

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 Yanucovych, 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.

Is There A Democratic Party Policy Agenda?

WASHINGTON – If you watch most of the cable news channels these days you get a steady diet of endless, in fact almost obsessive, commentary on what President Donald Trump said or tweeted today, and what the seasoned analysts around the table think about it.

Endless coverage

As President Trump relishes being unconventional and breaking all the established “Washington rules”, plenty for the experts to talk about. Fine. Except that this all they talk about. Which is to say that if you watch CNN or MSNBC what passes as “the news” is the endless effort to score the latest Trump outrageous tweet. And as different talk shows follow each other, the new anchor picks up exactly where his/her colleague left it and repeats the tweet of the day and asks a different panel of savvy experts what we should make of it. The variations in all this are limited to the degree of (feigned I believe) amazement and/or outrage.

Again, this is not happening on occasion. This is now the standard offering throughout the 24/7 news cycle. Look, I do understand that the media has a duty to report on what the President of the United States says or tweets. And certainly, since Mr. Trump enjoys being unconventional and controversial, his statements give fodder for talk shows.

Is there a Democratic Party agenda?

Still, my point here is that there is practically nothing else in the news. The one thing that is missing, probably because

it does not really exist, is a thoughtful alternative policy agenda coming from the Democratic Party. Cable news shows do not report on it because most likely there is nothing to report.

And this is truly astonishing. We have an entire news media apparatus supported by scores of pundits who keep telling us that we have a strange President sitting in the White House who says and occasionally does unpredictable things, while the Republican majority in Congress is in (terminal?) disarray. And yet no alternative vision to this (apparently) unsatisfactory state of affairs is presented by the Democrats and discussed by the media.

Sit back and watch the Republican Party implosion

Are we to conclude that the Democratic Party strategy is just to sit back and watch the hoped for Trump implosion and the eventual dissolution of a Republican Party torn apart by incurable internal ideological battles? This may be a clever tactical approach. But this is not a strategy for a national political force aspiring to govern the United States of America. Let us not forget that the Democratic Party in 2016 lost its momentum and ability to connect with millions of voters. It lost the White House to a complete outsider and it failed to regain control of the Senate even though the odds favored it.

No compelling message in 2016

In 2016 the Democrats best hope was Hillary Clinton, a shop worn uninspiring candidate who represented a retread of the tired Clinton Brand. And she had to fight until the end against Bernie Sanders, a feisty old socialist whose astonishingly outdated policy agenda was all about redistributing (ill gotten) wealth accumulated by the demonized 1% in a more equitable way. That's all the Democrats had to offer: Clinton and Sanders.

What's the alternative?

Today, precisely because the Republican Party policy program seems confused and confusing, the American voters need to hear about a credible and thoughtful Democratic Party alternative agenda. It is OK for the late night comedy shows to use the latest Trump outrage as material for their jokes. This is fine. Political satire is healthy in a vibrant democracy.

Show America how the Democrats will govern

But the news media should stop this obsessive saturation coverage, while the Democratic opposition, instead of relishing the Republicans' self-inflicted wounds, should rise to the occasion and offer a new and inspiring vision on how they intend to govern America. As of now, I have seen none of that. And the reason for this, I suspect, is that the Democrats do not have anything new to say. And this is sad. A healthy republic needs a healthy debate on policy alternatives. Right now we have mostly noise.

America Needs Ballistic Missiles Defenses

WASHINGTON – The news of North Korea's successful test of an Intercontinental Ballistic Missile, (ICBM), a missile that could theoretically hit the United States mainland is bad enough. But it gets much worse when combined with a just released assessment compiled by U.S. intelligence stating that North Korea may have also mastered the ability to miniaturize a nuclear warhead so that it can be fitted on the tip of its

new ICBMs. Taken together, all this means that North Korea could soon have the capability to launch a nuclear armed intercontinental missile that could reach Seattle, Minneapolis, even Chicago or New York City. A very unpleasant prospect, given the paranoid leanings of North Korea's leader Kim Jong-un.

No defenses

But it gets worse. These unexpected developments from North Korea reminded all Washington policy-makers that America does not have real defenses against missile attacks. Yes, you got it right. America lacks meaningful defensive systems capable of neutralizing even a small scale missile attack originating from a third rate rogue state like North Korea. In simple language: we cannot be assured that we can shoot down and incoming missile before it hits America.

Yes, believe it or not, America has essentially no missile defenses. To be precise, America has some systems. But they are rudimentary and probably not accurate.

Regarding a possible nuclear attack from the Soviet Union, (later on Russia) or China, Washington relied and relies on its massive nuclear deterrent, that is on the power of dissuasion embedded in a guaranteed retaliatory strike against an attacker. Which is to say that deterrence –a credible threat of massive retaliation against an attacker– is in essence our only protection.

Deterrence

The conventional wisdom has been and still is that no "rational" foreign leadership would consider attacking the United States with nuclear weapons, knowing that the U.S., even if mostly destroyed, would still retain a lethal retaliatory force consisting of many nuclear missiles carried by its fleet of submarines. No "rational actor" would attack America knowing in advance that America, even if mortally

wounded, would retain the capability to inflict intolerable damage on the attacker.

That said, deterrence applies only to “rational actors”. However, when North Korea and soon enough Iran will have nuclear weapons and ICBMs to deliver them on target, we enter a completely new dimension. A dimension we are currently not prepared for. These are not “rational actors”. Therefore deterrence may not apply to them.

The Strategic Defense Initiative

So, what do we do? Well, a few years ago the U.S. Government articulated a revolutionary “Grand Plan” aimed at neutralizing not just some, but all nuclear weapons. Way back in the 1980s, then President Ronald Reagan was sold on the idea that we could render all nuclear weapons “impotent and obsolete” by developing a variety of anti-missile systems which could hit incoming ICBMs before their warheads could reach their targets on U.S. territory.

Reagan’s Strategic Defense Initiative, (SDI) –the Pentagon program created with the objective of developing the necessary anti-ballistic missiles technologies and weapons systems– was launched with much fanfare and a great deal of hype.

President Reagan promised that U.S. technological prowess soon enough would allow America to deploy layers of fully functioning systems able to protect America from any nuclear attack by hitting missiles and warheads before they could reach their targets on U.S. soil. These systems would render all nuclear weapons “impotent and obsolete”. No point in developing nuclear weapons if they could be destroyed before they could be detonated.

It did not work

But SDI did not work out as advertised. The technological challenges were and still are immense. The task of hitting

literally thousands of small targets traveling at fantastic speed, with absolute accuracy, seemed too daunting. After Reagan left the political scene in January 1989, Washington's focus shifted elsewhere.

Nonetheless America kept investing, albeit only modestly, in new anti-ballistic missiles technologies that could deliver effective systems down the line. Following this trend, at the beginning of his new administration, (January 2001), President George W. Bush made ballistic defense one of his national security priorities.

Renewed efforts in the new millennium

With the objective of pursuing more modern systems, the Bush administration in 2002 decided to withdraw from the Anti-Ballistic Missile (ABM) Treaty that the U.S. had signed with the Soviet Union in 1972, (and still enforced by the Russian Federation). By withdrawing from the ABM Treaty, an agreement which limited the numbers and types of anti-ballistic missiles that both the USSR and the US could deploy, Washington gained the latitude to test and eventually deploy new systems in line with the goals set forth by the National Missile Defense Act.

Unfortunately, 9/11 and its aftermath dramatically changed American national security priorities. Because of the two long and costly wars, first in Afghanistan and then Iraq, the Bush administration did not devote meaningful resources to its anti-ballistic missiles programs.

Insufficient resources

The Obama administration which followed 8 years of Bush in January 2009 certainly did not recognize the urgency of this defensive program. It funded some work on anti-ballistic missile systems, but only very modestly in the ensuing 8 years.

As a result today, as we face an increasingly real North

Korean nuclear threat, we have almost nothing in place to defend America against incoming nuclear armed missiles. As indicated above, we have some systems. But they are small in terms of the number of deployed interceptors, and not necessarily accurate. Therefore they are unreliable.

No military or diplomatic solution

As many have already concluded, there are no good options when it comes to eliminating the North Korean nuclear threat through military means. Attacking North Korea's missile sites and other facilities connected with its nuclear programs, while possible, most likely would trigger a general conflagration in the Korean peninsula, with the almost inevitable direct involvement of South Korea, China, and possibly Japan.

Non military solutions do not exist. Diplomacy will not convince Kim Jong-un to scrap its nuclear program, simply because this is the only asset he has that gives him international standing. Without nuclear weapons North Korea is just a grotesque aberration: an impoverished police state run by a crazy despot.

The recent new round of UN sanctions imposed against North Korea, should not create false hopes. The Security Council unanimous vote has been applauded because it may lead us to believe that China is finally coming to our side. But it is not so.

China will not help

As long as China keeps the North Korean economy and state above water –and there is no sign that Beijing will cut all economic ties with its old ally– North Korea will continue to have the financial and technical means to continue its nuclear weapons programs. Therefore, do not count on more UN sanctions as the tool that will make this emerging nuclear threat against America and its allies go away.

Redouble our efforts

All in all, even recognizing that Washington wasted at least 10 years doing almost nothing when it comes to creating defensive systems against nuclear armed ballistic missiles, now is the time to redouble our efforts and invest in state of the art interceptors and other devices that some day will neutralize the threat posed by rogue nuclear states.

US Enacted Sanctions Against Russia

WASHINGTON – It should not come as a surprise that Russian President Vladimir Putin decided to retaliate in kind, after the US Congress passed a bill (subsequently signed into law by President Trump) that includes tough economic sanctions against Russia, as retribution for Russia's alleged interference in the US 2016 elections, and for unrelated issues pertaining to its meddling in Ukraine and more.

Punish Russia

Back in 2016, then US President Barack Obama ordered punitive measures against Russian diplomats stationed in the USA based on US intelligence findings that Russia had actively attempted to interfere in the U.S. elections via hacking and other cyber attacks. The sanctions included the expulsion of a number of Russian diplomats. These sanctions were included in a presidential directive issued by Obama. As such they could have been rescinded by the new president. But now the tougher sanctions have been enacted by the Congress and therefore

President Trump will not be able to eliminate them or modify them unilaterally.

Putin's reaction

After the US Congress passed this law containing sanctions, by a huge margin in both houses, Putin decided to get even, as he realized that these are "veto proof" majorities. In other words, even if he wanted to, a more conciliatory President Trump could not have blocked this legislation.

Putin's objective seems to get even. In order to bring the number of US diplomatic personnel in Russia down to the same level of what Russia is allowed to have in the United States, (455), 755 American diplomats will have to leave Russia. This is a major cut.

Impact

Will this move affect Washington Moscow based diplomats' ability to engage Russia in a meaningful way? Probably yes, even though it is not clear at this time which sectors of the bilateral relationship will be mostly affected by these significant cuts.

Most of all, this sequence of tough actions and counter actions indicates that US – Russia relations are in very bad shape, without any signs of improvements.

No Ambassador

To make things worse, keep in mind that the U.S. currently has no Ambassador in Moscow. Former Utah Governor and now Chairman of the Atlantic Council Jon Huntsman has been nominated by President Trump to fill that post, but he has not yet been confirmed by the Senate.

Once confirmed, will Huntsman, an astute businessman who also served as U.S. Ambassador to China, be able to help turn things around? There are at least some areas in which

Washington and Moscow can find common ground. At some point, there will have to be some kind of agreement on the future of Syria. There is also an opportunity to convince Russia that it is not to its ultimate advantage to be on the same side of Iran in the Middle East.

Common front on North Korea?

And finally there is the looming threat of North Korea's long-range ballistic missiles, soon to be armed with nuclear warheads. North Korea's threat is clearly aimed at the USA and its allies, South Korea and Japan. But Russia cannot be too happy with the idea of an unstable regime capable of launching nuclear armed Intercontinental Ballistic Missiles, (ICBMs) at its door step.

The Russia probe cloud

That said, for the bilateral relations climate to improve, the whole "Russia probe" now led by former FBI Director Robert Mueller must be concluded in Washington. Indeed, whatever the outcome of Mueller's investigations, only after he is done it will be possible to go back to a "normal" dialogue between Moscow and Washington.

That said, in the end, both sides must know that there is nothing to be gained when the two most important nuclear powers on earth do not engage with each other. Nuclear war between Russia and America is a very, very remote possibility. But such a possibility may be increased by misunderstandings and misperceptions.

Notwithstanding the sharp differences between the two countries, open lines of communication are an essential tool that will help prevent fatal errors. And both sides should know that they need competent diplomats in each other's capitals to keep those lines open.

America Cut Funds to Syrian Rebels

WASHINGTON – After the fall of Aleppo, I concluded that the Syrian opposition to Assad had been essentially defeated. Sure, some resistance still exists. But the chances of overthrowing Assad via military actions is a dream. Americans (half-hearted, in my view) efforts to force regime change in Damascus by supporting the domestic Syrian opposition through military assistance have failed.

No more US aid to the opposition

Now we learn that the Trump administration about a month ago decided to stop helping the Syrian rebels via a CIA operation code-named “Timber Sycamore”. I call this cutting one’s losses and moving on.

Of course, some analysts immediately argued that cutting off the rebels is a big Trump favor to Russian President Putin. A big favor without getting anything in return. They argue that arming the Syrian rebels was smart policy, because it created a pressure point against the Assad regime that could have been used at a later date as a bargaining chip during negotiations about a future settlement of the conflict in Syria.

It did not work

May be so. But, while the details about how much money was spent and how cost-effective this operation has been are not publicly available, the truth is that the Syrian opposition aided by the US and several Arab countries was never very effective; and now it has been essentially beaten. Not

completely destroyed. Still, after the fall of Aleppo, it lost any chance of overthrowing the Damascus regime, or even inflicting serious damages to it.

Accept defeat

The Trump administration seems to have accepted this; while it is keen on focusing on the ongoing fight against the Islamic State, or ISIL. Therefore: *“Let’s cut or losses, concentrate our efforts on beating ISIL, and stop throwing good money after bad”*.

New consensus

There seems to be a new consensus within the US Government that removing Assad from power is no longer a priority. (Obama instead repeatedly declared that Assad “had to go”, because of his violations of human rights and other crimes against the Syrian people). Secretary of State Rex Tillerson and others actually said publicly that the removal of President Assad is no longer a precondition for any serious talks about the future of Syria.

Waste of money

Given all this, continuing a CIA funded operation aimed at arming a few Syrian rebels who do not have any realistic chances to achieve much against regular pro-Assad forces backed by Russia, Iran and Hezbollah, seems like a waste of time and money.

Betrayed

Of course, if you were part of a Syrian rebels group that had been included in this CIA funded program and you were counting on continuing American military and financial support, you have every right of feeling betrayed. But this would not be the first time in which allies of America have been dropped by Washington, on account of larger strategic considerations.

America's Delicate Democracy

WASHINGTON – Democracy, anyone? But, yes, of course. We all want democracy. In principle we all agree as to the advantages of living in a democratic country, where there are constitutional guarantees which uphold and protect freedom of expression and enterprise, free elections, rule of law, transparent and fully accountable government, respect for minority rights, and a lot more.

Preserving and passing on key values

In reality, though, it seems that many societies –including an old democracy like the United States– are no longer able to preserve, nurture and pass on to the next generation the essential shared values that make it possible to have a well-functioning democratic republic.

Let's get this straight. A vibrant democracy needs a lot more than political pluralism and free elections held at regular intervals, as prescribed by the constitution.

Yes, these are essential preconditions. But, although absolutely necessary, they are not sufficient to guarantee an effective democracy. You can have (reasonably) free elections, and still give life to a polarized or just confused political system which produces dysfunction, or even chaos.

Basic preconditions

Here are some implicit, yet basic, preconditions without which democracy becomes a flawed mess. Any vibrant democracy is premised on a reasonably well-educated population in which

most citizens/voters agree at least in broad terms as to what rule of law means. This is all about justice, fairness, protection of minority rights, unfettered openness, real access to education, to all economic activities and to the unimpeded pursuit of public office.

The citizens also agree about the goals of public policy. And this includes agreement as to where the boundaries between the private and the public spheres should be. This means that the people share a genuine understanding about the proper role of the state in providing for the truly needy and in creating appropriate and fair systems that would enhance, in fact guarantee unfettered access to economic and other opportunity to all, without at the same time creating politically inspired and justified entitlements and/or set asides for any group or social class.

Paralysis

Well, here in the United States we still have all our republican institutions protected by our Constitution. But we also have political and policy paralysis. And this prolonged paralysis tells us that, unfortunately, as a society we no longer agree on critical fundamental values.

And this did not start with the November 2016 elections. During the eight years of the Obama presidency the Republicans did their best to block or delay anything that the White House wanted to undertake. The widespread perception among conservatives and also many independent voters was that Obama was in fact not the President of the United States trying to promote policies that would benefit most Americans but an ideological leftists who wanted to remake America into a quasi-socialist state. Hence the reflexive opposition to practically anything President Obama proposed. The outcome was paralysis. Almost nothing done when the Republicans gained the majority in the House of Representatives after the 2010 mid-term elections.

Today, after the significant Republican victory of 2016, we have a populist President Trump who at least until now seems to act on changeable instincts rather than on the basis of a well laid-out, properly articulated and widely embraced strategy. The impression is that, beyond broad goals delivered through appealing slogans, this Chief Executive is uncertain as to which are the policy tools that would take America to higher ground.

Ideological warfare

The legislative branch, in turn, is torn by deep ideological warfare, and most of all by the astounding inability of both Democrats and Republicans to elaborate and articulate in a compelling fashion their own strategic visions for America. The outcome of this is more policy paralysis. If this were only a temporary aberration, a glitch, America could survive and move on. But, as noted above, this paralysis did not start in 2016, it has been going on for a number of years, irrespective of who is in power.

Now that the (rather fragmented) Republican Party is in charge, we have the flip side of the Obama years scenario. Now we have the Democrats as almost statutory obstructionists. They will not get behind this President on anything at all, as a matter of principle. Battling them we have a disunited, in fact disjointed, Republican Party ostensibly in the majority. The Republican Party is clearly incapable, not only of attracting members of the opposition in order to form bipartisan coalitions on key policies, but also of maintaining even a modicum of unity and cohesion among its Senators and Congressmen.

This is serious. Indeed so serious that, if we cannot repair the ideological rifts and the deep divisions that make it now impossible to create viable (bipartisan) coalitions which can identify and successfully tackle policy priorities that will benefit America and its people, the very future of this old

republic is in question.

Checks and balances

The fact is that, a long time ago, the Founding Fathers devised a complicated and delicate –I underscore “delicate”– system of government that was primarily aimed at preserving liberty.

America was not and is not about creating a strong government that “*would get things done*”. It is mostly about creating institutions aimed at protecting free people against the threat of tyranny. And for this reason the Founders came up with a complex alchemy of “*checks and balances*” : equally strong centers of power that will keep an eye on one another, this way preventing any one of them from becoming too strong, and therefore a threat to liberty.

Easy to block anything

But here is the thing. While this system of equal forces balancing one another is an effective instrument when it comes to preventing any dangerous power grab, it is also ideally suited for launching successful obstructionist efforts at multiple levels.

Simply put, preventing almost anything from getting done is relatively simple within the U.S. constitutional framework. A small group of legislators, in some instances even a single law-maker, can delay or prevent major pieces of legislation and/or critical presidential appointments from moving forward.

“Getting things done” requires a relatively high degree of political agreement within the parties and often between the parties and among various factions and interest groups within the broader American society.

Lacking such an agreement, the system becomes easily dysfunctional. And this is the way it has been for a number of

years, regardless as to who is in charge in the White House or in Congress.

Delicate system

That said, Let me be clear. There is nothing wrong, as a matter of principle, with the U.S. Constitution. What is deeply wrong is that nobody really cares very much about the fact that this American system of government is actually premised on a fairly broad consensus about the mission and the scope of government, sincerely and openly shared by both major parties and other interest groups. In other words, this American constitutional system, while old and tested, is in fact very delicate. It needs consensus.

Recreating the consensus

Indeed, the system is so delicate that it cannot properly function without a fairly high level of “upstream” consensus about shared values and consequently about what should be the appropriate functions of the federal government. These shared values should be the ideological and cultural glue that should unite most if not all citizens and their elected representatives.

Given all this, it is obvious that given this constitutional setup it is next to impossible to have a reasonably well-functioning U.S. government when vocal extreme factions vociferously advocating mutually exclusive visions are in control of the political agenda. They have created a charged environment in which “compromise” is synonym with “betrayal”. The outcome is policy paralysis. (Remember what I noted above about how easy it is to engage in obstructionist efforts while ostensibly operating within the rules of the U.S. Constitution).

Anybody out there?

It should be fairly clear by now that we have a major problem.

Accepting a perennially dysfunctional federal government is not an appealing prospect.

So, here is the question. Who is actively engaged in any meaningful, non partisan effort aimed at recreating the fundamental consensus about values and basic principles that made America possible in the first place? Anybody out there?

Trump Takes U.S. Out of Paris Accord on Climate

WASHINGTON – U.S. coal miners and out of work factory workers: this is for you! President Donald Trump publicly announced that the U.S. will withdraw from the Paris Climate Accord that his Democratic predecessor, Barack Obama, promoted and warmly endorsed. Trump's argument against the Paris deal is that it will penalize the American coal mining industry, and the overall American economy in the short term, with only vague hopes of somewhat lower world temperatures, way down the line.

Bad deal for America

As Trump sees it, this is a bad deal for America; and so the right thing is to get out of it. Sticking to the obligations created by the Accord would amount to enacting the equivalent of a huge energy tax on the US economy, because compliance with new, strict emission controls (in order to limit the amounts of greenhouse gases released into the atmosphere) will be very expensive.

As a candidate, Trump promised that he would withdraw from this climate deal, and now that he is President he is doing it. We know that his close advisers are divided on this issue.

His daughter Ivanka and son in law Jared Kushner, along with Secretary of State Rex Tillerson, recommended not withdrawing. Still, in the end Trump sides with the opponents.

What does this mean?

That said, from a practical standpoint, America's exit, at least in the short term, will not amount to any worsening of the global climate. Indeed, the Paris Accord, if all goes well, promises only modest progress on lowering the temperature of the world, and only after many years. And this will happen only if we assume that all the other participants will actually do what they promised to do in terms of enacting new policies aimed at lowering their consumption of fossil fuels, this way reducing greenhouse gases emissions. Do keep in mind that the Paris Accord has no enforcement mechanism. The commitments made by the signatories are purely voluntary. In the case of China, the world's biggest polluter, Beijing is theoretically bound to implement new policies several years from now.

Political consequences

Still, Trump's decision on this rather emotional issue has had immediate political consequences. From the stand point of other nations, particularly the leaders of the G 7 Trump just met in Taormina, Italy, this amounts to America choosing to go it alone, openly dissenting from a global consensus on the global threats to the earth created by the unrestrained consumption of fossil fuels.

U.S. no longer leading

In the short and medium term, this means that America is no longer leading the world on a critical policy issue, As most world leaders see it, America has now retreated in its narrow universe characterized by a bizarre anti-science fixation pursued by a strange president who is "anti everything".

Anti-everything Trump

Indeed, Trump is so anti-immigrant and xenophobic that he wants to build a wall along the entire border with Mexico.

Furthermore, according to the now widely accepted narrative, this is a president who is openly against free trade, against the EU, against NATO, and against Muslims, (sort of). Given all this, Trump being also against joint international efforts aimed at stopping and hopefully reversing climate change is disappointing; but not surprising. This new development fits the now accepted narrative.

America is no longer leading. Trump's America has retreated behind a myopic worldview of narrow self-interest.

From the standpoint of old friends and allies, Trump's announcement on exiting the Paris Accord is yet another (sad) sign that America is no longer the "Leader of the free World".

In fact, even before this new development on the Paris Accord, German Chancellor Angela Merkel had already publicly argued that it is time for Europe to think of and plan for a future without close ties to the U.S., since Trump's America is no longer a reliable friend.

Political symbolism

Again, keep in mind that all this is mostly about political symbolism. It will take four years for America to fully extricate itself from the obligations contracted under the Paris Accord. This is fairly long time. And again, keep in mind that under the terms of this Paris deal, major polluters like China and India have modest obligations when it comes to reducing their own emissions that will kick in much later. Which is to say that you should not expect world temperatures to start rising tomorrow, simply because today President Trump announced that America will pull out in four years.

No gain

However, as indicated above, this decision is not without political consequences. In the end, all this is will amount to an additional loss of international prestige for Trump's America.

With all this in mind, whatever you may think about the intrinsic policy value of the Paris Accord, it would have been better for Washington to be part of it, as opposed to becoming now a big pariah in the eyes of the world.

Trump is talking to his base

Well, then why did he do it? Very simple.

Trump's narrow concern here is to reassure his domestic political base –the millions of Americans who voted for him last November. This base includes out of work coal miners and people displaced by the closure of old manufacturing plants.

Trump's message to them is that his job is to revive the American economy. If this means heavy reliance on dirty energy, so be it. Out of work factory workers want money to pay their bills. They do not care about the fate of polar bears or about extreme weather phenomena in Africa. And they do not care about rising sea levels.

Finally, dire scenarios of New York City and Miami under water in just a few years (because of the rapid melting of the Polar Caps) are definitely a hoax –at least according to Trump and his supporters.

No Serious Discussion About Entitlement Reform In The U.S.

WASHINGTON – Much has been said about the first Trump budget recently released. The expected partisan critiques –in fact outcry– focus on proposed cuts in Medicaid and disability benefits. Therefore, this becomes a “cruel budget”, an open attack against weak, low income Americans, and so forth.

No discussion about Entitlement Reform

Well, this may be true. However, the biggest problem with this proposed federal budget, (and with many budgets that preceded it, coming from both Democratic and Republican Presidents), is that –leaving aside symbolic fights– it is a reflection of an unchanged (unchangeable?) fiscal *status quo* that will stay pretty much the same until the American political leadership –Democrats and Republicans acting together– will finally address its ***Number One Policy Priority: Entitlement Reform.***

Symbolic cuts

The Trump Budget, even assuming that it will be passed by Congress as is, (it will not), will never “solve” the structural fiscal imbalance –namely: permanent high deficits– that has regrettably become the norm in America. You may indeed cut spending for the State Department, the Education and Energy Departments, and more. You may reduce Medicaid and the Food Stamps Programs. But none of this would really “bend” the overall spending curve. Hence the deficits and a growing national debt, soon to be out of control.

How so? Very simple. Anybody who has given even a mildly serious look at U.S. Federal Budgets notices a trend. The main drivers of (over) spending are large and growing federal

entitlement programs that are not even voted on. They are on automatic pilot.

Social Security and Medicare bigger than ever

The fact is that these programs (first and foremost Social Security and Medicare, accompanied by many other smaller federal assistance program), have become so large that now they comprise almost 2/3 of total federal spending. If you add to this colossal total another 16% of overall federal spending devoted to national defense (sounds like a lot; but in relation to GDP defense spending is historically quite low), plus about 6% of total outlays that have to be set aside for debt service, (this is about paying interest on all the debt we have accumulated until now), and you realize that there is almost nothing left to squabble about.

Indeed, “the rest” –what the budget professionals call “non defense discretionary spending”– is less than 15% of the total. Since the bulk of all spending (with the exception of defense) is essentially off-limits, all the budget battles are fought on this residual 15%.

Which is to say that, unless we want to entirely abolish most of the U.S. Government, (Agriculture, Justice, Transportation, money for NIH and medical research, NASA, and more), we cannot possibly change the present pattern of spending without seriously looking at entitlement reform, with the goal of reducing future outlays. Since most of the real money goes to these programs, they should be reformed so that there will still be benefits for seniors in the future, but sustainable benefits. Simply stated, for social programs to work in a sustainable way, in the future most Americans will get less.

Everybody knows this

Again, every student of US public policy, beginning with House Speaker Paul Ryan, (He used to be Chairman of both the Budget and later on the Ways and Means Committees), knows all this.

And yet, for fear of causing massive social unrest, nobody –Republicans and Democrats– want to go even near the entitlement reform issue. The topic is worse than a non starter. It is almost unanimously viewed as political suicide.

Not straying from the conventional wisdom, as a candidate, Donald Trump promised that he would leave all key federal entitlements untouched, claiming that these benefits have been earned by individual Americans, and therefore they should not be messed with. A very conventional approach.

“The Moment of Truth”

A few years back, (2010), President Barack Obama convened a special bipartisan commission (it became known as the “Debt Commission”) that was chaired by Erskine Bowles (Democrat) and Alan Simpson (Republican) in order to give a serious look at the issues of taxation and spending.

These two elder statesmen took the lead and eventually issued a powerful report in December 2010 aptly titled “*The Moment of Truth*”. They, and most of the members of their Debt Commission, argued convincingly about the need to seek and find broad bipartisan support for a thoughtful plan aimed at reforming entitlement programs that had been designed in another era with different demographics (starting with life expectancy, much shorter at that time), and much lower health care costs. They pointed out that, if we change nothing, we are headed towards financial ruin.

They argued intelligently and convincingly. But nothing, absolutely nothing happened.

No action

As it turned out, President Obama (even though he created the Commission) did not want to tinker with issues viewed by most political insiders as “radioactive”.

The Tea Party Movement, at that time growing in national popularity, was led by amateurs who understood practically nothing about the real dynamics of public spending. Their home spun wisdom was that America's run away public spending and ensuing annual deficits, were all due to "fraud, waste and abuse". As simple as that. Their remedy? Eliminate silly programs and politically motivated earmarks, tighten the system, punish a few offenders who get benefits via false claims, and all would be fine.

Well, it would not be.

Given the overwhelming and growing weight of federal entitlements benefiting mostly senior Americans, you could abolish the entire Defense Department and you would still not be able to alter the overall pattern characterized by over spending and perennial budget deficits.

Spending favors senior citizens

Simply stated, in America, just like in most other rich democratic countries, there is now an unwritten social contract whereby large and increasing amounts of national resources are devoted to assistance to the sick and to the elderly.

The problem is not that the priorities are wrong. The problem is that this level of assistance has become unaffordable, because it is no longer matched by revenue. Hence our annual deficits that add to the already exploded national debt. Of course, we could raise taxes in order to rebalance the federal deficit. But this would mean significantly "higher taxes", another radioactive issue that no mainstream politician wants to address.

More debt is the path of least resistance

So, here is the thing. Politicians want to keep doling out large entitlement benefits. But they do not want to tell the

country that there is not enough money to pay for them. Instead, they have chosen the path of least resistance: use most of the federal revenue to pay for the entitlements, this way starving the rest, and borrow the balance.

This may look clever in the short run. But this approach means that we are well on our way to becoming Europe or Japan: societies with enormous public spending and huge national debts that simply do not have any resources to invest in their own future.

Let me say this clearly: these are societies headed towards decline. In fact, some of them are already beyond repair, mostly due to the impossible fiscal burdens represented by gigantic national debts.

Where are we headed?

Well, unless we want to become the next Italy or Japan, we need a serious conversation about the level of future federal benefits. This does mean *"throwing sick grandma in the snow, in the middle of winter"*. But it surely means readjusting benefits so that, going forward, we take care of the neediest first, while all the others will get smaller benefits, and later in life.

Anyway, all this is purely theoretical. The current budget debate, with all its theater of partisan acrimony, posturing and grand standing, does not even begin to address entitlement reform. And this means that what we are having is not a serious, adult debate. This is mostly rubbish.

We need a serious debate

The American people deserve national leaders—in both parties—who will tell them the truth about what we can afford going forward, and how we can and must share sacrifice, (fewer benefits, higher taxes, at least for some), in a fair and equitable manner.

This is what mature political discourse in a republic should be about. But nobody wants to even think about it.

How Will Macron Govern France?

WASHINGTON – Emmanuel Macron’s meteoric ascendance –literally from nothing prior to a short stint in the Hollande administration, to President of a major European country–is by itself a stunning political achievement. The very fact that obscure Macron saw an opening for himself as the leader of a brand new movement (he called it *En Marche!*) in a crowded field populated by seasoned politicians at least twice his age speaks volumes about Macron’s political instincts.

He was lucky

That said, we also know that Macron was very lucky. The center right party candidate, the Republican Francois Fillon, the favorite to win this presidential race according to most, suddenly imploded on account of the scandal related to fake staff jobs he offered to his wife and children. With Fillon sunk and a very weak Socialist party candidate running, Macron became the only credible alternative to Marine Le Pen, assuming that he could make it to the second round of the vote. Indeed there was a brief but all too real scare that grew as the first round got closer. It was all about Jean-Luc Melenchon, an unreconstructed Marxist who connected surprisingly well with the old French leftists (still many of them!) and with many young voters. Had Melenchon managed to overtake Macron in the first round, it would have been a disaster for Macron, the would-be new leader of a the newly

reconstituted reformist center. (Imagine the scenario of a second ballot with Le Pen and Melenchon as the two finalists fighting for the French presidency).

Predictions were correct

In the end, as we now know, Macron managed to get to the second round, even though not by much. And then, after this critical first round semi-victory, everything happened according to most predictions. Macron won on May 7 by a large margin, (64%), while support for Marine Le Pen did not pass the symbolically significant 40% threshold. In fact she only got to 34%. Now she is defeated and humiliated, although still alive politically and –she says– willing to keep fighting.

Happy ending?

So, happy ending? Not quite. France and the world dodged a major bullet. A Le Pen presidency, at least at the start, would have been very disruptive, given her very negative views on Europe, the Euro, trade relations, and the NATO Alliance. Not to mention the heavy and disturbing baggage of xenophobia, racism, anti-Semitism, and more.

How to rejuvenate France

That said, while Macron's victory for sure is a precious reprieve, it is no guarantee that a severely weakened France, burdened by unaffordable social spending, unwieldy labor rules, and inefficient state owned corporations will become all of a sudden nimble, regain the enthusiasm needed to get out of the swamp of low growth and high unemployment; not to mention be able to overcome the unresolved issue of millions of (mostly Muslim) non assimilated immigrants, in many instance the breeding mix for radicalized youth who engage in acts of terror.

It is important to stress that Macron won on a positive message. He stated that France must embrace –not reject–

globalization, foreign trade and strong relations with Europe. He forcefully argued that France is part of the global economy. Withdrawing behind protectionist walls is no solution.

Untested leader

All true. The unknown here is whether this new –and completely untested– young president (the youngest leader of France since Napoleon) will be able to galvanize his country, while at the same time gathering the necessary parliamentary support to pass critical labor and tax reforms, the minimal policy preconditions to create the enabling environment for French business and enterprise to flourish.

In order to secure these reforms Macron needs a major win at the forthcoming parliamentary elections. He needs a workable majority in the National Assembly in order to govern. Can his brand new political party repeat the leader's May 7 surprising victory?

The best choice?

Finally another somber consideration. The very fact that we applaud Macron's victory as a major turning point in French and indeed European politics is in itself stunning. Macron is completely unknown, untested and inexperienced. Not that the establishment politicians inspire such great confidence.

However, the 64% obtained by this young new president is by itself a manifestation of a country adrift, grasping this modest straw (Macron) because this was the only way to avoid the abyss of a Le Pen victory.

When the French elevated General De Gaulle to the presidency, at least they knew they got a proven leader with a long, distinguished, and very public record. Today Emmanuel Macron is the new occupant of the same Elysee Palace once occupied by De Gaulle. The difference is that the French people who voted

for Macron in large numbers have no clue as to how he will perform, because he has no real record.