rating of his presidency, and down from 40 percent a month ago.

Democrats and some Republicans quickly criticized the move. "Instead of catching criminals, Trump wants to tear apart communities and punish immigrant families that are making valuable contributions to our economy," said Tom Perez, the chairman of the Democratic National Committee. "That's not what America stands for."

The bill, sponsored by Senators Tom Cotton of Arkansas and David Perdue of Georgia, would institute a merit-based system to determine who is admitted to the country and granted legal residency green cards, favoring applicants based on skills, education and language ability rather than relations with people already here. The proposal revives an idea included in broader immigration legislation supported by President George W. Bush that died in 2007.

More than one million people are granted legal residency each year, and the proposal would reduce that by 41 percent in its first year and 50 percent by its 10th year, according to projections cited by its sponsors. The reductions would come largely from those brought in through family connections. The number of immigrants granted legal residency on the basis of job skills, about 140,000, would remain roughly the same.

Under the current system, most legal immigrants are admitted to the United States based on family ties. American citizens can sponsor spouses, parents and minor children for an unrestricted number of visas, while siblings and adult children are given preferences for a limited number of visas available to them. Legal permanent residents

holding green cards can also sponsor spouses and children.

In 2014, 64 percent of immigrants admitted with legal residency were immediate relatives of American citizens or sponsored by family members. Just 15 percent entered through employment-based preferences, according to the Migration Policy Institute, an independent research organization. But that does not mean that those who came in on family ties were necessarily low skilled or uneducated.

The legislation would award points based on education, ability to speak English, high-paying job offers, age, record of achievement and entrepreneurial initiative. But while it would still allow spouses and minor children of Americans and legal residents to come in, it would eliminate preferences for other relatives, like siblings and adult children. The bill would create a renewable temporary visa for older-adult parents who come for caretaking purposes.

Stephen Miller Jousts With Reporters Over Immigration

Exchanges between the senior White House adviser and Glenn Thrush of The New York Times and Jim Acosta of CNN became combative at a news briefing on Wednesday.

By THE NEW YORK TIMES on August 2, 2017. Photo by Doug Mills/The New York Times. Watch in Times Video »

The legislation would limit refugees offered permanent residency to 50,000 a year and eliminate a diversity visa lottery that the sponsors said does not promote diversity. The senators said their bill was meant to emulate systems in Canada and Australia.

The projections cited by the sponsors said legal immigration would decrease to 637,960 after a year and to 539,958 after a decade.

"Our current system does not work," Mr. Perdue said. "It keeps America from being competitive and it does not meet the needs of our economy today."

Mr. Cotton said low-skilled immigrants pushed down wages for those who worked with their hands. "For some people, they may think that that's a symbol of America's virtue and generosity," he said. "I think it's a symbol that we're not committed to working-class Americans, and we need to change that."

But Senator Lindsey Graham, Republican of South Carolina, noted that agriculture and tourism were his state's top two industries. "If this proposal were to become law, it would be devastating to our state's economy, which relies on this immigrant work force," he said. "Hotels, restaurants, golf courses and farmers," he added, "will tell you this proposal to cut legal immigration in half would put their business in peril."

Cutting legal immigration would make it harder for Mr. Trump to reach the stronger economic growth that he has promised. Bringing in more workers, especially during a time of low unemployment, increases the size of an economy. Critics said the plan would result in labor shortages, especially in lower-wage jobs that many Americans do not want.

The National Immigration Forum, an advocacy group, said the country was already facing a work force gap of 7.5 million jobs by 2020. "Cutting legal immigration for the sake of curbing immigration would cause irreparable harm to the American worker and their family," said Ali Noorani, the group's executive director.

Surveys show most Americans believe legal immigration benefits the country. In a Gallup poll in January, 41 percent of Americans were satisfied with the overall level of immigration, 11 percentage points higher than the year before and the highest since the question was first asked in 2001. Still, 53 percent of Americans remained dissatisfied.

The plan endorsed by Mr. Trump generated a fiery exchange at the White House briefing when Stephen Miller, the president's policy adviser and a longtime advocate of

immigration limits, defended the proposal. Pressed for statistics to back up claims that immigration was costing Americans jobs, he cited several studies that have been debated by experts.

"But let's also use common sense here, folks," Mr. Miller said. "At the end of the day, why do special interests want to bring in more low-skill workers?"

THE WALL STREET JOURNAL

Ted Mann and
Laura Meckler

WASHINGTON—President Donald Trump on Wednesday embraced a Senate proposal to cut the number of green cards issued annually by half, as part of his drive to reduce legal as well as illegal immigration into the U.S.

The measure, sponsored by Republican Sens. Tom Cotton of Arkansas and David Perdue of Georgia, would maintain the existing number of employment-based green cards issued each year, but would sharply reduce immigration based on family ties, and it would end a lottery that gives people from underrepresented countries a chance to emigrate to the U.S.

The issue divides Republicans. Those from the party's pro-business wing generally support increased immigration, while others say newcomers provide unfair competition for U.S. workers. Mr. Trump's presidential campaign advanced the second argument.

Mr. Trump met Wednesday morning in the Roosevelt Room of the White House with the two senators, giving the bill introduction—often a sleepy affair—a high-profile platform.

The bill would replace the existing system with an application process prioritizing high-skilled workers, English speakers and newcomers who are financially stable enough to avoid relying on the welfare system, Mr. Trump said. It would reallocate the 140,000 green cards currently available based on employment.

The bill also would deny green cards, also known as legal permanent residence permits, to some who are now eligible, including the adult children and extended family of current green-card holders.

He rejected the argument that immigration policy should also be based on compassion. "Maybe it's time we had compassion for American workers," he said.

When a reporter read him some of the words from the Statue of Liberty — "Give me your tired, your poor, your huddled masses yearning to breathe free" — Mr. Miller dismissed them. "The poem that

"For decades, the U.S. has operated a very low-skilled immigration system," Mr. Trump said. "It has not been fair to our people, to our citizens, to our workers."

The president added, "This competitive application process will favor applicants who can speak English, financially support themselves and their families, and demonstrate skills that will contribute to our economy."

The U.S. issues about a million green cards a year under current law. About two-thirds of those are issued to people with family ties to individuals already in the U.S., and fewer than one-fifth of the total are employment-based. The rest are issued via lottery, to refugees and on other grounds.

A Cotton aide said the sponsors estimate the legislation would decrease overall immigration to about 638,000 in its first year—a 41% drop—and to about 540,000 by its 10th year—a 50% reduction.

The proposal is unlikely to advance. An earlier version of the bill, introduced in February, didn't attract broad support. This type of legislation needs 60 votes to surmount a filibuster, with Democrats and some Senate Republicans likely opposed. Many lawmakers support the family-based immigration rules, which aid those already in the country who want to bring loved ones to the U.S.

Messrs. Perdue and Cotton say their proposal would boost the wages of the working-class Americans by restricting migration of low-skilled workers and prioritizing those with advanced skills, similar to systems in place in Australia and Canada.

The proposal is "proven to work," Mr. Perdue said. "This is not an experiment."

you're referring to was added later," he said. "It's not actually part of the original Statue of Liberty."

He noted that in 1970, the United States allowed in only a third as many legal immigrants as it now does: "Was that violating or not violating the Statue of Liberty law of the land?"

Correction: August 2, 2017

Australia's and Canada's systems offer a greater proportion of admissions based on employment than the U.S. does.

Many economists and business interests argue that immigration provides a net benefit to the American economy and have urged the administration not to introduce new barriers to migrants seeking to enter the country legally.

The bill would give the immediate family members of U.S. residents priority in seeking to emigrate to the country, including spouses and minor children. But it would end that preference for adult children and extended family members.

The bill also would eliminate the existing Diversity Visa lottery system, a lottery by which people from underrepresented countries can win green cards. It would also limit the number of permanent resident permits issued to refugees to 50,000 a year, well below the numbers admitted in the final years of the Obama administration. Sponsors say that the lower limit is in line with the average number of refugees granted residency over the past 13 years.

Speaking to reporters in the Roosevelt Room, as aides looked on, Mr. Trump called the bill "the most significant reform to our immigration system in half a century." Trump strategist Steve Bannon, a driver of Mr. Trump's "America first" agenda, was among those in attendance.

Mr. Cotton struck a different tone a few minutes later outside the White House. "We're not trying to boil the ocean here," he said, in response to questions about the likelihood that the bill could become law. The proposal to curb green cards is a "relatively modest, incremental step," Mr. Cotton said.

An earlier version of this article misstated part of President Trump's effort to stem the flow of immigrants into the United States. He has increased immigration arrests, not deportations.

Trump Pushes Bill to Cut Number of Green Cards Issued by Half (UNE)

A White House aide defended the administration's proposal in a combative briefing with reporters Wednesday afternoon, denouncing questions about whether the proposal would undermine the U.S.'s historical role as a destination for people in need. The aide, Stephen Miller, is a longtime proponent of a reduction in immigration who previously worked for Attorney General Jeff Sessions when Mr. Sessions served as a senator from Alabama.

"Maybe it's time we had compassion for American workers," Mr. Miller said in response to a reporter who asked for evidence that immigration was depressing American workers' wages.

Opponents of the measure said the bill would undermine the compassion that some see as central to the U.S. immigration system, and pointed to the pro-immigration views of many economists.

Jeremy Robbins, executive director of the advocacy group New American Economy, said his group supports more merit-based immigration but not a reduction in other types. "The notion that...you need to dramatically reduce low-skilled immigration is not only unsupported by economics, it's contradicted by it," he said.

Anti-immigration organizations praised the bill on Wednesday. The proposal "will do more than any other action to fulfill President Trump's promises as a candidate to create an immigration system that puts the interests of American workers first," said Roy Beck, president of NumbersUSA, which supports reduced immigration, in a written statement.

The New York Times

Wall Street, Climbing Sharply, Skips Washington's 'Soap Opera'

Nelson D. Schwartz — Despite the disorder in Washington with a revolving door at the White House and roadblocks on Capitol

Hill — Wall Street and corporate America are booming.

The disconnect was evident Wednesday, as the Dow Jones industrial average passed the 22,000 mark, a new high. At the

same time, blue chips like Apple, Caterpillar and U.S. Steel have all reported strong earnings in recent weeks that surpassed analysts' forecasts.

"None of the soap opera in Washington matters," said Frank Sullivan, chief executive of RPM International, a Cleveland-based maker of specialty coatings and sealants like Rust-Oleum. "Nobody in business cares about who talked to who in Russia."

What does matter, Mr. Sullivan said, is stronger global demand in heavy industries like mining and oil and gas, a weaker dollar that helps exporters, and a lighter regulatory touch by the new administration.

The initial stock market rally that followed Mr. Trump's victory in November — the so-called Trump bump — was fueled by optimism among investors that long-sought action on tax reform and infrastructure spending might finally be at hand.

Few analysts are so sanguine now, especially after Republicans could not agree last month on how to repeal the Affordable Care Act, after years of promising to do so. If anything, simplifying the tax code or investing in new roads and bridges seems farther out of reach than ever.

But a market surge based on political hopes has been replaced by one more firmly grounded in the financial realm.

Besides steady economic growth or less regulation, investors also have been encouraged by the loose reins of central banks like the Federal Reserve, which have helped keep interest rates not far above their historic lows. Inflation, too, remains tame, with price increases in recent months actually falling short of the Fed's targets.

At the same time, with yields on safe assets like government bonds so minuscule, there are few appealing alternatives to stocks for investors, according to Torsten Slok, chief international economist at Deutsche Bank.

"No matter how you look at valuations, they are high," he said. "But as money flows into pension funds every month and needs to be invested, why would I put it in bonds?"

"Corporations in America and Europe are still inventing new products and finding ways of doing things more efficiently," Mr. Slok said. "This is separate from the political theater around the world."

Moreover, corporate earnings — the fundamental driver of individual stock performance — have been robust.

The strength has spanned sectors ranging from technology to restaurants, as seen in the rise of almost 5 percent in Apple's shares on Wednesday, or McDonald's jump to a record high last month. Both are Dow components.

"The first six months of the year have been the best period for earnings growth since 2011," said Phil Orlando, chief equity strategist at Federated Investors.

Still, many Wall Street investors who are bullish over the longer-term, including Mr. Orlando, concede that the risk of a stock market correction was rising.

"We've had this fabulous run since the election," he said. "But could we see an air pocket in the next few months? Absolutely. Our best guess is that the next 5 percent move is more likely to be down than up."

Investors have also voiced concerns that trading has been unusually placid — volatility recently sank to a two-decade low, and Wall Street has not had a correction, usually defined as a drop of 10 percent or more, since early 2016. With the current recovery entering its ninth year this summer, a recession seems inevitable.

But for now, whichever way the stock market goes, most economic metrics like hiring, consumer sentiment and home prices continue to point in the right direction.

Those trends predated Mr. Trump's taking office, although he took to Twitter several times this week to claim credit for the stock market's run and soaring earnings. Still, Mr. Sullivan of RPM said that while he did not vote for Mr. Trump, he gave the president credit for setting a new political tone toward corporate America in Washington.

"I'm in the middle of it in Cleveland, and small businesses are looking forward instead of over their shoulder," said Mr. Sullivan, who is

the older brother of Senator Dan Sullivan, an Alaska Republican.

"When Washington practices the Hippocratic oath toward business — first, do no harm — it's amazing what the American economy can do," he said. "Under the prior administration, you had a very, very aggressive regulatory environment in which businesses felt under attack."

Easing regulation is also something Mr. Trump can do with the stroke of a pen or with appointments to agencies like the Securities and Exchange Commission or the Federal Reserve, which require confirmation but not legislation.

Bank stocks, for example, have been among strongest performers on Wall Street since the election, and the trade might be paying off: Regulators could soon weaken the Dodd-Frank Act's Volcker Rule, which restricted the ability of banks to make financial bets with their own capital.

To be sure, the glow from Wall Street extends only so far. According to the Federal Reserve's most recent Survey of Consumer Finances, less than 15 percent of American households owned individual stocks and only half had any exposure to the broader market, including through mutual funds or retirement plans.

"Only people with assets like stocks and houses are benefiting, and that's why this recovery has been weak," Mr. Slok said.

The contradictory signals between the markets and the political world are hardly unique to the United States. "Most investors in Europe are rolling their eyes at the U.S., but what's ironic is that it's similar to the European situation," Mr. Slok said.

As in Washington, Mr. Slok said, there has been little consensus in Brussels or other capitals on how to address major issues, including Britain's impending exit from the European Union, the continent's restrictive labor laws and Greece's fiscal problems.

If the stock market's prospects are unclear, then the outlook in Washington six months into the Trump administration is downright gloomy.

The year began with Mr. Trump promising to repeal and replace the

Affordable Care Act; pass the most significant overhaul to the tax code since 1986; and get Congress to pass legislation to rebuild the nation's crumbling infrastructure. None of that has been accomplished, as Republicans have struggled to shift from being an opposition party to one that governs.

Beyond those disappointments, fiscal land mines lie ahead that could rattle the economy if Republicans and Democrats cannot cooperate.

By the end of September, Congress must reach a deal to lift the debt ceiling and fund the government for the coming fiscal year. Republicans remain divided over whether conditions such as spending cuts should be attached to raising the statutory borrowing limit. A standoff with Democrats over Mr. Trump's request to finance a border wall could lead to a partial government shutdown.

The lack of progress has only led to more sniping among Republicans. This week Sarah Huckabee Sanders, the White House press secretary, said, "I think what's hurting the legislative agenda is Congress's inability to get things passed."

Further inaction could prove costly. The debt-limit brinkmanship and government shutdown during the Obama administration rattled markets and slowed economic growth. A Standard & Poor's analysis after the 2013 shutdown found that the 16-day standoff sucked \$24 billion out of the economy.

Mr. Trump has pointed to the growing economy and strong employment figures as evidence that his agenda is thriving. The data is indeed encouraging, but not very different from the figures he used as a candidate to paint a picture of economic despair.

Still, the stock market's gains were likely to hold up as long as earnings remained buoyant, said Laszlo Birinyi, a longtime stock market analyst.

"While people may have strong feelings in other areas, the stock market is predicated on dollars and cents," he said.

role in boosting the political fortunes of President Trump who on Wednesday once again took credit for the markets' performance.

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What's behind the Dow's stunning rise to 22,000 (UNE)

By Thomas Heath, Heather Long and Alex

The Dow Jones industrial average closed above 22,000 Wednesday, setting a new record high in what has become one of its longest bull markets in history.

The extraordinary rise of the stock markets since early 2009 — when the Dow was a mere 7,063 — has greatly fattened the portfolios of American investors, especially the wealthiest ones. And it has played a

The surprisingly persistent gains this year have come courtesy of robust profits at big companies, low interest rates, and a rare alignment of developed economies in good or improving health at the same time. So far, those have been more powerful forces on stocks than world events such as North Korean nuclear missile tests, Venezuela's economic and political meltdown, or legislative gridlock in Washington.

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The markets' most recent run-up does indeed have something to do with Trump's win in November, several analysts said. Back then, some on Wall Street cheered the ascent of a businessman into the White House and his promises to cut taxes, invest in infrastructure and increase military spending. The Dow turned sharply up right after the election and has risen 23 percent since then.

Some companies had more to gain from Trump's pronouncements than others and saw their stocks jump, an effect Wall Street brokers call the "Trump Trade."

Boeing, which generates much of its profits from its Defense, Space and Security division, has seen its shares soar more than 70 percent since Trump's election. It has accounted for 45 percent of the Dow's rise this year, far more than any of the other 29 companies in the index.

"We've picked up over \$4 trillion of net worth in our country, our stocks, our companies," Trump said at a White House event on immigration

Wednesday. "The stock market hit the highest level that it has ever been and the country is doing very well."

Since becoming president, Trump has taken credit for stock market gains he once dismissed. Since becoming president, Trump has taken credit for stock market gains he once dismissed. (Video: Meg Kelly/Photo: Jabin Botsford/The Washington Post)

Since becoming president, Trump has taken credit for stock market gains he once dismissed. (Meg Kelly/The Washington Post)

By the late spring, a series of reports from prominent analysts showed Wall Street was growing skeptical of Trump's pledges on taxes and infrastructure. But the markets kept marching higher. Stock analysts attribute this to a simple fact: Big corporations, such as Apple, McDonalds and Boeing — which lean heavily on overseas sales — continue to make a lot of money.

"The market has pretty much shrugged off Washington's dysfunction," said Chris Gaffney, president of World Markets at EverBank. "The larger story is about the return of the consumers both here in the states and in the emerging markets of China and India."

A weakening dollar — an unusual trend during a bull market — has only helped boost earnings at big corporations because American goods have become cheaper to overseas customers and sales to those customers have greater value when they are converted into U.S. currency.

[*The Dow's climb to 20,000? Whoop de doo.*]

The effect of the dollar is "starting to show up in company earnings," said Craig Birk, executive vice president of portfolio management at Personal Capital, a California investment firm with \$4.9 billion under management. "It's also provided some confidence that the strength we saw in [quarterly] earnings... can continue for the rest of the year. The dollar weakness has been pretty universal around the world. July was the fifth consecutive month of dollar declines."

Yet not everyone has shared in the stock market's stunning rise.

Nearly half of America has no money invested in the stock market, according to the Federal Reserve. And the rich are far more likely to own stocks than middle or working-class families, surveys show.

[*Nearly half of American doesn't benefit from Dow 22,000*]

Eighty-nine percent of families with incomes over \$100,000 have at least some money in the stock market compared to just 21 percent of households earning \$30,000 or less, a recent Gallup survey found.

"Lot of people in America tragically aren't participating in the stock market," says Brad McMillan, chief investment officer at Commonwealth Financial Network, a financial advisory firm that works mainly with "Main Street" America.

Many ordinary investors are still sitting in the sidelines, missing out on one of the longest-running bull markets in American history because they are still scared from the financial crisis, McMillan added. Stock ownership before 2008 was 62 percent, Gallup found. Even after recent inflows, only 54 percent of Americans are invested now.

And most ordinary investors who are in the markets invest through mutual funds, retirement plans, or 529 college-savings plans. According to a 2016 paper by the Tax Policy Center, only 25 percent of Americans owned individual stocks in 2015.

[*A first lesson on the stock market: Don't run from a good sale*]

Others worry that average investors have been pouring more money into the markets this year, with more than eight years of gains already passed.

Michael Farr, a Washington investment manager said the Dow's 22,000 mark "should be celebrated. It heralds the success of the American economy.

"But," he continued, "the individual investor should remember that the rule is buy low and sell high. This is not low. Market's don't say high forever. This will come down."

The Dow's record on Wednesday was its sixth consecutive record high.

Ed Yardeni of Yardeni Research called the most recent surge in stocks a "summertime lullaby" in a recent blog post.

"For stock investors, the living has been relatively easy since March 2009, when this great bull market started," he said. "It would have been far easier if we all fell asleep since then and just woke up occasionally to make sure we were still getting rich.

"Now it seems that we are all getting lulled to sleep by the monotonous advance of stock prices," Yardeni wrote. "They just keep heading to new record highs with less and less volatility."



Dow Passes 22000, Fueled by Broad Global Growth (UNE)

Akane Otani and Ben Eisen

The Dow Jones Industrial Average topped 22000 on Wednesday, reaching another milestone in the long bull market as investors bet that a resurgent global economy can offset lukewarm U.S. growth.

The blue-chip index claimed its 32nd record of the year. Stocks continue to chug higher without a pullback of greater than 3% in more than a year, and volatility levels by some measures are hovering near all-time lows. The rally has been powered in large part by a revival in U.S. corporate earnings, which are on pace for another quarter of strong growth.

The Dow Industrials rose 52.32 points, or 0.2%, to 22016.24, led by gains in shares of Apple Inc. AAPL 4.73% after the company reported strong iPad and Mac sales in its most recent quarter late Tuesday.

Overall, big companies with a sizable presence overseas, such as McDonald's Corp. MCD 1.66% and Boeing Co. BA -0.62% , have helped fuel the rally, and many investors are counting on a weak dollar to boost U.S. exports. Apple's gain—its biggest in six months—added roughly 49 points to the Dow Wednesday.

Stocks must navigate a number of new challenges if the 8-year-old rally is to continue. The U.S. economic expansion is showing

signs of stalling. President Donald Trump's proposed mix of tax cuts, infrastructure spending and deregulation was intended to revive the economy, but some of his agenda has been stalled. Optimism about a pro-growth fiscal policy has waned.

"Economically things have been picking up nicely around the world, while the U.S. has turned out to be relatively disappointing," said Jimmy Chang, a senior portfolio manager and chief investment strategist at Rockefeller & Co.

With domestic data looking lackluster, shares of multinational companies—which stand to benefit more than U.S.-focused companies

from global growth—should fare well, he said.

Paul Quinsee, global head of equities at J.P. Morgan Asset Management, said the strong earnings season reflects "more evidence of an upswing in the fortunes of the world economy."

"Investors were expecting good earnings, and overall have not been disappointed," he said.

A combination of low inflation and rising global growth could keep U.S. stocks climbing, despite a sluggish expansion in the U.S. and investors' dimming hopes for policy changes from the Trump administration to kick-start the economy.

Investors and analysts in particular point to China as a sign that the global economy is on the mend, with a recovery in investment, manufacturing and trade. Europe also is perking up, with second-quarter data this week showing that the eurozone economy had gathered pace, a recovery that could encourage the European Central Bank to decide in the fall to scale back its bond-buying program.

The International Monetary Fund most recently projected global gross domestic product growth at 3.5% for 2017, up from 3.4% last July. The IMF raised growth estimates for China, citing strong credit growth and fiscal support, and the euro area, highlighting diminishing political risks there.

Meanwhile, the IMF lowered its forecast for U.S. economic growth in 2017 to 2.1% in July, compared with its projection of 2.5% a year ago. It cited skepticism the Trump administration would be able to push through business-friendly policies such as tax cuts.

Even with global growth improving, inflation has remained persistently sluggish. That has contributed to weakness in the U.S. dollar, a boon for U.S. corporate earnings because it makes U.S. exports cheaper to foreign buyers. It also takes some pressure off the Federal Reserve to raise interest rates.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, has fallen 7.5% since the start of the year, leading some firms to raise their year-end forecasts for U.S. stocks.

At the end of July, investment bank Jefferies raised its estimate for where the S&P 500 would end the year to 2500 from 2325, citing weakness in the dollar, "robust growth in overseas markets as global trade resynchronizes and the lack of policy tightening by China." The S&P 500 rose 1.22 points, or less than 0.1%, to 2477.57 Wednesday.

There are signs that U.S. companies whose businesses rely more on sales to customers overseas are already starting to benefit from these conditions.

The S&P 500 industry groupings that get a higher share of their sales internationally than the benchmark are collectively up 13% in 2017 through Tuesday, topping the S&P 500's 11% rise over that period, according to Goldman Sachs Group Inc. The groups with a higher share of domestic revenues than the S&P 500 were up 10% over that time.

Among companies in the blue-chip Dow, shares of airline manufacturer Boeing Co., which recently got nearly three-fifths of its sales from outside the U.S., according to S&P Dow Jones Indices, are up 53% this year. That makes it the best-performing stock in the Dow industrials in 2017. Part of the reason behind Boeing's rally is a rise in global airline passenger traffic, which is boosting demand for new planes. Business has become "more geographically diverse and balanced across the globe," said Dennis Muilenburg, the company's chief executive officer, on an earnings call last Wednesday.

Other companies that serve as economic bellwethers have

benefited from the global rebound. Caterpillar Inc., whose shares have risen 22% this year, reported last Tuesday that it may see its first year-over-year revenue increase since 2012, thanks to growing demand in China's construction sector and a stabilization in commodity prices.

"Mining and oil-related activities have come off recent lows and we're seeing improving demand for construction in most regions," said James Umpleby, Caterpillar's chief executive officer, on the firm's earnings call.

And the S&P 500's technology sector has been the year's best performing group in the benchmark, rising 23% as investors seek out companies with growing sales and profit in a sluggish U.S. economy. Tech got 57% of its sales from outside the U.S. at the end of last year, more than any of the 11 S&P 500 sectors except energy, according to S&P Dow Jones Indices.

The steady rise of passive investing, where investors own indexes that track broad markets, could be helping to spread gains beyond specific stocks and sectors, some analysts say. U.S.-based mutual funds and exchange-traded funds that track indexes owned 13.9% of the S&P 500 at the end of March, up from 4.6% in 2005, according to a Wall Street Journal analysis of data from Morningstar Inc. and S&P Global Market Intelligence.

Still, many investors remain wary of the long U.S. stock rally. Auto sales, a heavyweight in the economic recovery, fell for a seventh

consecutive month in July, and consumer debt loads have risen.

A renewed slide in oil prices—especially if it is accompanied by fears of slowing global demand—could put pressure on global profits, similar to what happened at the start of 2016, analysts say.

Any signs that central banks are moving toward raising rates faster could also hit stocks, which have benefited from years of easy-money policies and historically low interest rates.

In addition, U.S. companies broadly are getting a smaller share of their revenues from abroad, potentially giving them less exposure to improving global growth. Foreign sales made up 43% of the total S&P 500 revenues at the end of 2016, the least since 2003, according to S&P Dow Jones Indices.

But for now, many investors say a resurgent global economy means U.S. stocks still have room to run.

Jack Ablin, chief investment officer at BMO Private Bank in Chicago, says that recently he has been focusing more on large-cap U.S. stocks with multinational revenue sources, rather than domestically focused small- and midcap names. This year he picked up shares of Boeing, which have gone up so much recently that they risk making up too much of his portfolios and may need to be trimmed to conform with firm rules.

"We're just trying to follow the growth directly with our asset allocation," he said.