

Does America Need Nuclear Energy?

WASHINGTON – Can nuclear power come back as a cost-effective modality to generate electricity in America? Some scientists and innovators claim that the sector, challenged by prohibitively high costs of construction and fears of accidents may have a future after all, and it is called Small Modular Reactors, or SMRs. According to them, it would appear that the sweet spot for nuclear will not be in the traditional model of large scale, expensive and difficult to build power plants that will serve millions of customers. The future is in Small Modular Reactors, SMRs that can be built quickly and cheaply.

Small nuclear?

If this were indeed so, if we could indeed quickly build several SMRs at a reasonable cost, this would be a true game changer, for the nuclear power industry, for the future of electrical power generation in the U.S., and more broadly for all efforts aimed at devising a mix of electrical power generation sources that will help us drastically reduce carbon emissions, and therefore finally put a stop to global warming.

On the road to extinction

By most account, here in the U.S., nuclear power plants are on the road to a silent and unlamented extinction. A combination of fears of accidents, uncertainties about a reliable way to dispose of all the spent fuel and then huge, in fact prohibitive, upfront construction costs for new plants created almost insurmountable policy, political, psychological and financial barriers that work against the very notion that nuclear is a viable, safe, reliable, non carbon solution to our needs for electricity.

As all this was debated here in America several years ago, the Fukushima Daiichi accident of March 11, 2011, in Japan was an additional and huge body blow to the entire nuclear power sector and the companies and policy-makers that support it.

Leaving aside all the technical analyses about the very specific circumstances that caused that major accident in Japan, (a major tsunami that flooded the plant, disabling the pumps), U.S. public opinion, or at least a big chunk of it, became even more convinced that nuclear power generation is inherently dangerous.

There are other options

Therefore, energy experts argued, as we do indeed have choices, let's discard nuclear power as a means to generate safe and reliable electricity. The Greens of course advocated renewables. Others focused on the emerging and promising shale gas sector. Indeed, with so much new and cheap natural gas coming on line, America could reliably generate all the affordable electricity it needs, for decades.

And so, as a result of all this skepticism regarding nuclear, while other commercially viable alternatives have been developed, we are witnessing the progressive shrinking of the U.S. nuclear power electricity generation sector. The stark reality is that no new nuclear plants are built, while old plants little by little are phased out and decommissioned.

This is a big deal. Nuclear used to provide about 20% of all electrical power generation in America, a huge percentage of the total and a large overall amount for an advanced industrial power like the U.S. that produces and consumes a great deal of electricity.

Nuclear is dangerous and too expensive

As indicated above, for some this transformation may not be so bad. Nuclear –they argue– is dangerous, as we do not have an

effective way to dispose of all the waste produced by the plants. And then there are possible accidents. May be not of the Fukushima kind. But other possible malfunctions may cause the release of harmful radiations in the atmosphere. The consequences of such events would be dire.

On top of that, the fact that nuclear is now so expensive is an additional reason for deciding to move on to other more promising technologies. If you are Green, you want to focus on solar and wind, technologies that have become much more cost-effective in recent years. If solar has become so cheap, why bother with nuclear? If you are not Green but are simply looking at cost-effective ways to generate electricity, you focus on shale gas, not exactly clean, but far better than coal when it comes to emissions.

Renewables are not enough

Well, the advocates of SMRs argue against complete reliance on renewables as the silver bullet that will deliver enough safe and sustainable, non carbon based, power. Unless renewables become dramatically more efficient, they argue, you simply cannot install enough renewable energy sources to meet current and future power needs. As things stand today, it is impossible to build enough wind farms and solar plants to power the entire planet. And if we seriously want to progressively “decarbonize” our power generation mix, they tell us, then shale gas will not do it. Yes, it is better than coal, but it is not clean.

In the end, say the SMRs advocates, if we want green solutions, solar and wind, plus hydro power wherever it may be possible to develop it, will simply not be enough. You also need nuclear.

Small Modular Reactors to the rescue

Here is the strong argument in favor of a new generation of SMRs. If we agree that coal is bad, and natural gas from shale

only somewhat less harmful, we simply cannot focus solely on solar and wind as the means to deliver all the power we need.

Unless we assume tremendous technological breakthroughs that will substantially increase the productivity of all existing renewable technologies, while solving at the same time the huge bottle neck of a lack of energy storage – a problem that limits the flexibility and therefore the usefulness of solar and wind power generation– renewables are simply not enough. Without large scale, effective storage solutions, renewables produce electricity; but not 24/7. No sun at night. No power when there is no wind.

And then there is the energy density issue. We simply cannot successfully address our planetary electrical power generation needs by building thousands upon thousands of wind farms, while covering large chunks of the Earth's surface with solar panels. It is just not practical.

That said, if we want to drastically diminish and eventually phase out our dependence on carbon based electrical power generation, we better come up with something else that can be successfully added to the mix.

Are SMRs commercially viable?

Hence the importance of refocusing on nuclear, albeit a different type of nuclear: small, modular, cheap, and effective. Of course, all this is very interesting. Except for one basic fact. SMRs, although the object of serious studies and research, are not commercially viable at this stage. They are more than concepts, but they are not part of the choices commercially available today to utilities and consumers. At this stage, SMRs are a hope, not a real alternative.

If this SMRs hope does not soon become reality in terms of companies that can offer safe and reliable SMRs to utilities at a competitive price, we are in a real bind. We can generate all the electricity we need; but we shall be unable to

seriously curtail greenhouse gases emissions.

And this is bad news for Planet Earth.

Italy's Chaos May Endanger The EU

WASHINGTON – Italy is once again the problem country within the European Union (EU) and beyond. And this time it may be a really huge problem. After the recent inconclusive political elections, the most improbable governmental coalition between the anti-system 5 Star party and the nationalist/xenophobic League party in the end could not happen on account of Paolo Savona, the openly anti-euro nominee placed by the two would-be coalition partners as Minister in charge of the Economy.

The president says no

Sergio Mattarella, the Italian president, argued that he could not swear in a cabinet in which this critical portfolio would be handed over to an openly anti-Euro economist. This move by the Italian president is border line unconstitutional. The Italian president usually approves the cabinet choices made by the parties that create a coalition government that has a parliamentary majority.

While taking this odd twist into account, without the president's approval of the proposed cabinet and lacking any new workable coalition, this means that Italy most likely will soon go to new political elections.

A care-taker government

In the meantime, president Mattarella gave the mandate to form

a new coalition government to Carlo Cottarelli, a technocrat with IMF experience but zero political experience and backing. Clearly Cottarelli has no political mandate for any long term political solution. Assuming he can stitch something together, he will be the head of a caretaker cabinet tasked to deal with day-to-day affairs, as the country prepares to go to new political elections.

This bad scenario: at first an improbable political path for Italy –an openly anti-European, populist, anti-immigrant coalition, without any credible economic or fiscal agenda–and now nothing except for fresh elections which may not yield better political outcomes, is seriously disheartening and potentially very disruptive for both Italy and the European Union. We should remember how just a short while ago the financial/fiscal/political mess in Greece for years kept all of Europe preoccupied.

Another Greece?

At the time, some speculated that the Greek crisis might have caused the collapse of the entire Euro edifice. Well, in the end, with the enormous combined financial back up from EU Headquarters in Brussels, the European Central Bank in Frankfurt, and the IMF in Washington, DC, super indebted and comatose Greece was kept alive –if barely.

Worse than Greece

Well, if the confused Italians really want to pursue the objective of exiting the Euro, this would be a lot worse than the Greek crisis. Unlike tiny Greece, Italy is the third largest economy within the Eurozone. Yet, size notwithstanding, the Italian economy is extremely fragile due to low productivity and lack of innovation on a scale that would produce any real champion that could effectively compete in the global arena.

Besides, the Italian people have to shoulder an astronomic

public debt, (the second worst as a percentage of GDP within the Eurozone, after Greece, and third largest in the developed world after Japan), while the country's economic fundamentals are very weak. Assuming even a small rise in interest rates, debt service alone could become an unmanageable fiscal problem.

Blame game

But the Italians have the bad habit of not taking responsibility for their own mess. They take refuge in convenient conspiratorial theories whereby all their economic and fiscal problems have been caused by others.

The semi-official narrative is that the Germans try to impose their own will on Europe, including unwarranted fiscal discipline, on countries (like Italy) that believe that profligacy and debt are perfectly alright. Besides, many believe that the adoption of the Euro has caused constraints and burdens that the Italians do not like. You see, these days you cannot devalue your currency in the hope of regaining competitiveness for your exports.

The immigration crisis

Last but not least, (and here the Italians do have a valid point) , Italy's European partners have been looking mostly the other way when Rome repeatedly asked for help in dealing with the gigantic problem –in fact an emergency– of multi-year waves of illegal migration, mostly from Africa, into Italy.

Because of its geography, (Southern Italy and Sicily are fairly close to North Africa), Italy is the first port of call for thousands upon thousands of migrants from Northern and sub-Saharan Africa seeking a better life in Europe. For years they kept coming and there is no end to this migration. Semi-impooverished Italy for a number of years has been dealing all by itself with the massive and seemingly endless problem of welcoming and resettling hundreds of thousands –now several

millions— of mostly poor, illiterate and unskilled African and Middle Eastern migrants.

Just imagine the cost of providing shelter, food, medical care and schooling for this helpless and expanding lot. And do not forget the obvious cultural/religious difficulties and consequent frictions caused by the attempt to “assimilate” poor African villagers, many of them Muslim, into the fabric of what is at least nominally a predominantly Catholic society.

Anti-immigrant political parties

In fact, the political rise of the openly anti-immigrant and xenophobic League can be largely ascribed to the emotional reactions of millions of Italians who have seen their country transformed beyond recognition by the impact of millions of African newcomers who cannot possibly blend into the Italian social fabric.

That said, aside from this illegal immigration crisis, it is sadly obvious that most of Italy’s problems are self-inflicted wounds. The real issue is not about having a dispassionate cost-benefit analysis over staying or not staying within the Eurozone.

The real issues

The real issue is a major, supposedly capitalistic, western economy that lost its competitive edge long ago. As *The Wall Street Journal*, put it (May 28, 2018):

“Lost in the debate is the reality that Italy’s economic problems are mostly homegrown, with a 20-year erosion in productivity, a cumbersome bureaucracy and a dominant small-business sector that has stifled productive investment, making Italy one of Europe’s sickest economies. According to Eurobarometer, 80% of Italians judged the state of their economy as “bad,” with only Croats and Greeks reporting worse

opinions."

So, here is the situation. Confronted with slow but steady economic decline, due to lack of competitiveness, the Italians are incapable or unwilling to do what it takes to take responsibility and change course.

Reforms in order to regain competitiveness

What's to be done? First of all, Italy should reform and seriously upgrade the entire edifice of public education in order to produce better educated new generations that could successfully compete with their counterparts in Northern Europe and across the world. Then labor markets and civil law procedures should be dramatically reformed in order to give employers and foreign investors the confidence they need in order to bet on the Italian economy. Firing workers is too difficult. Settling business disputes in court may take years.

Last but not least, there is the enormous challenge created by the twin and often intermingled cancers of endemic corruption and organized crime. It is hard to do business in a country in which kickbacks are the norm, while vast sectors of the economy and local politics are controlled by the Mafia, and its siblings: Camorra and 'Ndrangheta.

Fighting about the Euro and excessive German influence may be politically expedient, but it is just like charging the windmills. It will get Italy nowhere.

That said, I doubt that there is any appetite to see this serious political impasse as an opportunity to change course and start behaving in an adult way, that is: take responsibility and undertake serious reforms. The tendency to look for and find scapegoats abroad, while hoping on simple political fixes for gigantic economic problems, is deeply ingrained.

Stop right at the edge of the abyss

Still, if the past can offer any guidance, the Italians while messy and litigious, usually stop when they get right at the edge of the abyss. Confronted with the real possibility of a complete collapse, generally they retreat and agree to pay a huge economic price in order to steady the economy. However, once the emergency is gone and sheer survival is no longer in question, then the usual game of blame takes over again, with a vengeance.

Italy could choose to undertake serious reforms, this way regaining economic competitiveness and credibility, becoming once again the destination of precious foreign investments.

But I would not count on wisdom and sobriety suddenly springing in this country of myopic leaders perennially fractured by parochial interests.

North Korea Will Never Give Up Its Nuclear Weapons

WASHINGTON – The sudden White House announcement about a May Summit meeting between US President Donald Trump and North

Korean leader Kim Jong-un has taken Washington and the world by surprise. It is not clear what the American game plan is. Until not too long ago the U.S. policy regarding North Korea seemed to be sanctions, and more sanctions. No talks. In fact, Trump himself, a while ago publicly declared that negotiations would lead nowhere.

Trump “forced” Kim to negotiate?

Now, the improvised White House narrative is that Mr. Trump’s tough actions –the new round of sanctions, plus threats to destroy North Korea– have “forced” Kim to ask for direct talks which could entail “denuclearization”. If you believe all this, then it follows that Trump managed to bend North Korea.

Do not count on denuclearization

Still, beyond the surprise announcement of this May Summit, my assessment is that this opening, however startling and significant it may be, (it would be the very first such encounter between the leaders of these two nations, technically still at war with each other), it cannot possibly mean that the North Koreans are truly willing to negotiate the end of their nuclear program.

And for a very simple reason. North Korea is a semi-failed state in which most people are close to starvation. It has no real economy, and no prospect of creating a viable one under this medieval, cruel and bizarre dictatorship.

Korea has nuclear weapons –and nothing else

The only real asset that North Korea has is its nuclear weapons, now combined with an increasingly more modern panoply of ballistic missiles which may be capable within a short period of time to enable the rogue state to deliver nuclear weapons as far as the East Coast of the United States. America must take notice of North Korea for this very reason. Because it represents a potentially serious national security threat.

Well, precisely for this very reason, nuclear weapons being all that North Korea has to be taken seriously by the rest of the world, I cannot see any scenario under which Kim will give this huge –in fact only– real asset away. He will not, even if promised in return American technologies, food aid, substantial financial aid and all sorts of political reassurances that the US will sign a peace treaty, that America will never attack them, and what not.

Simply stated, North Korea's standing in the world, such as it is, is due only to its ability to threaten other countries with incredible destruction, including the United States. Without nuclear weapons, North Korea is like Sudan, or the Central African Republic: an inconsequential, impoverished state with no real future and no prospects.

What is the point of this May Summit?

I have no idea as to what Kim may have in mind by offering these talks with President Trump. Of course, if we just focus on the optics, to be face to face with the leader of the U.S. will be a huge public relations coup for Kim. He will be able to say that finally he is recognized as the supreme leader of a world power. However, when it comes to what a bilateral negotiation may bring, I am not too optimistic.

Kim will not give up his nuclear arsenal

America (and the world) wants North Korea to ultimately give up its nuclear weapons, its missiles and all its nuclear facilities. But this is all they got. Even if promised a lot, the North Koreans will not give up their membership in the nuclear club.

Farewell to Africa?

WASHINGTON – Jacob Zuma is finally gone. It was a painful process. It took years; but he is now out of power. At last, he was forced to resign as South Africa's president. That said, the very fact that he was elected and that he managed to stay there so long is a disgrace.

Zuma is bad governance

Zuma is glaring, if sad, illustration of Africa's widespread bad governance record. He rose to power through backroom deals. He had no clue about governing. He relied on nepotism and cronies to stay on top. He was stupendously corrupt. Now that he has been forced out, his legacy is an exhausted and impoverished South Africa

Water crisis in Cape Town

Cape Town, jewel of South Africa, is literally running out of water. An awful combination of a historic drought and an almost criminal lack of planning by local and national administrators led to this impending urban catastrophe. Lacking water in reservoirs on account of an unprecedented lack of rain, nobody thought that there should be a "Plan B". There are no alternatives, other than praying for substantial rain. No new aqueducts have been planned. No nothing.

There you have it. By all accounts, South Africa is still in the lead when it comes to economic development and higher standards of living in the African Continent. And yet this is a country in which chronic mismanagement, combined with endemic corruption and incompetence, dashed even modest most hopes and expectations for a better future. Sadly, Nelson Mandela, himself a truly exceptional human being, left no legacy.

No end to Congo's violence

“No conflict since the 1940s has been bloodier, yet few have been more completely ignored. Estimates of the death toll in Congo between 1998 and 2003 range from roughly 1m to more than 5m—no one counted the corpses. Taking the midpoint, the cost in lives was higher than that in Syria, Iraq, Vietnam or Korea. Yet scarcely any outsider has a clue what the fighting was about or who was killing whom. Which is a tragedy, because the great war at the heart of Africa might be about to start again.” —*The Economist*

Well, it seems that the Congo is once again reaching a boiling point. A vast, unmanageable country, with large mineral resources, is becoming a failed state. More violence and more deaths to be expected.

Major troubles in Ethiopia

“On Thursday, Hailemariam Desalegn abruptly announced he would step down as Prime Minister and head of the ruling Ethiopian People’s Revolutionary Democratic Front (EPRDF) coalition. He cited ongoing “unrest and a political crisis” in the country as major factors in his resignation, which he described as “vital in the bid to carry out reforms that would lead to sustainable peace and democracy”.

“Hailemariam, who has sat at the helm of the Ethiopian government since 2012, said he will stay on as prime minister in a caretaker capacity until the EPRDF and the parliament accept his resignation and appoint his successor. This is the second state of emergency to be declared in Ethiopia in the last two years.”

“In August 2017, Ethiopia lifted a 10-month state of emergency imposed after hundreds of people were killed in anti-government protests demanding wider political freedoms.”

“The country’s Oromo and Amhara people – who make up about 61 percent of the population – have staged mass demonstrations since 2015 demanding greater political inclusion and an end to

human rights abuses. The protests have continued this month, with many people expressing frustration over a perceived slow government release of political prisoners.” –*Aljazeera*

Ethiopia’s leaders liked the Chinese model. They believed that they could be both total autocrats and smart technocrats capable of delivering economic development and higher standards of living. Instead their way of governing generated wide unrest. Can they retain control? If so, at what price?

Bad governance

What am I driving at with these stories? very simple. These snapshots unfortunately illustrate that Africa is not yet delivering on its promise to be the next bright chapter in human development.

The common thread here is that bad to awful governance, treating political power as a personal or factional perk to be abused to the extreme, is the cause of most of Africa’s problems.

Syria Is Not A Strategic Priority For Washington

WASHINGTON – It is clear that Russia, as the key ally of president Assad of Syria, has taken a lead role in trying to set the stage for a final peace settlement regarding this tragically battered country. The recent Sochi meeting in which president Putin hosted president Rouhani of Iran and president Erdogan of Turkey seems to illustrate a resurgent Russia once

again playing a key role in the Middle East.

America in retreat?

In Washington, the defenders of the (frankly defunct) myth of Pax Americana sounded alarm bells. *“America is in full retreat –they admonish us– and the bad guys are filling the void. We are losing ground, while they are gaining”.*

Indeed. But here is the question. Is the American national interest really profoundly impacted by who is in control in Syria? What’s so important about Syria from Washington’s standpoint? Well, very little. Sure enough, if we look at a map of the Middle East, we can see that a firm Russian foothold into Syria, plus continuing Iranian influence there, changes the geopolitical picture.

Russia and Iran in the lead

True. Still, this being the case, in what way does this geopolitical realignment affect America’s vital interests? Syria is now a semi-destroyed and completely impoverished country. Whoever will exercise influence on Damascus does not gain that much. In fact, to the extent that the Russians need to prove that they are real friends of Assad, they would have to support Damascus financially, for many years. And this may prove to be quite a burden for a Russian state not exactly swimming in wealth.

Iran’s influence in Syria is a concern. However, there are several counterweights within the region to Tehran’s hegemonic ambitions. From this perspective, it would be prudent for Washington to continue supporting its traditional Sunni Arab allies who are actively opposing Tehran’s expansionism.

Middle East no longer of critical importance

That said, even taking all this into account, the idea that Washington *“must”* regain its historic role as a key powerful

player in the Middle East has no longer any strong rational justification.

Of course, until a few years ago, one could have argued that the Middle East indeed had extraordinary strategic value for Washington, because it sits on most of the oil the rest of the world desperately needs.

Well, this argument is far less compelling today, in this new era of abundant oil supplies in large measure caused by America's newly discovered technologies (fracking and horizontal drilling) that allowed US energy companies to exploit massive domestic shale oil reserves. Indeed, thanks to fracking, in just a few years America doubled its oil production. This is a real game changer.

Besides, if you add to this dramatic domestic oil production boom increased oil supplies from Canada, plus imports from Mexico, Colombia, and Venezuela, the U.S. has, or will soon have, "*hemispheric energy independence*". This means that most of the oil America will need will come from domestic sources or from imports from reliable neighboring countries, and not from the Persian Gulf.

Middle Eastern oil not so important

Now, this is a major and completely benign geopolitical change! In simple language, as the U.S. no longer relies on Middle Eastern oil for its very economic viability, controlling events in the region is no longer such a key priority.

Besides, going forward, the slow but steady emergence of electric vehicles as commercially plausible alternatives to gasoline powered cars makes the strategic importance of oil, and therefore of Middle Eastern oil and whoever owns it or controls it, progressively far less significant.

Down the line, if you take oil out of the equation, or at

least if you downgrade its strategic value as the (no longer so) essential fuel for all modern industrial countries, the Middle East becomes far less important. Absent oil and the power and wealth that it brings, Taiwan is a far more significant player in the global economy than Saudi Arabia.

Let Syria go

Bottom line, let's not fret about who will be in charge in Damascus. After years of civil war that caused destruction and millions of refugees, Syria is a disaster, a true basket case. Even assuming wildly optimistic scenarios, it will take years and astronomic investments to bring it back to semi normality. Let Russia worry about all this.

Palace Coup In Zimbabwe Will Not Bring Along Genuine Democracy

WASHINGTON – Despite some last minute confusion regarding the timing of his exit, Robert “Mad Bob” Mugabe is finally gone. He is a despot, a cruel dictator, and the undisputed author of Zimbabwe's economic ruin. After 37 years of autocracy, is this finally good riddance? Well, I would not bet on a good outcome. A happy ending is highly unlikely. Indeed, this sudden change at the top of the government in Zimbabwe is certainly not about an injured nation that finally rebels against its tormentor, forcing him out of power while creating genuine foundations for democratic rule and true accountability.

Just a palace coup

Sadly, this is just a garden variety palace coup. One faction against another, with the military finally deciding that it was time for the old man (now 93) to go. In particular, the army chiefs did not like the prospect of Grace Mugabe, the President's much younger and equally rapacious wife, replacing him this way creating a dynastic rule.

For this reason the generals took over and rearranged the palace furniture, so that their favorite "leader", Emmerson Mnangagwa, Mugabe's Vice President, (who had just been sacked by Mugabe), will become the next president. Now 75, Mnangagwa, is not exactly part of the next generation. At home, he is affectionately known as the "Crocodile". This nickname alone may give you an idea of what kind of man will become the future president of a post-Mugabe Zimbabwe.

New handpicked leader not a champion of democracy

The poor citizens of this unlucky country are rejoicing –for the moment. They chant in the streets of Harare, proclaiming that now they are finally "free". Well, I would not be so sure.

Their new leader is also a cruel despot, while perhaps endowed with a bit more pragmatic attitude, at least if compared to Mugabe. It is a well known fact that as a senior cabinet official, for years Mnangagwa (cheerfully?) implemented the most awful violations of human rights directed by his boss, "Mad Bob" Mugabe.

Economic disaster

So, here is the grim picture. After 37 long years of Mugabe's systematic looting and monstrous mismanagement, the economy of Zimbabwe is virtually destroyed. It will take a miracle to create a genuine pro-growth, business friendly environment that will entice desperately needed foreign investors.

The "regime change" that just took place, while welcome, won't

mean much when it comes to hopes of economic development; unless it is accompanied by genuine democratic reforms. And this is highly unlikely. Indeed, we can rest assured that the authors of this palace coup acted in their own self-interest; most certainly not in the interest of the people.

Silence across Africa

But this is not the entire story about poor Zimbabwe. The real story is that for decades all the African leaders stood silent, as Mugabe imposed his cruel dictatorship on the citizens of Zimbabwe who back in 1980 applauded him as their liberator.

Indeed, it is absolutely true that Robert Mugabe led the fight against white minority rule. And he deserves credit for that. Because of his role in the struggle against oppression, after this troubled former British colony finally obtained independence from the UK, (this way formally ending the white minority regime), Mugabe became the legitimate leader of Zimbabwe back in 1980.

This happened after Ian Smith, the self-appointed leader of a new Rhodesia led by a white minority government, was forced to give up power, and abandon his crazy dream of a sustainable white minority government. Because of his critical role in the long struggle against the white minority government, Mugabe the Freedom Fighter entered the Olympus of Africa's Great Men.

That said, it became obvious almost from day one that the poor people of Zimbabwe had traded one white dictator (Ian Smith) for another (Robert Mugabe). The difference being that Mugabe was a resistance hero and therefore politically untouchable, within Zimbabwe and across Africa.

South Africa did nothing

And yet much could have been done to stop him. Especially after the end of white minority rule in South Africa in 1994,

it would have been quite possible for the new African National Congress (ANC) leadership now in power in Pretoria to force Mugabe to stop or at least tone down his crazy autocratic rule. By African standards, South Africa's economy is a giant compared to that of neighboring Zimbabwe. Had it wanted to, South Africa could have easily imposed its will on Harare.

But no, absolutely nothing was done. South Africa did nothing. Zimbabwe's other neighbors also did nothing. The African Union did nothing. Ostensibly this silence about Mugabe's gross violations of human rights was out of deferential respect for a "Freedom Fighter" who got rid of white oppression, this way gaining a special place in the hearts of all Africans.

Yes, Mugabe did good things in his years as a Freedom Fighter. But he will be remembered as one of the worst (and most incompetent when it comes to economic management) dictators of this century. And every African head of state knew all this. And they did absolutely nothing to stop him.

Disingenuous western media

Let me add a sad foot note to this tragic story. A recent BBC retrospective analysis of Mugabe's 37 rule is titled: *"Robert Mugabe -revolutionary hero or the man who wrecked Zimbabwe?"*. This headline is at best disingenuous, at worst horrible journalism.

After 37 years of dictatorship which led to economic ruin, fantastic inflation, political persecutions against ethnic opponents and millions of Zimbabweans in exile, is the BBC still in doubt about who Mugabe really is? Does this matter really require further scrutiny and analysis before reaching a conclusion?

Come on, BBC!

Manafort Indictment Is Just The Beginning

WASHINGTON – Russia probe Special Counsel Robert Mueller indicted former Trump insider Paul Manafort and his associate Richard Gates in connection with his broad mandate to investigate alleged efforts on the part of Russian operatives to manipulate the 2016 elections. Mueller’s investigation is also supposed to provide conclusive evidence as to whether or not there was any “collusion” between Russian operatives and individuals working for the Trump campaign.

No Russia connection

Well, if you were expecting explosive developments coming out of these indictments, you will be disappointed. Manafort and Gates are accused of several serious financial and other crimes. But there is nothing in the indictment that alleges actions or conspiracies related to possible connections between Russia and the Trump campaign. Zero. Absolutely nothing.

Assuming that the charges can be proven in court, Manafort and Gates are two sleazy and clearly a bit too self-confident “Beltway Bandits” who sold their services to people close to then Ukrainian President Victor Yanucovych. Bear in mind that such an activity is not illegal.

Tax fraud and money laundering

What is illegal is to conceal the profits of such consulting activities, while also concealing the nature and full scope of the work done on behalf of a major foreign client.

In other words, even assuming that Manafort and Gates are guilty, (for the record, both of them pleaded “not guilty” when they appeared in front of a judge on Monday), they would be guilty mostly of tax evasion and money laundering –serious offenses, no doubt; but completely disconnected from the main thrust of Mueller’s investigation about alleged collusion between the Trump Campaign and Russian operatives.

What is Mueller up to?

So, what do we make of this? First of all we should understand that this is by no means the end of Mueller’s investigation. At most, this is the end of the first act. We are still at the beginning of a long process.

If this is indeed so, then the money laundering and tax evasion charges against Manafort and Gates, apparently disconnected from the main thrust of the Russia inquiry, acquire a new flavor. If Special Counsel Mueller has reason to believe that Manafort knows something important about an alleged Trump-Russia collusion, then the indictment against him is in fact a form of heavy psychological pressure.

Pit pressure on the small fish

It is quite common for American prosecutors to go with full force against second or third tier players in a criminal investigation in order to force them to collaborate with them in exchange for leniency. Keep in mind that, if proven guilty, Manafort could go the jail for many years. If he fully cooperates with the authorities, his personal future becomes a lot brighter.

Is this Mueller’s game plan? Yes, it probably is.

A major investigative effort cannot end with Manafort

Indeed, it is most unlikely that Robert Mueller, a tough, seasoned law enforcement official, an experienced lawyer and a former FBI Director, assembled a large team of important lawyers and prosecutors just to investigate Paul Manafort – a questionable character whose crime seems to be that he tried to hide a few millions of dollars (of legitimate earnings) from the IRS. Therefore, it cannot be that this is the end of the probe. It would be wise to stipulate that with this indictment Mueller is just getting started.

Will they find anything?

That said, this does not guarantee that Mueller, despite a serious effort to determine whether crimes were committed, will find anything. Investigating potential wrongdoing and actually finding any are two different things.

Only Skilled Workers Will Make It In The Global Economy

WASHINGTON – We can argue that in America may be about half the work force is doing alright because it is positively connected to the fast-moving global economy. For them globalization is good. Most of them are “knowledge workers”. They design the sophisticated technologies which power global or globally connected businesses, or at least are familiar with them and know how to work productively with them.

Some do well, many do not

If they are in high-tech, renewable energy, complex global

logistics, medical science and diagnostics, digital design, supply chains creation, management and sustainability these American workers are probably doing alright.

However, most of the others –those who perform low value, repetitive tasks or who are engaged in manual labor – are or will soon be at the bottom of the skills pyramid. Unfortunately this means that their jobs are not and cannot become stepping stones to future employment in more challenging and more rewarding sectors. In many cases, the jobs that involve repetitive tasks will probably be outsourced, or will disappear altogether, as victims of the relentless automation wave.

Lack of skills, lack of opportunity

If you belong to the bottom half of the “old economy”, your current position is bad and likely to get worse. If you do not have and cannot acquire the skills that give you dexterity with machines that work with numbers, (most likely because you had a poor education and therefore you do not know how to work with these systems), you have no career future. You are or will soon be pushed down into dead end manual labor jobs like janitor, landscape worker, bus boy, or nursing home attendant.

The unlucky former manufacturing workers who lost their jobs due to globalization and automation are equally in bad shape. If they cannot be retrained so that they could aspire to the more sophisticated positions in new high-tech manufacturing or services, in most cases they will end up in one of those dead end, low paying occupations.

Getting the jobs back

Of course, when then candidate Donald Trump came along in 2016 arguing that the only reasons these fine factory workers lost their jobs is the greed of their corporate employers seeking easy profits by exporting jobs overseas, along with unfair trade competition from China, Germany, South Korea, Japan,

Mexico and everybody else, these displaced workers were eager to listen. And they were willing to believe that, indeed, all it takes to restore their old manufacturing jobs, (with all the perks and benefits), is a new President who really wants to help the little guy by turning things around in Washington.

Yes, they believed that a President can reverse the negative impact of globalization. Yes, he can force U.S. companies to stay at home and hire more American workers. Yes, he can re-negotiate unfair trade deals, so that the avalanche of cheap imports will stop, while American companies will find new markets abroad.

A nice dream

This is unfortunately only a nice dream. No, no President, however well-intentioned, can stop, let alone reverse, globalization. Yes, he can strong arm corporations in order to slow down or stop the outsourcing process. But this is no long term solution.

In the end, American companies will succeed only if they can be and stay competitive. Forcing them to keep expensive or money-losing operations in America, so that workers can collect a pay check, while their nimble foreign competitors conquer markets leads only to eventual economic decline.

The way out

So, what is the proper way of addressing this crisis brought about by the competition of cheap labor (mostly from Asia) and the relentless march of automation?

The only way is for the unskilled to become skilled.

Those who are not employable today because they lack the knowledge and the basic understanding of how the high-tech knowledge economy works need to get those skills. And fast. Those who do not, are left behind. For them there is no upward

mobility, no career ladder.

The old adage that "hard work" is the key ingredient to success in America is no longer valid. Yes, diligence and discipline still matter. But only when accompanied by the sophisticated knowledge that allows mastery of complex systems.

How is France doing?

Well, if this is the rather gloomy picture for millions of Americans who may have missed the bus leading to the global economy, what about elsewhere? What about France, for instance?

France recently embarked in a an incredibly ambitious political experiment. The French voters ditched the established political parties, of the left and the right, and elected President the young and completely untested Emmanuel Macron. And the reason is that this investment banker turned politician, promised nothing less than economic renaissance.

While he phrased his campaign slogans differently, he promised the same end results promised by candidate and now President Donald Trump: a complete bottom-up economic transformation.

Newly elected French President Emmanuel Macron claims that his policies will kick-start France into high gear. This rather old and unimaginative country will become a "Start-Up Nation". As a result of fresh pro-growth policies, there will be a fresh crop of entrepreneurs and innovators.

Reform labor laws

Well, in principle this is possible. However, how do you make this happen? One good place to start is by reforming the antiquated French labor market. France is still prisoner of the old, pro-union leftist agenda which is all about the protection of workers rights. Nothing wrong with that, in

principle.

The problem is however that by focusing on the protection of those who are employed, French labor laws make it much harder for employers to hire new workers. Indeed, when a new worker is hired, given all the protections he/she is entitled to, it becomes almost impossible or at least extremely costly to dismiss him/her when business is down.

In other words, by offering maximum protection to employed workers, French labor laws made sure that fewer workers would be hired, even in good times. In addition, the perks and benefits going by law to employees made French labor costs too high, this way making French companies less competitive in the global market place.

Bite the bullet

It seems that President Macron is willing to bite this bullet. His government wants to tackle labor laws reform.

But here is the political and psychological problem. Even if well designed and skillfully implemented, labor law reforms will threaten the job security of existing workers before they will be able to broaden the labor market, therefore offering new opportunities to those who cannot get into it today. Which is to say that there will be pain first (guaranteed), and (possible, hoped for) gains later.

Can Macron convince France?

Can President Macron convince the French people that he can manage this complicated process well? Can he convince workers who may lose their jobs now, on account of more flexible labor laws, that in the future, given greater overall flexibility, more appealing jobs will sprout across the nation, this way creating brighter prospects for millions of old and new workers? This is going to be a tough sale.

In the end, it is obvious that a brittle French jobs market will not help advance Macron's vision of France as a "Start-Up Nation". Economic renaissance is very appealing until voters realize that change may entail threats to their current security. I am a bit pessimistic about the depth of France's newly discovered enthusiasm for enterprise and innovation, once the French realize that this hoped for transformation is not pain free.

I doubt that Macron will have the ability to convince most of the country that a more fluid society with fewer protections is also a more flexible society that creates more opportunities. No doubt most French would like to see more competitive companies and more jobs created. But those who are employed now do not want to lose whatever job security they have.

The challenge

As noted above, even here in America, until not too long ago the quintessential "Start-Up Nation", in many sectors of our society and economy we are failing to live up to the old and time-tested "can do" spirit of flexibility and quick adaptation to new circumstances.

We failed to build the education, vocational training and retraining structures that would have allowed millions of workers to have a relatively smooth transition from old-fashioned, large scale manufacturing to a new, complex and more demanding knowledge economy.

Can an even more ossified France do a better job? Can a young, optimistic President Macron inject a new vigor into a declining economy?

Time will tell.

Will Washington Give Arms To Ukraine?

WASHINGTON – Back in February 2014, right after a popular rebellion ousted pro-Russian President Viktor Yanuковych, this way taking over political control in Kiev, the then Obama administration was long on promises of aid and support; but very short on delivering almost anything of real value to the new supposedly pro-American and pro-European Ukrainian government.

Economic basket case

On the economic front, Ukraine was then (and still is today, by the way) a virtual basket case: an impoverished, non competitive, underperforming economy, poisoned by systemic corruption. On the military side, whatever your political preference on who is to blame for the ongoing fighting between government forces and pro-Moscow ethnic Russians in Eastern Ukraine, back in 2015 it became obvious that Washington was not going to support the new anti-Russian Kiev government in any meaningful way.

Non lethal military aid

President Obama offered some non lethal equipment, (such as radar, night vision goggles), MREs, (military food rations), blankets, uniforms, and socks, (yes, socks), to the Ukrainian army –but no real weapons.

New Trump approach?

Now, with Trump in the White House, most recently the noises have been changing. It is no accident that U.S. Secretary of

Defense Mattis recently made a high-profile visit to Kiev on that country's Independence Day. During public celebrations which included a military parade, Mattis stood at the side of Ukrainian President Petro Poroshenko. Mattis trip to Kiev followed another important visit to Ukraine by Secretary of State Rex Tillerson in July.

In public remarks in Kiev Mattis stated that the Pentagon is reviewing options that could include supplying real weapons to Ukraine; including anti-tank Javelin missiles, and possibly anti-aircraft missiles.

Of course, Mattis insisted that this American hardware—assuming a US Government decision to send it to Kiev—falls under the category of defensive weapons. America's stated goal—again, assuming a green light on this—would be to give Ukraine the tools to defend itself from Russian attempts to unilaterally change borders in the East.

Mattis justified any possible U.S. policy shift regarding weapons sales to Ukraine by pointing out that Russia is not living up to its commitments under the Minsk agreements aimed at solving through peaceful means all issues related to the future of ethnic Russians in Eastern Ukraine.

Policy shift

Well, should these supplies of U.S. weapons to Ukraine actually take place, this would indicate a major policy shift from the "do nothing" Obama years. For several years, Obama's deeds (forget his speeches in support of Ukraine) indicated that America would not get involved, even indirectly, in any conflict involving Russia in Eastern Ukraine, a region with deep historic, ethnic and religious ties to the Russian state. With Obama in the White House, Ukrainian President Petro Poroshenko realized that he was on his own.

Now Donald Trump is President. So, a new more muscular approach to Ukraine in Washington vis-a-vis Russia? We shall

see. Despite what Secretary Mattis just said in Kiev, I am inclined to believe that the Trump administration does not want America enmeshed, even if indirectly, in yet another, almost impossible and probably endless conflict, far from home.

A crowded national security agenda

Let's look at the long "to do" list for the U.S. military, when it comes to hot spots. Washington is and will be engaged in the Middle East, (Iraq and to a lesser extent Syria) for quite some time. The President just announced a more muscular and open-ended policy towards Afghanistan, with the stated goals of defeating the Taliban insurrection. And then you have creeping and potentially explosive crises with North Korea, Iran, and may be with China on the South China Sea. Based on recent Washington moves and public pronouncements, we may also have to add Venezuela to this already long and challenging national security agenda.

Does Washington want to add an insoluble conflict in Eastern Ukraine to the headaches list, while cash strapped America has a hard time keeping up with existing and potential commitments? I do not think so.

Will NAFTA Be Fixed?

WASHINGTON – It is not a bad idea to look at ways to improve NAFTA, the Free Trade Agreement linking Canada, the U.S.A. and Mexico that came into force in 1994. Back then, we had a different world. The Internet was just beginning to blossom; the on line giant Amazon did not exist, and Apple's future was uncertain. Energy production and possible new cross border investments within North America did not even remotely

resemble what we have now. Think of the incredible shale oil and gas revolution in the U.S., large scale oil extracted in Canada from oil sands in Alberta, and then exported to the United States, and the recent liberalization of the energy sector decided upon by Mexico, simply because they are shipped from Mexico.

Make it better?

What is not entirely clear at this early stage in the process is the spirit animating the American negotiators. As a presidential candidate, Donald Trump argued that NAFTA is a horrible arrangement that hurt the U.S. economy and workers, a key item within a long list of fatally flawed trade agreements.

So here is the question. Is the goal here to improve NAFTA or to try to kill it? We shall soon find out.

Key issues

Among the many issues that will be addressed by the U.S., Mexican and Canadian negotiators, “rules of origin”, “dispute resolution” and “government procurement” stand out.

Rules of origin

In order to qualify for the NAFTA free trade preference, (this means no customs duties within the free trade area), goods coming into the United States –say from Mexico– must qualify as “made in Mexico”. For example, they cannot be sneakers or T-shirts made in China, exported to Mexico and then re-exported tariff free to the U.S.A., pretending that they are made in Mexico.

However, in this global economy sustained by global supply chains, how does one establish clear rules aimed at determining the origin of complex products? Think for a moment of automobiles assembled in Mexico. Almost by definition they

contain many foreign made parts –parts not originating from other NAFTA countries.

Well, here is the question. What is the limit of foreign (non NAFTA) made components (in terms of value of the components, and in terms of overall percentage of parts) beyond which the car assembled in Mexico no longer qualifies as “originating in Mexico” and therefore not qualifying for the NAFTA preference?

How strict?

How high do you set the bar? Is a car with 30% non NAFTA components still qualifying for tariff-free NAFTA status? Or can the NAFTA negotiators be more lenient and set the bar at 40%? This is a big deal.

More or less stringent rules of origin will affect established trade relations with a global web of suppliers. No wonder the Japanese are following the NAFTA renegotiation issue very closely. The Japanese brands assemble cars in Mexico. Ostensibly those cars are “made in Mexico” and so they can be exported to America customs free, as they benefit from the NAFTA trade preference.

Components made in Japan

But here is the thing. Everybody knows that these cars contain a large amount of components made in Japan. If adopted by the three partners, more stringent NAFTA rules of origin will inevitably disrupt established supply chains created by the Japanese brands to export components that end up in cars that until today met the minimum NAFTA origin criteria to be considered as “made in Mexico”.

So, here is the issue that will affect the negotiations. America wants much stricter rules of origin, because it does not want what the U.S. considers to be essentially Japanese cars, disguised as “made in Mexico”, to come into the USA tariff free, (because of the NAFTA preference),

Can a compromise be reached regarding what percentage of a finished product must be made of components made in Mexico, Canada or the U.S.A. in order to give this product “NAFTA origin”?

Dispute resolution provisions

The Americans also do not like the “dispute resolution” mechanism included in the original NAFTA Treaty. Many in the U.S. look at it as a binding arbitration process which amounts to an infringement of US sovereignty. Americans do not like to be bound by a process whereby non-U.S. judicial bodies decide the outcome of trade disputes. The other two NAFTA countries would like to preserve this dispute resolution mechanism. Is compromise possible?

Public procurement

Public procurement is another sticky issue. The three countries would like to have free and equal access to public procurement bids (think of government contracts which may include IT services, or infrastructure projects) put out by their NAFTA partners. Except when they do not.

Especially with President Trump pushing for an “America First” general approach on all trade and non trade issues, when it comes to public procurement, Washington wants to privilege U.S. companies through “Buy American” policies.

And this would include all or most government contracts. This is obviously against the spirit of wide open procurement with a bidding process open to all firms within NAFTA.

Uncertain outcome

In the final analysis, all these are very complex and technical issues –on a good day. If the parties are willing to compromise, there is an opportunity to improve NAFTA.

But if there is a negative bias against NAFTA, it is

relatively easy to tear apart this free trade area linking the 3 economies of North America.