

The Real Trouble With The Euro

WASHINGTON – The media love financial crises. And now they have the deteriorating Greek situation to talk about. I have no idea about how this tragedy (or is it a farce?) will end up.

Flawed monetary project

But I believe that some simple considerations are in order. The whole “Euro Project” was poorly conceived. The notion that a new, effective monetary union would become some kind of “aggregator”, a powerful incentive to strengthen political and institutional ties among the EU countries that would join the monetary union, was profoundly misguided.

The mistake was in the belief that the goal of monetary union deep down was a political goal. A common currency was supposed to indicate the will to create a common political future among equal countries.

First the country, then the currency

Let me put it in plain language. First you create a new country –in this case a Federal Europe– and then you create a currency. But instead, when the Euro Project was discussed, many believed that a pan-European currency would help expedite the achievement of a political union among key EU members.

Quite frankly, a bad idea. I am not suggesting that, because of Greece, the Euro is doomed. What I am suggesting however is that, by allowing under performing countries (and that includes Italy, Spain and Portugal) to join the Euro, the EU financial authorities created new problems.

No policy harmonization

A common currency without a Federal Europe, that is without truly harmonized economic/tax/fiscal policies, created distortions. It should have been obvious that it is almost impossible to harmonize broad macro-economic policies among countries that have almost incompatible systems.

Northern Europe, (Scandinavian countries, Germany, The Netherlands, Austria, and a few others), on balance, is well-organized, fiscally responsible, innovative, and productive.

Southern Europe is not. Hence the discrepancies that were masked at first by the common currency, but then exploded when the Eurozone system came under severe stress after the 2008 financial crisis.

A problem, not a solution

In the end, this monetary union willed into place mostly for political reasons turned out to be a problem. Heavily indebted Southern European states had taken advantage of the Euro in order to borrow more at lower interest rates. Lenders trusted the Euro and so continued to finance profligacy. And so on, and so forth.

As we now know very well, Greece has become the extreme case. Greece is the worst performing Eurozone country. However, mostly for political reasons, it became an article of faith that Greece needed to be saved. It needed to be kept in the Euro. For a variety of reasons, the expulsion of a non performing, smallish country from a "sacrosanct" monetary union was deemed to be "impossible".

What's next? Not much

And quite frankly, even today, with failed negotiations on debt restructuring coupled with reforms, the upcoming Greek referendum on a "Yes" or "No" to the EU package, and more, it is not at all clear that Greece has to leave the monetary union.

You see, the prevailing European instinct is to patch things up. Find an eleventh hour compromise. Save the status quo. Maintain a semblance of order, even though all parties know that the unaddressed systemic problems fester under the surface.

Technocrats in charge

As indicated at the beginning, monetary union should have logically followed the implementation of a European Federation. A real federation would have been based on truly harmonized economic and fiscal policies among its members.

But the technocrats running Brussels really believed that the Euro would become the magic glue that would bind Europe together, no matter the glaring incompatibilities among systems that travel at different speed.

Italy just like Germany?

Well, as it turned out, the Euro worked out fine for some members; but not for all. However, this late in the game, whatever will be done about Greece, I doubt that EU policy-makers have the stomach to address the serious imbalances that separate, for instance, Italy from Germany.

If anybody believed that, by virtue of using the same currency, Italy would eventually become more like Germany, it is obvious that this did not happen. And it should be clear to all that it will not happen.

China Must Control The South China Sea – This Is An Obligation To The Ancestors

WASHINGTON – Finally we know what this whole business of Beijing grabbing islands in the South China Sea, while claiming sovereignty over most of it, is about. We learn from a [Reuters](#) story that the actions of the Chinese government are all about devotion to the ancestors. No kidding.

It goes back to the Empire

You see, we are told by China's leaders that in the old, glorious imperial days, (that the Chinese Communist Party now upholds), China was a mighty naval power. Its fleets sailed the oceans. And, in so doing, they landed in all the small islands that dot the South China Sea. (Well, let's say that there is some "poetic license" here. Overall, China never was a naval power. True enough, around 1420 large Chinese fleet were created. Admiral Zheng He was entrusted with missions of discovery and more. But this endeavor ended with the death of the Emperor who had appointed Zheng He. And it was never repeated).

Legitimate claim

Therefore, based on this established "presence", (most of the islands are uninhabited, but we can call this a small detail that should not distract us), blessed by the mighty Emperors, modern Chinese leaders now have every right to claim these territories as their own. Most importantly, they can also claim the territorial waters and Exclusive Economic Zones surrounding these rocks.

And Beijing warns us that these claims are obviously non negotiable, for the simple fact that giving them up would be

an offense to the ancestors. At least this is how Chinese Foreign Minister Wang Yi put it, (with a straight face, I might add).

As reported by Reuters, this is what the Minister said:

“One thousand years ago China was a large sea-faring nation. So of course China was the first country to discover, use and administer the Nansha Islands...China’s demands of sovereignty over the Nansha Islands have not expanded and neither will they shrink. Otherwise we would not be able to face our forefathers and ancestors.”

China is the victim

He also added that other greedy countries started encroaching on China’s territorial waters in the 1960s. In light of this *“China is in reality the biggest victim”* –Minister Wang Yi said. (And we thought they were the island grabbing aggressors...How misinformed).

Actions aimed at upholding rights, honoring the ancestors

Given all this: China’s legitimate claims, the devious actions undertaken by neighboring countries, and –most important– the duty to honor the ancestors, it is clear beyond any doubt that China must protect and defend its sovereign territories in the South China Sea.

Now we understand

Thanks to the Minister, now we understand.

What do you know. We were so mistaken. We thought that this was all about stealthy expansionism, encouraged by a diminished presence of the US Navy in the Pacific.

We thought that this was about establishing control by force over what used to be international waters, and/or islands also claimed by other countries, (the Philippines, Vietnam, Japan,

Taiwan, and others).

But no. It is not so. It is all about reverence of the ancestors by (we know discover) a deeply religious and pious Communist Party leadership.

Bill Gates: Fund High Risk Energy Ventures

WASHINGTON – Here is what Bill Gates, (IT technology visionary, Microsoft founder, net worth about \$ 80 billion), said talking to The Financial Times about policies aimed at reducing carbon emissions: ***“When you say what can we do about climate change, the easiest thing to say would be: ‘Hey, let’s just take today’s technology and replace transport, electricity, industrial power with carbon-free emissions.’ Unfortunately the cost of doing that with today’s technology is beyond astronomical”***. [Emphasis added].

It will not work

Got that? This approach –deploying what we’ve got– will not work. Bad idea. A non starter. And this is because trying to replace all carbon energy based systems with currently available renewable technologies would entail costs that are *“beyond astronomical”*.

In other words, according to a recognized brilliant entrepreneur, current policies that advocate precisely that –replacing carbon based systems with imperfect, inefficient

and still costly solar or wind power systems— are wrong, and they will prove to be prohibitively expensive.

This warning should invite reflection

This simple and unambiguous statement from a universally recognized smart person should be taken as a serious alarm bell. It should invite a pause and serious reflections among well-intentioned environmentalists, climate change believers and the policy-makers who follow their advice.

“While we believe in our goals aimed at reducing greenhouse gases that cause global warming, may be we are going about it the wrong way”. I suspect that Gates is right. When it comes to wind and solar, or electric vehicles, what we have developed so far is still rather primitive and inefficient.

Superior technologies do not need subsidies

Indeed, If renewable energy technologies were already cost-effective and efficient, they would have been spontaneously adopted on a massive scale. Why would you drive a car running on gasoline, if you could buy a cheap, high performance electric vehicle with batteries that can be quickly recharged at a fraction of what it costs to fill up with gasoline? Superior technologies find buyers and eventually take over simply because they are better. They do not need government mandates, subsidies, tax breaks and other artificial incentives in order to gain a modest market share.

Below the horizon

That said, what does Gates suggest? He suggests something really difficult. Our hope, he stated in the same [FT](#) interview, should be in achieving a true quantum leap when it comes to clean, affordable energy production. Therefore, we should be providing financial backing to enterprises that are pursuing real technological breakthroughs in untested sectors, with the hope of producing improvements that will not be just

incremental, but truly disruptive. The steam engine was a breakthrough. The automobile was a game changer. The internet and all the software that supports it is true innovation. However, a very expensive electric vehicle (think Tesla) with limited range provided by a conventional battery, while interesting, is not a game changer.

Too risky?

The disincentive to engage in this type of investing is that most of these hoped for new technologies probably will not work. Which is to say that a lot of capital will be invested and burnt, with zero results. And very few investors are willing to take this kind of chance.

Bill Gates of course can afford to do some of this investing. And he is doing it. He has spread about \$1 billion (this is his personal money) among a variety of enterprises. And he is planning to double this commitment. He is hopeful, but also realistic. He calls this "high risk" investing, and he says in the interview that there is may be a 10% chance of getting results. But he also believes that we have to push the envelope. If we want breakthroughs, we have to bankroll dreamers.

Here are some examples of where Gates is putting his money. He is working with a company called TerraPower that is planning to build mini nuclear reactors that will use nuclear waste as fuel. Another possibility for energy generation is some sort of "solar chemical" power that would reliably create a liquid hydrocarbon. And then there are "kite balloons" that would house turbines high up in the atmosphere.

More government-funded R&D

Anyway, you get the picture. All this looks intriguing, but most improbable; and therefore too risky. You cannot expect General Electric, Siemens or United Technologies to invest in any of these ventures.

And this is why Bill Gates is also advocating for more government-funded R&D in basic science, that is to say not tied to immediate commercial results. Unfortunately, the US Government does not support basic science in the same way as it used to decades ago.

The Manhattan Project was only a hope. Eventually it did produce the first atomic weapon. But there was no certainty that there would be any results when a group of scientists were tasked by Washington with what appeared an almost impossible goal. But we know that they could work on their "mission impossible" because the US government provided all the backing and all the funding. No way that these people could have organized and sustained the same multi-year effort relying on some private company or university funding.

They private sector will not do this

One cannot expect that profit oriented corporations will pour billions of dollars into ventures that may never produce any results. The risks are too high. Impossible to justify these investments to shareholders and investors who normally expect immediate rewards.

But will Washington go back to supporting open-ended innovation, with the hope that some day, someone will come up with something really transformative when it comes to affordable clean energy? Or will Washington keep subsidizing solar panels that provide an inadequate, expensive alternative to gas-fired power plants?

The Confederate Flag Will Finally Disappear

WASHINGTON – The outrage caused by the Charleston church massacre in which Dylann Roof, a deranged young racist, gunned down 9 Black worshipers provided the political cover for Southern leaders –led by South Carolina Governor Nikki Haley– to hastily do what they should have done long ago: take actions to remove the Confederate flag from public buildings in the states of the defeated Confederacy. (About time! The extremely bloody American Civil War ended 150 years ago!).

The South and its old flag

It is indeed odd (and for many suspicious) that the supposedly modern Southerners continued to cherish the symbol of a losing war fought mostly over the indefensible issue of slavery. It is even more strange that nobody thought much of this Civil War nostalgia until now.

Until now, the official (but clearly unacceptable) excuse for revering what is in essence the symbol first of slavery and then of segregation and Jim Crow laws has been that *“this is the way in which people in the South honor their heritage”*.

Old memorabilia

In other words, according to this disingenuous explanation, keeping the Confederate flag on public buildings, (and many other places), has nothing to do with any explicit or implicit approval of the “cause” for which the South fought so hard against the North: i.e slavery. Likewise, it has nothing to do with lingering racist feelings. This is all about innocent Southern folklore. *“Trust me, we mean nothing with this. There is no political, let alone racist message. We just like our old flag”*.

Well, for some it may be so. For some people the Confederate flag may be just a piece of the Old South. But for millions of African Americans and indeed tens of millions of others it is offensive.

Remove the flag

South Carolina Governor Nikki Haley, (the daughter of Indian immigrants), smartly used the church massacre perpetrated in her state by an openly racist White person (who used the Confederate flag in his Facebook page) to launch her proposal to remove the Confederate flag from public sites.

And, interestingly enough, her unexpected but welcome move gave cover to all the other Governors of the South. It created an avalanche. Now practically all Southern states, many of them controlled by Republicans, have taken action to remove the Confederate flag from official sites.

And it goes further, major national retailers like Amazon, Sears and Walmart understood the new righteous atmosphere and proudly joined in, announcing that they will stop selling the flag. Giant on line auction house eBay will stop dealing with it. And others are likely to follow soon, for fear of being fingered as the last die hard racists.

What does all this mean?

Anyway, what does all this (politically savvy) anti Confederate flag activism amount to? In practical terms not that much. These are gestures. Pure symbolism. That said, symbols do matter in all societies.

The fact that Southern political leaders all of a sudden now are afraid of looking racist because they fly the Confederate flag is important. By removing the flag from public buildings they want to convey the message that this is a "New South". The Civil War ended long ago. Slavery is gone. Segregation is gone. Racism is gone. Blacks and Whites live peacefully

together.

Removing the flag will not eliminate lingering racism

Needless to say, many people in the South, (and elsewhere, for that matter), even after the flag is removed from public sites, may and will continue to harbor racist feelings. You can be sure that many will keep their cherished Confederate flag at home. (No law will be passed that will prevent them from doing so).

And certainly this politically correct “flag removal” gesture will do absolutely nothing to improve the conditions in so many Black communities plagued by illiteracy, violent crime and unemployment.

We are better off without this symbol

Still, all in all, the fact that America is finally removing from public buildings the banner that symbolizes the morally indefensible era of slavery and segregation is a good thing.

America Restated Its Obligation To Defend Europe – Why?

WASHINGTON – While in Germany to participate in a meeting dealing with upgrading NATO’s defenses, US Secretary of Defense Ash Carter said the following about relations with Russia: *“We do not seek a cold, let alone a hot war with Russia. We do not seek to make Russia an enemy...But make no mistake: we will defend our allies, the rules-based*

international order, and the positive future it affords us all."

Why say this?

What is the problem with this statement? The problem is that it should not have been made. The whole world, starting with the Russians, should know extremely well that America will defend its allies. Washington must do this on the basis of the NATO Treaty that was signed on April 4, 1949 and that is still in full force.

The Treaty does not contemplate exceptions. All NATO members must intervene to defend any other signatory who is under attack. This is a binding agreement. America has never publicly questioned it.

Redundant statements invite questions

Then why restate the obvious? How would you like the US President stating publicly: *"Make no mistake, in case you were wondering, I shall defend the Constitution"*. Or imagine the FBI Director stating in a public forum: *"Make no mistake, we shall pursue all individuals whom we believe have committed federal crimes"*.

Such statements would sound odd. Wouldn't they? They would invite questions. They would make many feel uneasy. *"Why is he saying this? How could anybody possibly question such a fundamental commitment?"*

There should be no doubt

Well, the same should apply to the US and its obligations stemming from the NATO Treaty, the critical security arrangement that binds America to Europe. However, If the US Secretary of Defense feels the need to restate that NATO obligations are alive and well, it means that he understands that some actually doubt the strength of

America's commitment to European security. It means that in some quarters –and that may include Moscow– some are contemplating scenarios in which America may not intervene to defend its allies.

Would America act, in all circumstances?

Imagine a major cyber security attack against a small NATO state that would impair its economy. Imagine covert support to ethnic Russians in Estonia directed and funded by Moscow. This could be a form of attack that is however not “an invasion”. What would America do?

Again, if the US Secretary of Defense feels compelled to state what should be obvious to all –America shall defend its allies– then he is concerned that this supposedly clear commitment is not that clear anymore.

And this is alarming.

Beyond The Debt Crisis, What Will Happen in Greece?

WASHINGTON – Suppose that recalcitrant Greece and its not so well disposed creditors (the EU, the ECB, and the IMF) finally come up with a last minute compromise that avoids bankruptcy and the exit from the Euro. Then what?

Just a temporary fix?

If such a compromise is just a temporary political fix, (this is what I suspect it will be), the proverbial bandage to stop

the bleeding, then you can bet that in a few months this open wound will be once again infected, and therefore in need of some other fix.

As onlookers pray for a “solution” based on some kind of bargain, they fail to acknowledge how Greece got into this horrendous crisis. This unprecedented fiscal and economic debacle did not come all of a sudden, due to bad luck.

The root causes

It came about at the end of 2009 because of the cumulative impact of extraordinarily bad policies in a non competitive economy, carried out year after year by rapacious and incompetent ruling elites. As The Economist put it (*My big fat Greek divorce*, June 20, 2015) the crisis is the result of structural impediments to growth: “[...] rampant clientelism, hopeless public administration, comically bad regulations, a lethargic and unreliable justice system, nationalised assets and oligopolies, and inflexible markets for goods and services and labor”. And I would add to this long (and frankly frightening) list *endemic corruption* and *lack of innovative enterprises* that can create a competitive edge in any economic sector.

Kill the virus

The point of all this is that, until the Greeks abandon the flawed beliefs and values that support their failed economic and administrative “eco-system”, the root causes of this never ending mess will continue to work as an endemic ideological virus.

Greece found itself in a deep hole because of this ideological virus. Indeed, while it had every opportunity to do so, in the 1980s and 1990s Greece failed to become a modern, efficient, and competitive industrial democracy, with free market incentives, clear rules for all, a reliable justice system and accountability for elected officials.

Embrace modernity and sound values

These are the preconditions for success and some degree of prosperity. Economic success does not have much to do with built-in advantages such as abundant natural resources, oil or gas.

It has to do with embracing values that support a transparent democracy, and pro-growth policies. These values shape the attitude of the citizens about what is necessary to promote growth (education, infrastructure, access to credit, and more), and the governments that can competently run the commonwealth.

There is absolutely nothing that prevents the Greek people from adopting new beliefs that will help them to get rid of the pre-capitalistic, dysfunctional economic system dominated by rent-seeking protected oligarchies and corrupt public administrators.

Indeed, there is no objective limit that prevents Greece from becoming a Taiwan in the Mediterranean. It is all about doing away with a culture and value system inimical to growth and prosperity, while sincerely adopting a strong belief in enterprise, responsibility and transparency.

A fantasy?

I recognize that this looks like a fantasy. Such a radical cultural and psychological transformation may never happen, simply because it is too complicated to engineer it. This is true.

However, only a mad man would believe that the culture and value system that led Greece to this hellish predicament of financial ruin and economic decline are working really well.

Precisely because there is a deep crisis, this should be the time to look at other, far more successful models. Will the

Greeks finally embrace a value system that can support and sustain modernity? They could, even though the record so far, (and that includes selecting Alexis Tsipras as Prime Minister), unfortunately suggests the opposite.

An Anti-Immigrant Coalition Won Elections In Denmark

WASHINGTON – A center-right coalition led by former Prime Minister Lars Lokke Rasmussen's Liberal Party just won the elections in Denmark. This victory is largely due to the anti-immigrant sentiments that coalesced on the Danish People Party (DF) led by Kristian Thulesen Dahl, an ally of the Liberal Party. Indeed, popular support for the DF party moved from 12.3% in the last elections to 21.1%.

Too many immigrants

Many Danes, the elderly in particular, bought the party's anti-immigrant platform. (Foreign born residents now make up about 9% of a population of 5.7 million in Denmark). The message during the campaign was that too much money is spent to accommodate immigrants. Social services for Danes have to be cut on account of all these new expenditures. True or false, it does not matter. In politics in particular, perception is reality. At least some Danes believe that there are too many immigrants in their country.

The Hungarians think the same. They are now planning to construct physical barriers at the border to prevent asylum seekers to get in. France recently closed a border with Italy

to prevent African immigrants now in Italy to come to France. Britain does not want to accept a mandatory quota of asylum seekers.

Italy is in the front line

Financially and economically weak Italy is in major trouble. On account of its geographic proximity to Northern Africa, the Italian peninsula is the most easily reachable EU country for hundreds of thousands of illegal immigrants from Northern Africa, sub-Saharan Africa, and war-torn Middle East. And so they come. And they keep coming. Thousands, every month.

All the way up north, the Danes may be able to shield themselves a bit better. As for other southern European countries, I doubt it. The Europeans may try whatever they want to discourage illegal immigrants; but in the end they do not have the stomach to deny access and/or asylum to all these poor people streaming in, practically every day.

Sure enough, there are populists who issue fiery messages, often threatening violent actions against immigrants. And there have been several incidents of beatings and killings. But I do not see comprehensive drastic policies ordered by governments.

No drastic actions will be taken

I do not see the Italian Government ordering the Italian Navy or Coast Guard to ram or shoot at vessels carrying large loads of Africans with the intent to sink them, this way killing everybody on board, before they reach the tiny Italian island of Lampedusa or the coast of Sicily.

And quite frankly, short of that –the credible threat that all such vessels carrying immigrants will be sunk, yes, even with women and children on board– the gangsters who get paid large sums to ferry poor people to Italy will have no incentive to stop their lucrative business. Right now, whatever individual

European governments or the EU may say, they would be immigrants know that they will not be forced to go back. Once they land in Italy, they will stay.

Therefore, guided by despair and their hopes for a better life in Europe, they take their chances on often overloaded, ancient vessels that sometimes do sink, on their own, killing everybody on board.

What all this means

Well, beyond the human tragedy of so many displaced people desperately trying to get a new life, what does all this mean? It means that this constant stream of immigrants soon enough will change the ethnic composition of Europe. Most European states have extremely low fertility rates. This means declining populations. The new immigrants into Europe, especially Southern Europe, are mostly Africans. Therefore, in the long run, Europe's population will become heavily mixed, and eventually, assuming the continuation of this wave, mostly African.

Unskilled immigrants drain resources

In principle there should be nothing to worry about immigration. But in this case, there is a problem. Most of the immigrants landing in Europe from Africa are illiterate. As such, they have no skills and they cannot be employed in any activity that requires numeracy, computer knowledge, and the like. Therefore, at least for many years, even assuming that most of them will get an education, (and this is a rosy assumption), they will be unable to add to the pool of valuable and productive workers.

In fact, they will drain resources. Not to mention those who will turn to crime just to get by. Newly arrived refugees, as the Danish DF politicians pointed out, need housing, medical attention, some subsidies, language training, and a lot more. Europe is on balance much better off than Libya or Syria. But

it is not swimming in wealth. Ask the Italians. Italy has practically zero growth, and more than 12% unemployment. In the South, (that's where the immigrants from Africa land), youth unemployment is about 40%.

Muslims in Christian countries

Add to all this the strong uneasiness felt by so many when contemplating this endless stream of mostly poor Muslims settling in European countries that, although now secular, at least in general terms come from a Christian tradition.

Hong Kong Legislative Council Votes Against China

WASHINGTON – If there is one thing that the Chinese leaders do not like is bad surprises. And they certainly got one from the Hong Kong Legislative Council. All was set for the Council to pass a Beijing-backed electoral law that would have essentially established fake democracy.

A done deal

According to the proposed “reform”, the people of Hong Kong would have been free to vote directly for their new leader. But only pre-screened and pre-approved candidates would have been allowed to run. With the reassurance of a comfortable pro-Beijing majority in the Council, there was no doubt whatsoever that this electoral law would be passed.

Surprise exit

Except that it was not. The dynamics that affected the procedures prior to the vote are still unclear, and in some

way bizarre. But the point is that before the vote most of the pro-Beijing legislators left the Chamber. However, the opposition and a few others stayed, this way guaranteeing a quorum that allowed members to vote on the proposal. As a result, the mainland China-inspired law was soundly defeated. The final vote was 28 against it, only 8 in favor.

Not the end of this

This is most probably not the last word on this. Hard to believe that the people of tiny Hong Kong will be able to stage a victorious political rebellion against China.

Still, this vote is a huge embarrassment. Beijing's friends in the former British Colony could not deliver. Some of them seem to have switched sides.

The Umbrella Movement

Is this vote a legacy of the 2014 Umbrella Movement composed mostly of young people who openly demonstrated against China's direct interference in Hong Kong's affairs? Of course it is. And now we see that Hong Kong is still a somewhat recalcitrant subject, if not openly rebellious.

Given all this, what is next? China cannot and will not tolerate open insubordination. China is willing to allow a semblance of autonomy in Hong Kong. But only as long as a large majority there recognizes Beijing's ultimate supremacy.

What will China do next?

The tricky question now is how will China reassert its authority without resorting to the use of force. Needless to say, there are means, most of them covert, to bring recalcitrant Hong Kong politicians back in line.

Nonetheless, many people will remember this episode of open defiance. And who knows what its long term effects will be.

Nutella Causes Global Warming

WASHINGTON – Now we know it. Nutella, the popular hazelnut chocolate spread made by the Italian firm Ferrero, causes global warming. And we get this from a reputable authority: Segolene Royal, French Minister of the Ecology, Sustainable Development and Energy.

Deforestation, palm oil and Nutella

You see, it goes like this. Palm oil is a Nutella ingredient. And many countries, such as Indonesia, have cut down natural forests in order to obtain land for palm oil plantations. The loss of these forests is detrimental to the global environment. Therefore, if you want to be a good steward of the environment you should really stop eating all this Nutella.

Our palm oil is OK

Right after Ms. Royal uttered this warning, Ferrero, Nutella's manufacturer, issued a statement that contradicts the French Minister. All the palm oil used by the company is sourced from environmentally safe plantations. (Whatever that means). Therefore, according to Ferrero, Royal's comments do not apply to the palm oil the company used in its products, including Nutella.

Italian retaliation: Nutella for dinner

Following this "Nutella tempest", Minister Royal apologized. Nutella is not such a big issue, after all. But it was unfortunately too late. The damage has been done.

In a polemic response, Luca Galletti, the Italian Environment

Minister, announced that he was having Nutella for dinner. You see, finally we know that the “Nutella Issue” is at the heart of French-Italian relations. And now we know the meaning of “high stakes politics”.

Forgetting real problems

As the Nutella battle unfolds, both the French and the Italians forget that there is a genuine, ongoing tragedy at the Ventimiglia border between France and Italy. There are thousands of unhappy illegal immigrants from Africa who want to get into France. But France closed the border because it already has more than its share of illiterate, mostly Muslim, immigrants. Some of them have become Islamic radicals, killing French citizens. France does not want to take in more of them. Therefore these poor, stateless and homeless migrants are stuck there, on the Italian side of the France-Italy border. There have been riots, and more. This, I would suggest, is a real problem.

Is palm oil a big deal?

That said, let's assume that there is indeed a clear correlation between Nutella consumption, bigger palm oil plantations in Malaysia, Brazil or Indonesia, and increased global warming. Let's assume that it is indeed so. How big an issue can this be? Is this what a French Minister should be talking about in a TV show? Nutella?

France's ongoing crisis

Indeed, leaving aside the African migrants at the border with Italy, let's look at France and its really big problems. France is doing poorly. Its economy has been stuck in low gear since the Great Recession of 2008. The national debt was 63.9% of GDP in 2006. Now it is 95%. There has been negligible economic growth, (most recently less than 1%), while unemployment remains stubbornly high, (10.5% in 2014). In recent elections, the far right, xenophobic (and pro-

Russia) National Front scored major victories, while a 2014 poll indicates that 27% of French young people have a favorable opinion of ISIS, the brutal movement that created the Islamic State in parts of Syria and Iraq, while getting notoriety because of its barbaric methods. Well, you get the picture. France is a troubled country.

Royal to the rescue

In order to breath new life into his undistinguished government, Socialist President Francois Hollande called Ms. Segolene Royal, (once his unmarried partner, and mother of his four children), into the government as Minister of the Ecology. (Ms. Royal was the official Socialist Party candidate for the French presidency in 2007, and she was soundly beaten by Nicolas Sarkozy).

And now we see the results of this inspired choice. Yes, let France focus on the right priorities. Let's have a war on Nutella, so that we can preserve the global environment. Brilliant idea.

Or may be not, since Royal retracted, and said that after all Nutella is no big deal.

Some leader.

“All In 4 Jeb”?

WASHINGTON – I recently wrote that the Republican Party desperately needs a credible message of growth, opportunity, hope and inclusiveness. If it continues to be mostly the “low taxes party” of middle class and middle-aged White Americans, it has no future as a dynamic force capable of shaping policy

at the national level.

An agenda of hope

Well, former Florida Governor Jeb Bush seems to believe in this agenda of hope, outreach, renewed economic strength, and real opportunity for all. And his record as a two terms Governor, plus his serious work on education reform after he left office, make him a credible messenger.

Of course, there is a huge distinction between having good ideas and a good resume, and the ability to sell all this successfully to the party faithful who will vote in the Republican primaries.

Many of them are ideological. They believe that the Republicans should stick with the (tired) message of small government, low taxes and "traditional values". They may look quite suspiciously at this soft sounding, insufficiently radical Bush.

Inclusiveness

Jeb Bush's campaign was officially launched in Florida on June 15. The choreography would suggest that Jeb Bush, while solidly conservative, is also keen on including every body: women, the poor, the disabled, minorities and struggling middle class families.

The people who spoke on his behalf at his rally included a Black Minister, a Latino immigrant lady from Colombia and Toni Jennings, the woman who served with him as Lieutenant Governor. And the (carefully selected?) audience at the rally was quite diverse. Many women, young and old. Many Latinos, a few African Americans. The signs held by the crowd were both in English and Spanish: "*All in 4 Jeb*", "*Todos por Jeb*", ("All for Jeb").

Just "Jeb"

Interestingly enough, all the campaign signs have just his first name: "Jeb". No surname included. No "Bush". The indirect message here is that he may very well be part of a powerful political dynasty that includes a Senator and two Presidents; but he is running as his own person: "Jeb".

Real connections with the Latin world

Beyond the long family history, at least one part of Bush's personal biography may become a huge political asset. Jeb Bush is married to a Mexican lady: Columba Garnica Gallo. He speaks fluent Spanish, and their three grown children are bilingual.

In combination with his soft position on legalizing almost 12 million illegal immigrants, (most of them are Latinos), will this biographical element help him in engaging Latino communities and winning Latino votes across America? At least in some states their support can be decisive. But this will be relevant in the national elections (should Bush be the GOP candidate). Not many Latinos will vote in the Republican primaries, and winning them in order to become the GOP nominee is goal number one.

In fact, this pro-Latino bent may be a liability, at least in some primaries. Many conservatives, and these are the people who vote in the Republican primaries, may not like a pro-immigration, "pro-amnesty" candidate. Indeed, many among them would like to deport all illegal immigrants, (yes, *all 12 million*), while essentially closing the border with Mexico.

Be that as it may, Bush's unequivocal message is that all Latino voters, as well as all other minorities, should be welcome in the Republican Party. At the June 15 rally one of his supporters spoke at length in Spanish. Bush's son George, (who looks a lot more Mexican than waspish), spoke both in English and in Spanish. And candidate Bush himself delivered part of his speech in flawless Spanish.

Just politics or real conviction?

Again, is this just theatre, political calculation? Or is all this sincere?

I believe that Jeb Bush is sincere. He realizes that there are millions of Latin American immigrants in the US. They are Americans. Well, then let's treat them as Americans. Reaching out to them with a message of opportunity and inclusiveness is both appropriate and smart.

Why do the Republicans have to believe that all immigrants will listen only to the Democrats, because they promise subsidies and financial aid?

Why should Latino voters be opposed to a message of low taxes, quality education for their children, fiscal responsibility, and pro-growth policies that create more jobs, this way expanding opportunity?

Will the Republican base be swayed?

In the end, will the hard core Republicans –these are the people who tend to vote in large numbers in the primaries– be convinced by Jeb Bush? Will they appreciate that it is possible to be both inclusive and fiscally responsible? Will they be convinced that a good Republican can be pro-growth and pro-public education reform at the same time?

And, last but not least, will they appreciate that a Republican who can convincingly reach out beyond the (relatively narrow) GOP base is the best choice to score a victory against Hillary Clinton in November 2016?

I guess we shall soon find out. Still, for the moment, I can only say that I like this candidate and the optimistic message of economic renaissance and wide opportunity for all he now carries.