

American Health Care Is a True Monstrosity

WASHINGTON – Among wealthy nations, America holds the dubious record as the country with the highest health care spending as a percentage of national wealth, (18% of GDP), extraordinarily high costs of even standard procedures, and mediocre health outcomes.

Big spenders

Think about it, the next big spenders on health average around 10% of GDP. Related to our \$ 20 trillion GDP, American overspending is roughly \$ 1.4 trillion. This waste is almost double the entire defense budget.

If Americans were getting vastly superior quality of care for all this extraordinary amount of money spent on health, then you could say that you pay for what you get. But there is no evidence that, on average, Americans are getting superior care.

No serious debate

And yet, this gigantic cost difference between the US and other wealthy countries is not questioned by health care experts, policy-makers or consumers. It is accepted as a fact of life. *“Well, this is what health care costs in America”*. In the US all the policy debates are not about trying to understand why we have stratospheric costs. They are only about deciding who pays the bill.

Not much effort, it seems, goes to try and find out the causes of this enormous discrepancy between the US and other rich nations. By and large, lower health care costs in other wealthy countries are superficially explained away as due to low quality, socialized medicine. *“In the UK or Canada*

citizens get lousy service because of low quality, rationed care. No wonder it is cheap". This is a generic charge that is mostly untrue.

Economist and management consultants cannot get to the bottom of this?

What is even more extraordinary is that America is the home of thousands of economists and top of the line management consultants who should have the intellectual ability to understand that our high costs are in large measure due to horrible practices and down right perverse economic incentives.

The major flaws

At the cost of oversimplifying the extremely complex, layered US health care system, here are its major flaws. In the US we have an awful mix of private health care providers, without any genuine private sector competition, because services are paid mostly by medical insurance and not by the care recipients. Therefore health care providers do not feel the market pressure that would normally induce all participants in any economic sector to do their very best to offer the highest quality product or service at the lowest price, so that they can stay ahead of the competition. In US health care there is no real "market". This lack of competition among private sector providers who are into this business to make a profit leads to abnormally high prices. In other words, providers tend to jack up prices well above cost and overall inflation, without any justification.

Perverse economic incentives

And it gets worse. In the US, self-employed doctors make money only when they can prescribe something to sick people. Therefore, there is absolutely no incentive to teach people "prevention", that is healthy life style habits, so that they can stay away from the doctors' office as for as long as

possible. Healthy patients bring no money to the providers. This may sound absurd, but in this system doctors want/need many sick people. This is only way they can make a living. From this perspective, the ideal patient is someone with a chronic condition that must be treated but cannot be cured. Patients for life are a wonderful source of guaranteed income.

Well, thanks to extremely bad personal habits when it comes to diet and lack of exercise –just think of the obesity epidemic and all its health consequences– millions of Americans now need to be treated for chronic ailments such as cardiovascular diseases and type 2 diabetes. While this is not good for the patients, from the standpoint of providers millions of sick Americans are an endless windfall amounting to hundreds of billions of dollars.

Prevention would be a game changer

But here is the thing. Any serious health care professional knows very well that with proper education and guidance, many chronic diseases could be prevented and in most cases reversed. But where is the financial incentive to educate the public? It just does not exist. Doctors do not want to lose their revenue. Ditto for pharmaceutical companies that simply love to have millions of Americans who need their drugs in order to manage (never cure) chronic ailments.

The ugly picture

So, here is the ugly picture. Through their unchecked bad personal habits millions of Americans have developed a host of chronic diseases that require monitoring and treatment at inflated prices. This way causing enormous and but totally preventable expenditures.

Could this trend be reversed? Of course it could be, provided a sustained “wellness education” campaign conducted by the government and all the key providers. Can we do this? Of course we can. Think of the sustained efforts carried out for

many years aimed at convincing Americans to stop smoking. Millions did so. However, today the medical profession has practically zero incentive in educating the public on ways to stay healthy and prevent disease.

So, there you have it. Tens of millions of Americans in poor health, private sector providers who love this, and a complicated medical insurance system that masks true costs and allows higher and higher prices. And here is a telling illustration of what this perverse system produces.

\$ 50,000 for a new knee

A WSJ front page story (*What Does Knee Surgery Cost? Few Know, and That's a Problem*, August 22, 2018) tells us how some health care providers almost casually set extravagantly high prices for procedures which are completely disconnected from actual costs.

"For nearly a decade, Gundersen Health System's hospital in La Crosse, Wis., boosted the price of knee-replacement surgery an average of 3% a year. By 2016, the average list price was more than \$50,000, including the surgeon and anesthesiologist.

Yet even as administrators raised the price, they had no real idea what it cost to perform the surgery—the most common for hospitals in the U.S. outside of those related to childbirth. They set a price using a combination of educated guesswork and a canny assessment of market opportunity.

Prompted by rumblings from Medicare and private insurers over potential changes to payments, Gundersen decided to nail down the numbers. During an 18-month review, an efficiency expert trailed doctors and nurses to record every minute of activity and note instruments, resources and medicines used. The hospital tallied the time nurses spent wheeling around VCR carts, a mismatch of available postsurgery beds, unnecessarily costly bone cement and delays dispatching physical therapists to get patients moving.

The actual cost? \$10,550 at most, including the physicians. The list price was five times that amount. [bold added]

Competitive forces are out of whack in health care. Hospitals are often ignorant about their actual costs. Instead, they often increase prices to meet profit targets. Patients, especially those with insurance, often don't know the price of a procedure and rarely shop around."

Massive overcharging, and nobody cares

Got that? Patients and insurance companies are outrageously overcharged, and almost nobody can figure this out. Uninformed patients are clueless and therefore do not fight this outrage.

But how is this possible? In no other economic sector providers could get away with exorbitant over pricing, because competitors with lower prices would fight to get their business. True, however, as noted above, in the US health care system elementary free market economic principles simply do not apply.

The mix of private health care providers bent on maximizing profits, a maze of insurance plans, and health care customers who lack even the most elementary means to assess costs and do any comparison shopping without getting lost have created a monster.

Anybody can see this

Again, any intelligent observer who cares to look into this ugly picture can see this abomination and immediately grasp that there is an urgent need to teach wellness education in order to minimize overall health care needs and therefore costs , and transform the entire health care delivery system so that physicians are rewarded for keeping people healthy, not for prescribing expensive therapies for preventable diseases.

To be clear, it is obvious that not all health care is about “wellness education” aimed at eradicating or at least minimizing preventable illnesses. There are and there will be many other ailments, including: genetic conditions, cancer, accidents, injuries, epidemics. And they need to be dealt with.

My point is that when you eliminate life style caused illness and the ridiculous over prescribing affecting almost everything else, we are talking about possible savings in the hundreds of billions of dollars per year.

It will be difficult

Look, I am not totally naive. I realize that reforming medical care in the US would be an enormous, thankless undertaking. There are just too many stakeholders who have a strong interest in keeping things just the way they are, because this is how they make money.

Still, by not touching the status quo, we keep wasting hundreds of billions of dollars every year in unnecessary therapies and procedures whose costs keep getting inflated beyond any justification, while the average American is trapped in an unhealthy life style.

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 the lack of energy storage systems – 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 much 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 are and we shall be unable to seriously curtail greenhouse gases emissions. And this means that Global Warming will get worse.

This is bad news for Planet Earth.

Why Self-Driving Cars? Upgrade Bus Networks Instead

WASHINGTON – The ongoing buzz about the marvel of “driverless cars” soon hitting the roads is a bit too optimistic. A great deal of money and effort is devoted to perfecting this futuristic technology. We know that Google and other high-tech companies are involved in this research. General Motors has entered a \$ 500 million partnership with Lyft to produce a robot vehicle that will drive itself. Eventually driverless cars will be managed by Uber or similar services and used for ride-sharing.

The advantages

I see the point of getting into a car that can safely take you anywhere. Instead of focusing on driving, while in the car, you are just a passenger. You can read, do work. You can safely make phone calls, or rest.

I can also understand how older or disabled people who can no longer drive but need to go places would find a self-driving vehicle to be the perfect solution to their daily mobility needs.

I can also see how it may possible within a realistic time frame to match car services like Uber and driverless cars. If this formula worked, many people would simply not buy cars anymore. And this would help alleviate traffic congestion. (More on this in a moment).

You are still stuck in traffic

That said, this is not necessarily the best way to invest

precious funds. And here is why. Suppose we get there. Suppose that there is some kind of breakthrough. Consumers will soon be able to buy an affordable, safe, intelligent car that they do not need to drive. Or we shall let Uber do the driving, so that some of us will not feel the need to own private cars anymore. Fine.

Now imagine yourself in your new robot-vehicle that drives you. You are in the middle of Los Angeles, or Cairo, or Paris, or Nairobi, at rush hour. Guess what, the car may drive you, but both the futuristic vehicle and you are still stuck in horrible traffic. Sure, you are not as stressed as you used to be by bumper to bumper congestion, because the car does the driving. But you are still stuck in an endless traffic jam. True enough, if many cars will be owned and operated by Uber or equivalent services, most definitely there will be fewer cars on the road. Still, there will be plenty of cars. Not to mention delivery vehicles, trucks, ambulances, police cars, buses, you name it. Which is to say that your daily commute will continue to be long and unpleasant. Your driverless car will help alleviate congestion. But it will not eliminate it.

So, here is my point. All this focus on making cars smart is a poor allocation of scarce resources. The problem is not that cars are not smart enough. The fact is that in large urban areas the car, private or Uber managed, is a poor choice to address the issues of easy, affordable, dependable personal mobility.

Let me say it again. There are just too many cars on our roads! And too many cars means shared discomfort for all users.

The car is a bad solution to mobility needs

The fact is that we are way past the point of diminishing returns when it comes to the usefulness of the automobile in all large urban areas, anywhere in the world. In most big

cities the car is the wrong answer to our need to move around at leisure, in comfort, and reasonably fast. There are just too many people with too many cars sharing limited road surfaces.

The answer to epic traffic jams and slow-moving traffic, often 24/7, is not to make cars more intelligent. ***The answer is to get rid of cars altogether in large urban settings, and opt for smart mass transit solutions.***

(PLEASE NOTE: This general rule applies only to large cities. People living in rural areas, in isolated communities, or remote farms need cars. And, of course, cars may still be necessary for road trips, long and short).

Bus Rapid Transit systems

While there may be several options available, at the moment the most cost-effective –and proven– solution seems to be **Bus Rapid Transit, BRT, systems.**

“Come again? We are working on high-tech, intelligent cars and you are proposing clunky old buses? “Yes, I recognize that this does not sound terribly sophisticated. And in fact it is not. And, yes, in the roll-out phase this BRT option can be very disruptive.

But let me tell what you get with Bus Rapid Transit. You get all the advantages –in terms of speed and reliability– of an underground subway system, minus the often prohibitive cost of digging tunnels which make subways systems always inadequate from the perspective of the average would-be user. Walking 30 minutes in order to get to the subway station and then another 20 to get from the closest station to your final destination is not appealing. And in some large metropolitan areas there is no subway, because of cost. Period.

Dedicated lanes, fast buses

Here is the issue when it comes to buses operating like subway trains. In most large cities, in order to create a BRT system you would have to ban or at least severely restrict private cars. The new seamless bus network becomes fast and efficient only if buses can have complete right of way via "buses only" dedicated lanes, not shared with other vehicles. And this means large areas within cities where cars cannot travel.

Once we know that buses will be able to move freely without being stuck in traffic created by private vehicles, then BRT planners will be able to create a seamless network, with bus stops that become interchanges working just like subway stations. Passengers will buy their tickets before boarding. They will ride on a bus, exit at a stop that will also be an interchange, quickly board another bus, if they need to, and get to their final destination within the estimated time.

Just like a subway, minus the construction cost

In other words, you get all the advantages of an underground subway system, in terms of easy access, service reliability, and speed, minus the extravagant cost of digging tunnels and building underground stations.

In most countries, these upfront costs are prohibitive. And this is why most cities do not have subway systems. Or, if they have them, they are not large enough to properly serve the entire population. Hence the continued reliance on private cars.

"So, are you telling us that the old-fashioned, humble bus can take care of all urban transportation needs?" Yes, it can. But this new (in fact not so new, as you will see in a moment) model assumes vision on the part of municipal leaders.

They have to be able to sell to their citizens the unfamiliar notion of people moving around quickly and efficiently using surface public transportation that works exactly like a subway system, minus the cost of construction. They have to convince

them that the bus network will be user-friendly, affordable and efficient.

It works

Well, here are the key questions. Does this BRT system work? Has it been tried before? The answer is yes, and yes. It works and there is plenty of evidence to demonstrate this.

It all started back in 1974 in the city of Curitiba, Brazil. The very first BRT system was the result of years of experimentation by urban planners who finally came up with the model of *"bus just like the subway"*. And then the model spread throughout Latin America. In 2000 Bogotá, the capital of Colombia, launched its own TransMilenio BRT system.

And now you have similar mass transit solutions in Brisbane, Australia; Stockholm, Sweden; Cape Town, South Africa; Ottawa, Canada; and many more cities around the world.

Political impediments

The only reason why BRT systems have not been adopted more widely by other large cities across the world is that municipal leaders are afraid of voters' backlash. Mayors and Municipal Councils do not want to deal with the unavoidable skepticism and probable resistance of millions of voters-drivers who may not believe that the new BRT system will work as advertised.

Oddly enough, faced with abrupt changes, most city dwellers would rather endure the misery they know—monstrous traffic jams—rather than try something new.

So, this is mostly a psychological/political impediment, rather than a technical obstacle. Meanwhile, however, millions of people spend hours and hours in traffic jams created by the shared, but totally mistaken, belief that the private vehicle is still the most cost-effective and most efficient way to

address personal mobility needs.

Getting there, fast

So, back to driverless cars. Would you rather have a high-tech car that drives you, but can do nothing to avoid traffic congestion and an endless daily commute; or would you rather get where you need to go by low tech bus that gets you there fast, thanks to a seamless and efficient network?

Think about it.

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 care taker 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.

How The NRA Controls The National Gun Control Debate

WASHINGTON – A new turn in the media narrative of the recent mass killing at a Florida High School may actually provide support to the National Rifle Association (NRA) argument. The NRA maintains that every law-abiding citizen has a constitutional right (deriving from the Second Amendment) to own a weapon. The killings that occur in America are all about bad people who get guns, while they should not be able to get them. In many instances, the NRA claims, the bad people are enabled by incompetent law enforcement agencies. Those who are supposed to enforce the existing law and protect us are negligent. And this is how tragedies happen.

CNN: how the police failed

Well, the outcome of a recent CNN interview with the Sheriff in charge of police operations in that Florida town seems to reinforce the NRA's main argument. It turns out that the police department, in agreement with the High School that was later on attacked, decided to be more lenient in enforcing the law when students commit some types of infractions, including threats.

This being the case, it is quite possible that the young Florida shooter, well known for his erratic behavior, fell through the cracks created by this softer approach to law enforcement. And there is more. What about all the calls made by different people over a period of time alerting the police that this young man was probably up to no good? Why is it that nobody in the Sheriff's office followed up? And, finally, the truly stinging indictment. The police officer assigned to

protect the school, carefully avoided getting into the school premises when the tragedy occurred and the shooting began. It seems that he cared for his life a lot more than for the lives of the kids he was supposed to protect.

Blame the police

So, there you have it. What viewers get from the CNN story is that if the local police had been proactive and if everybody had done their duty, this deranged young man would not have had the opportunity to get a gun and eventually execute his crazy plan.

CNN has a point, here. However, please note that this is exactly the NRA's point. The NRA claims that If only good people get guns and the bad guys are caught before they can act, then nothing bad can possibly happen.

NRA solution

However, if the authorities whose job is to protect us sleep on the job and allow bad people to have access to weapons, then we have a system breakdown and tragedies like this one unfortunately may occur. The NRA "solution"? Very simple. Enforce the law, follow establish protocols, and nothing this bad will happen again.

Of course we know this is a compete self-serving fantasy. In a country –America– in which tens of millions of legally owned guns freely circulate it is almost a miracle that these tragedies do not occur more frequently.

Police negligence in the Florida shooting case

In this particular Florida case, let as readily admit that many officials repeatedly dropped the ball. Tips were ignored. Dangerous behavior exhibited by this young man was either ignored or explained away. Proper protocols were not followed. The police did not act when it had to, and so on. All this is

true.

Therefore, we can stipulate that in this particular case the tragedy might have been avoided. Human error, at multiple stages, was a factor, may be the key factor, in this mass murder episode.

The true issue: too many guns in America

That said, if we look at the larger picture, it is almost impossible to police a country of 320 million people in which tens of millions citizens own guns, while untold numbers of weapons are readily available through illegal channels to those who cannot purchase one legally.

Furthermore, how do we screen everybody for mental issues, in order to make sure that all or most mentally disturbed people will not be allowed to buy or keep a gun? Of course, better screening may help at least in some cases. It is probably true that some future tragedies may be avoided.

But the real and carefully ignored larger issue is the bizarre interpretation now given by the Courts to the meaning of the Second Amendment. In essence, here it is:

“Anybody in America can get as many guns as they wish, because gun ownership is an individual right protected by the U.S. Constitution. End of story”.

No other developed country has a regime of unrestricted gun ownership

America is the only rich, developed democracy in which there are only minimal barriers to gun ownership. This is not an element of distinction which makes this country better. This is a bizarre anomaly. Until we recognize this fact, do not expect much real, as opposed to cosmetic, progress on “gun control”.

And the NRA controls the narrative.

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.

After Another Tragedy, A Chance For Gun Control In The

U.S.? Don't Count On It

WASHINGTON – After the most recent mass shooting in Florida, many believe that “*this time*” it is different. This time something will change. I disagree. Meaningful gun control in America is a fantasy, a mirage. After many decades observing the political process in Washington DC, I have concluded that unless both political parties will agree on a far more restrictive interpretation of the Second Amendment to the US Constitution, (“the right to bear arms”), and unless the Courts will support this new course, NOTHING –repeat NOTHING– will happen, when it comes to serious (as opposed to merely cosmetic) proposed gun control legislation. And, given the sharp political divide separating the two parties, the chances of such a new bipartisan agreement being forged are practically zero.

Tired script

After every new tragic mass shooting there a predictable, totally scripted, ritualised kabuki dance featuring prominent Democrats posturing and grandstanding against the gun lobby and their agents in Congress. With the appropriate gravitas, they accuse the Republicans of being in the pockets of the National Rifle Association, NRA, the powerful association of gun owners and pro-gun people in general. And then, what? Well, then nothing. After a few days, the whole thing goes away. EVERY SINGLE TIME.

The sacred Second Amendment

Sadly, over many decades, tens of millions of Americans have acquired a distorted (in my view) notion of what “*the right to bear arms*” granted by the U.S. Constitution means. If we go back in history, it seems that what the Founders meant was the right of local communities to raise armed militias, so that they could defend themselves against a government that had

turned tyrannical.

However, overtime, the current interpretation of the Second Amendment to the Constitution –unrestricted gun ownership, including large collections of military hardware– developed and then acquired the status of a theological mandate. It is bizarre; but it is so.

Nothing moves the needle

Extremely powerful opponents of this state of affairs, including former NYC Mayor and multi billionaire Michael Bloomberg, have poured rivers of money into the noble effort of trying to change the national conversation on gun ownership rights in the USA. Results? ZERO.

Daunting task

May be someone else will come up with a better idea. However, looking at the entrenched positions, and in particular at the semi religious attitude about gun ownership shared by millions of Americans, combined with the tens of millions of guns legally purchased and legally owned in this country, I am not optimistic about any chances for REAL change.

Sadly, the horror caused by yet another avoidable tragedy quickly subsides; and it is back to business as usual.

Oprah For President?

WASHINGTON – Oprah for President? Yes, after her recent Hollywood speech this is now a distinctly possible scenario for the 2020 presidential contest. Well, are we to conclude that America has gone mad? Are we going to see a presidential contest between highly polarizing former developer and reality

TV star Donald Trump and Oprah, the much loved queen of inspiring TV talk shows? Is this what Americans want? To be led by entertainers with only vague knowledge about public policy issues and the complicated art of government?

Systemic failure

The answer is: may be so. Well, how did we get to this point? Very simple. "*The Establishment*", both Democrats and Republicans, pounded and demonized during the 2016 presidential campaign, was and still is completely discredited. And rightfully so, since it has failed. Miserably.

Far from being the expression of a self-confident, forward looking Republic, America's political leadership –the elected Senators and Congressmen– is composed mostly of small minded, often ignorant and risk averse, pros who long ago lost sight of the purpose of government: preserve liberty, protect the Nation, ensure the administration of justice, and deliver critical services in a fair manner, and at a reasonable cost to the American taxpayers.

Government is not working

Just a few examples. Washington can no longer perform even basic, fundamental operations. The Congress cannot create and pass sensible federal budgets within the established time lines. We limp along from stop-gap to stop-gap through "continuing resolutions", gimmicks that secure funding for government agencies, without however any serious debates about strategies, priorities and goals.

The elected leaders in Congress reflexively focus on their own narrow parochial issues –in order to please their constituents, this way paving the way to their own reelection– while disregarding the progressive deterioration of America's public finances.

Colossal fiscal mismanagement

Indeed, lacking any serious policy debate about a proper and fair rebalancing of revenue and public expenditures, especially on vast and growing entitlement programs, (Social Security, Medicare, Medicaid), the federal government spends all it gets from taxes and mindlessly borrows the rest. The net outcome of this systemic and now colossal fiscal mismanagement is a gigantic and growing U.S. federal debt: \$ 20 trillion and counting. At some point this monster will eat us up. And yet, this impending public debt calamity is hardly mentioned at all in current Washington policy debates.

No serious discussion about critical issues

Indeed serious issues with a huge impact on federal spending, such as the need for a serious reformulation of major entitlement programs, so that the elderly and the truly needy are covered, while the federal government secures the necessary revenue to finance these current and projected outlays, are left untouched.

Grotesque realities such as our astronomic health care costs –the highest among all rich countries– and our bad and declining health statistics, are not part of the national conversation.

Last but not least, our chronically under performing public education system is only occasionally mentioned. Apparently the fact that almost half of all young Americans –especially the poor and minorities– grow up and get into the world without a modicum of knowledge and skills that would give them a fair chance to get good jobs and move up in our society is of no importance for our elected leaders sent to Washington to serve the Republic.

Inept leaders

Simply stated, the professional politicians who are supposedly

in charge, are mostly mediocre people, if not completely inept. They lack vision, intelligence, and the courage to deal with complicated problems. They simply do not know how to mind the store.

When the pros fail, Americans looks at outsiders

Well, no wonder then that millions of unhappy Americans turned somewhere else for help. In 2016 they tried Donald Trump. In 2020 they may want to try Oprah. Will she run? Can she be elected? Who knows.

But if these –Donald or Oprah– are the possible leaders that America wants to choose from, as opposed to the pros that supposedly know how to run a modern Republic, it is because the pros have proven that they cannot do it. As simple as that.

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!

Tax Cuts Will Increase The U.S. National Debt To Unsustainable Levels

WASHINGTON – It is really hard to properly assess the Republican tax reform proposal now discussed in Congress. Many details have yet to be ironed out. Sure, in principle we can agree that a basic reform leading to a simplification of the almost incomprehensible U.S. Tax Code would be much better than the confusing morass we have now.

Lower corporate tax rates

We can also agree that a lower corporate tax rate would be good for American firms, in as much as lower rates would simply realign the U.S. with corporate tax rates prevailing now in most advanced countries. And, finally, limiting the interest deduction on home mortgages in excess of a certain amount is good. This deduction in practice is only a subsidy to wealthy home owners who get a nice “rebate” –a huge deduction based on the amount of interest they paid on their mortgages– when they borrow large sums of money to finance their mansions.

That said, in all the back and forth about potential winners and losers and possible –just possible– incentives that may be created by this new legislation that may end up boosting investments, economic activities and therefore overall growth, one major consequence of this new tax law is barely mentioned.

This is mostly a tax cut

Whichever way you look at it, this “tax reform” plan is mostly a tax cut that will end up cutting national revenue –by trillions of dollar, over several years. In turn, lower revenue caused by lower tax rates will force America, an already highly indebted country, to go much deeper into debt in order to meet current and projected spending obligations. This is a horrible, totally undesirable outcome.

America is in deep fiscal trouble

In case you did not know, America is already in deep fiscal trouble. Lower revenues would simply make a bad situation much worse. Indeed, absent sorely needed federal spending reforms aimed at slimming down (read: reduce size, scope and cost) our gigantic, and financially unsustainable entitlement programs –Social Security, Medicare and Medicaid– this Republican tax reform plan will further deteriorate our horrible fiscal outlook, simply because an even greater revenue shortfall –without significant spending cuts to go along with it– will amount to larger deficits, year after year.

Absent spending reductions, it is obvious that future larger annual deficits can be financed only through additional public borrowing.

So, here is the net impact of these ill-advised tax cuts. When all is said and done, some Americans will see their federal tax bill cut, in small or large measure. And this will be good for them.

A much larger national debt

But, as a result of this “reform”, America will have a much bigger national debt. And this is a disaster, not in the shape of a sudden catastrophe; but in the shape of a sliding slope that will amount to diminished federal resources down the line, and consequently much more limited options for the Federal Government in domestic as well as international affairs.

Simply stated, a country with an enormous, and growing, debt burden will no longer be able to afford a large defense budget. Therefore, with a shrinking military at its command, the U.S. President will have to “redefine down” the national interest.

Indeed, trying to cope with mountains of red ink, America will be no longer able to afford meaningful amounts of federal spending on international affairs, foreign aid, health research, sorely needed new infrastructure, space exploration, energy, and what not.

You get the picture. No money means scaled down domestic and global ambitions.

If we look at history, all Great Powers that went deeply into debt simply ceased to be Great Powers. (Check Spain, Portugal, France, Great Britain, the Russian Empire, and more).

No longer a Great Power

This should be obvious to all. But let me restate it anyway. America cannot be a debt ridden country concerned about the mounting financial cost of extravagant debt service obligations and still remain a Great Power. This is just impossible.

Great Powers are rich.

The foundation of any Great Power is the flexibility provided by huge economic resources that the Government can use to

pursue its objectives. Sure enough, resources are often squandered in the pursuit of ill-advised enterprises.

However, in the case of highly indebted countries, with no real money to spend, the national leadership has few or no options. No option among other things means fewer and fewer power projection means, (read: reduced military spending), and reduced leverage in international negotiations. Simply stated, the World does not give much thought about a country that used to be rich and powerful but is no longer.

When will the world stop taking America seriously?

Since Uncle Sam's debt already topped the astronomic figure of \$ 20 trillion, how much farther can we go before the World stops taking America seriously? Nobody really knows. It is a matter of changing perceptions about the speed and the likely impact of America's fiscal deterioration.

Why do we hear almost nothing about this fiscal crisis?

Well, if the fiscal consequences of this impending tax cut are so dire, why do we hear only vague and somewhat muted comments about the fiscal impact of this tax "reform"? Very simple. Elected leaders do not like to be the bearers of bad news.

And the added complication is that it is really hard to explain in layman's terms the damaging effects of an impossibly large national debt. Voters cannot "touch" the national debt and realize that it is really bad for them. These enormous figures –\$ 20 trillion dollars of red ink, and climbing– seem to be abstractions.

The sky is not falling

Besides, if the sky has not fallen until now, why should it fall tomorrow if just added a little bit more to the debt? Can't we just muddle through, just as before? Whereas a tax cut is a tangible benefit. This is something that can be sold

to the voters.

The bigger the cut, the better. If cutting taxes means reducing already insufficient revenue, therefore worsening an already dire fiscal outlook, so be it. Tax cuts that directly benefit your constituents may get you reelected. Whereas increasing taxes and/or reducing spending on unsustainable entitlement programs in the name of fiscal sanity, will not get you any votes.