

Trump's Wall and Government Shutdown

WASHINGTON – The fight about “The Mexican Border Wall” is indicative of the collapse of serious policy debates in Washington. It is abundantly clear that Democrats and Republicans are not engaged in a debate. At best it is an ideological fight, at worst just posturing, theatrics aimed at impressing core supporters. Both sides state unreasonable positions articulated in this way only because the opinion polls indicate that their “base” likes them.

Trump's Wall

In retrospect, there should be no surprise about President Trump's rediscovered determination to get funding from Congress for a complete wall at the US Mexico border that would theoretically stop illegal immigrants from crossing into the United States. During the 2016 presidential campaign Trump promised that the wall would be built, and that (somehow) he would manage to “force” Mexico to pay for it.

For Trump and his core supporters, the Mexico border wall project was and is a symbol of a rejuvenated ***America First*** in action, a self-confident, no-nonsense America getting tough –at last– with a hostile world. According to their narrative, this is a new America capable and willing to protect its core interests, beginning with its border security –with serious measures. A “Big Wall” separating the US from Mexico will send Trump's powerful message: *“Listen everybody: New Sheriff in town. End of the party for all would-be illegal immigrants.*

Don't even try. Now we are back in charge of our borders. We decide who will be admitted. And there will be fewer admissions. From now on, forget about sneaking in. Now we have built a real Wall".

A national priority

Indeed, while parts of a wall, or physical barrier, at the border with Mexico have already been built under other presidents, (with bipartisan support, we should add), Trump is the first US President who made "*The Wall*" into a national security priority, in fact the symbol of a resurgent America that wants to regain control of its territory, beginning with secure borders.

A real wall

Well, now the President, two years into his term, decided that this is the time to get the wall done, or at least started. But here is the thing. Trump's Wall is a powerful symbol; but it is not a component of a real border security plan. strategy.

From any reasonable public policy analysis perspective, (if anyone cared to have any on this highly politicized issue), the problem with this "*Mexico Border Wall*" demanded by President Trump is that it is not and never was part of a well thought, comprehensive, organic immigration reform and border security strategic plan aimed at preventing or at least containing illegal immigration, while at the same time elaborating reasonable policies regarding legal immigration and the status of many millions of illegal immigrants

currently living (precariously) in the United States.

Does it take care of the problem?

This "*Mexico Wall*" is an appeal to emotions, not a real solution to a real national security emergency. In fairness to President Trump, a wall at the US Mexico border will certainly help in preventing some illegal immigration into the US. However, a wall will do absolutely nothing to prevent foreigners who come legally to US –say by air– to become illegals by staying beyond the terms of their visas, a very common form of illegal immigration.

That said, for many Americans who support President Trump the wall seems to be an appropriate, practical solution to a practical problem. All these would-be illegal immigrants accustomed to crossing a non secure border, all of a sudden will get a surprise: a physical a barrier that will prevent them to cross into the United States.

Democrats say "No"

Still, whatever the merits of a wall, given the hyper partisan climate in Washington, it is no surprise that the Democrats look at the very same "*Wall Project*" not as a policy issue to be discussed with the goal of reaching some agreement on a problem –border security–that should concern all elected leaders. None of that. If Trump wants "*The Wall*" –and he really does– then it seems to be the duty of all good Democrats to oppose it, as a matter of principle.

Hence the current political impasse that morphed into the larger and shameful government shutdown crisis. Since the Democrats say “no” to the wall –and their votes are needed to secure funding for its construction– in retaliation Trump refused to sign urgent spending bills that keep parts of the US Government going.

And so we have had the sorry spectacle of a partial shutdown of the US Government, simply because the Democrats refused to include into spending bills \$ 5.7 billion requested by Trump for the wall. Trump, in retaliation, refused to sign the bills. Without spending bills duly signed by the President, some government agencies had to close down, sending all employees home. Hence the grotesque and shameful shutdown. Think of this. The United States Government had to shut down on account of a heated disagreement on whether or not to appropriate \$ 5.7 billion –an amount of money that the US Federal Government spends on average in about 12 hours.

Democrats are winning, so far

At this point the wall issue –always political in its essence– has become super political. Now it is basically all about brinkmanship. Who will blink first? Based on his own calculations, Trump had decided that it was politically advantageous for him to cause a major national disruption –the US Government shutdown– by insisting that he would not sign any spending bills unless his demand for at least \$ 5.7 billion for the wall was met in full.

But he miscalculated the determination of his opponents. Right now, it seems that the Democrats are winning the political contest. Trump had to agree on a 3 weeks “truce”. The

Government will reopen, with no additional funding for the wall, while the two sides supposedly will negotiate some sort of compromise on the wall. Trump gets the blame for the shutdown, while he had to agree on reopening the government without obtaining concessions from the other side.

Be that as it may, quite clearly we are no longer talking about the policy merits of a wall anymore, (if we ever did), or seriously discussing comprehensive border security plans. On both sides, we are talking about political symbolism, appeals to emotions, posturing, rallying the base.

Bitter partisan fights will continue

US border security and, more broadly, the fashioning of a comprehensive immigration policy, are serious and important matters. But a totally divided US political leadership cannot even begin to have a constructive debate on realistic, workable policy options.

Maybe in the end of the three weeks truce, after all the name calling and political bleeding, a compromise will be fashioned. Maybe Trump will get some money for a segment of the "Wall" he promised in 2016. But this will not be the end of the deep divisions in Washington.

In fact, with the Democrats now firmly in control of the House of Representatives, we can expect more partisanship and more fights and uncompromising positions on the wall, and many more issues.

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.

Most Americans Call Themselves Centrists – They Dislike Both Parties

WASHINGTON – The accepted narrative regarding US politics is that the country today is far more polarized than it used to be. Based on polls and on the beliefs of candidates running

for President, it would appear that the Democrats have become much more leftist, (so much so that “socialist” Bernie Sanders is doing better than expected in early political contests), while the Republicans definitely do not like moderate “Establishment” candidates. No, they want flame-throwing conservatives like Texas Senator Ted Cruz, or populists like businessman Donald Trump.

A different story

Well, apparently this is not the real story. Or at least it is not the full story. Professional pollster Douglas Schoen, now working for former NYC Mayor Michael Bloomberg, a potential third party presidential candidate, (*Why Mike Bloomberg Can Win*, [WSJ](#), February 4, 2016), citing Gallup data, tells quite a different story.

*“Who is appealing to the center? Most Americans, the new silent majority, do not share the aims of the activist caucusgoers. The share of voters who identify as independents hit 43% last year, a new record according to Gallup. Only 26% were Republicans and 30% Democrats. **Moreover, 60% of Americans told Gallup in September that the Republicans and Democrats “do such a poor job” representing them that they want to see a third major party emerge. That’s up from 40% when the question was first asked in 2003.**”* [bold added]

Most people want an alternative

Yes, the established political parties, the Democrats and the Republicans, are definitely much more polarized. However, fewer and fewer Americans like them. Indeed, assuming that this data is accurate, up to 60% of all Americans do not like the parties. That’s a majority!

According to Schoen, many more Americans than ever before call themselves “centrists”, and therefore have a hard time supporting the more ideological candidates in either party. Most Americans would like to vote for genuine problem solvers

and consensus builders. But candidates with these credentials do not exist. The political atmosphere is highly partisan and very ideological.

A real centrist

So, if the Democrats and the Republicans fail to meet expectations, where can the centrists go? The obvious answer is that they could pick someone like Michael Bloomberg, a real centrist. Just like Donald Trump, Bloomberg is a successful businessman. But, unlike Trump, he is a genuine moderate. He did very well as Mayor of NYC. He can appeal to the “political middle” looking for sensible solutions as opposed to slogans.

Of course, Mr. Schoen has every interest in pointing out this shift. After all he is working for Bloomberg. And Bloomberg would have an opening and possibly a path to victory as third party candidate only if he could count on very substantial support from the uncommitted and (frustrated) middle. Schoen tells us that this middle exists, and that it is far larger than we thought.

If indeed up to 60% of all Americans are dissatisfied with the existing parties, there are enough votes there to get Bloomberg all the way to the White House.

More complicated

Yes, may be so. But, in practice it is a lot more complicated than this. In order to vote for a third party candidate, the average American would have to feel quite disgusted with the available choices and would also have to believe that Mr. Bloomberg has a real chance.

Look, if at the end of the primaries season the choice were between Bernie Sanders and Donald Trump, then Bloomberg would have a real chance. But if the choice will be between Hillary Clinton and Marco Rubio, then the desire to vote for an independent may not be as strong.

A warning to the parties

Be that as it may, the Gallup polls results that Schoen cites in his WSJ op-ed piece are very important. Most Americans do not like the professional politicians seeking elective office. And most Americans are centrists who would like to vote for genuine problem solvers and consensus builders.

The heat of an unfolding national political campaign does not provide the relaxed atmosphere that induces reflection. But both Democrats and Republicans should think about all this. With their behavior they have created frustration and disaffection. They should regain their common sense.

If they do not, they should understand that they have opened a huge door for political changes outside their control.

After Iowa – Can Rubio Become President?

WASHINGTON – As expected, the Iowa Republicans gave most of their votes to Texas Senator Ted Cruz and billionaire Donald Trump, the acknowledged “outsiders”. (The unexpected is that Trump did not win, after all).

Rubio strong third

But Marco Rubio finished in a strong third place, just 1% behind super (national and Iowa) favorite Donald Trump. And, in this political season dominated by anti-establishment sentiments, Rubio has the disadvantage of being just one among many “Establishment Candidates”.

This means that all those Republican caucus voters who did not

want to vote for Trump or Cruz, (the “insurgents”), could choose among many “traditional candidates”: Rubio, Bush, Kasich, Christie, (may be Fiorina as well). In other words, their votes have been fragmented, with many going to real losers.

If the others withdrew

Given this, allow me some (a bit arbitrary) calculations. Let’s assume for a moment that all those who supported the other “Establishment Candidates” would gladly support Rubio if their pick had withdrawn from the race. Well, just looking at the final results in Iowa, in such a hypothetical scenario, Rubio, would have won.

Remember, Rubio came in a close third with 23% of the votes. If you add the 2% to 3% each of the other centrists got, we come to an additional 9% or 10%. Well, Rubio came in third at 23%. With that additional 9% or 10%, Rubio would have been the Iowa winner.

Look, I know that in real life it does not work this way. Who knows exactly where Bush’s votes would go to, if he withdrew from the race today. Still, the fact is that in this peculiar campaign, dominated at this stage by noisy populists, there is really no room for more than one “non-insurgent” candidate. And Rubio, at least for now, seems to be the man.

Pick a winner

If the others (Kasich, Bush, Christie, Fiorina) care to have someone better than Trump or Cruz to run against Hillary Clinton in November, (despite his remarkable success in Iowa, Bernie Sanders still looks a most improbable nominee), they should withdraw from the race and throw their enthusiastic support behind Rubio, the only one among them who seems to get real traction.

Of course, all this would entail political courage, vision

and, yes, patriotism. By staying in the race without any chances whatsoever of winning, the other centrists who did so poorly in Iowa are only fragmenting precious moderate votes.

Give moderate Republicans a real candidate

By withdrawing in a coordinated manner, and signaling their full support for Rubio, they would give the Florida Senator a real chance. This needs to be done, and fast.

Rubio's third place finish in Iowa is almost like a victory, since he was not at all a favorite. But, in order to get the GOP nomination, you need to be number one at the end of the primaries. Finishing number three or even number two may get you an honorable mention, but it does not get you into the White House.

If Kasich, Bush and the others do not want to have Cruz or Trump as the next President, then they better support Rubio. By now, they should know that they do not have a chance to win the Republican nomination. All this can change.

Still, whether it is Rubio or someone else within this group, one thing is clear. There is room for only one of them. The "Establishment Candidates" should have the courage and the humility to accept this simple fact. United behind one candidate, hopefully the best among them, they stand a chance.

By staying all in the race, they fragment precious votes and they do not create a strong alternative to Trump.

Hillary Clinton Is Against The Keystone Pipeline

WASHINGTON – In case you were wondering, former Secretary of State Hillary Clinton, the leading candidate for the Democratic Party nomination for President, just declared that she is opposed to the proposed Keystone pipeline that would transport approximately 800,000 barrels of Canadian heavy oil a day, from the Province of Alberta, (extracted from oil sands), all the way down to the Texas oil refineries.

Pipeline would be a “distraction”

Clinton came out against the pipeline because it is a “distraction” –so she said– while we should all be focused on what really matters, that is reducing carbon use and emission in order to fight climate change.

Well, no surprise here. Ms. Clinton looks at the polls, and therefore she knows that the Democratic Party green activists who will vote in the primaries next year are for the most part strong global warming believers. For them any project that results in more oil being used in America is a sin. They will never vote for any candidate in favor of a new oil project. End of story.

Therefore, the smart thing to do is to go with the flow and declare that Keystone is not helpful. (I really do not understand what Clinton means when she says that she is against the pipeline because it would be a “distraction”. From an environmental stand point, is it going to be good, bad or neutral?)

What is the problem with Keystone?

But what is so bad about this proposed pipeline that TransCanada would like to build? Nothing, really. The proposed

project has been carefully reviewed, several times, over a period of many years. The very State Department that Clinton used to run during Obama's first term declared that building this pipeline would not alter future emissions much. In other words, there would be no environmental damage caused by getting more Canadian oil into America.

The benefits

And what would be the upside? Very simple. While we all know that America vastly increased its oil production, mostly thanks to shale oil extracted via fracking in North Dakota and elsewhere, the U.S. still imports millions of barrels of oil. Getting more oil from Canada means importing less from OPEC or other countries, while increasing our imports from a friendly neighbor that is also a major trading partner.

Energy security

From the stand point of "energy security" it makes perfect sense to get more oil, still the essential fuel, from a close by ally than getting it from producers in the Persian Gulf. All in all, for a major importing country like America it would be good to have more options when it comes to imports. And the Keystone pipeline, while not a permanent "solution" to anything, would simply help America in its effort to reduce its dependence on distant suppliers.

Greens do not like it

But the "Environmental Church" does not like oil. And it dislikes Canada's "heavy crude" even more because extracting it requires more energy, and burning it causes more emissions. Again, if you look at the net impact of 800,000 barrels a day of heavy Canadian crude on total U.S. emissions, you would see that it is almost zero. But this is irrelevant. This debate is not about rational arguments.

In the end, this is all about ideology. Ms. Clinton is a smart

lady. Of course she knows all this: meaning that the Keystone pipeline is harmless. But the politically smart thing to do is to take a position in line with the “green” wing within her party. Once more, flawed ideas yield flawed policy positions.

America used to do better. I hope it will again. But not with this kind of “leadership”.

FT: “Corbyn Is A Disastrous Choice”

WASHINGTON – Here is how The Financial Times sees the election of Jeremy Corbyn as the new leader of Britain’s Labour party: *“Jeremy Corbyn’s resounding election of the Labour party is a catastrophe for the British center-left...Under Mr. Corbyn, New Labour looks dead and buried and the party’s chances of returning to power remote at best...This is a bad day for Labour and worse for the country”.*

How did this happen?

Well, not much room for equivocation here. Bad leader. Bad choice. Bad for the country.

Well, having noted that, how could this happen in Britain, supposedly a mature, in fact sophisticated, democracy? How is it possible that supposedly mature adults would choose as the leader of the main opposition party a man who believes in really silly ideas like nationalisations, and in social justice achieved via income redistribution? Corbyn is also anti-American, while he would like to get the UK out of NATO. He speaks well of Hamas and Hezbollah, while he is an admirer

of the late Hugo Chavez, Venezuela's semi-dictator and the man who led the country into a real economic hell.

Indeed, how is this possible? We have seen other anti-establishment, extreme leaders and brand new parties (Syriza, Podemos) emerging in Europe. But mostly this has happened in really beat-up countries such as Greece or Spain. All in all, Britain, while not doing splendidly, is way ahead of Southern Europe.

Unhinged militants

So, why are Labour rank and file, those who elected Corbyn, so unhinged? Regardless of any consideration about the almost impossibility to win a future general election with such an extreme-left leader, why is it that so many British citizens believe that Mr. Corbyn's redistribution ideas are actually modern and appropriate?

Inequality above all

It is true that most capitalistic economies are facing wider and wider income gaps. Very few rich got very rich, the rest are barely getting by. Yes, this is true. And this is a real issue. But the idea that taking money away from the rich, while redistributing to the poor or semi-poor, will really help all British citizens to be more prosperous is a dream.

In fact, the main problem facing most mature democratic societies is low growth and a bloated and inefficient public sector. Lack of growth, not inequality is the main problem. We need to broaden the economic base and enhance participation. More people working.

Focus on growth, not inequality

Europe, America, Canada, Australia and many other countries need to understand that their leaders must do their very best to foster broad-based economic growth. This means improving

access to education, flexible labor markets, deregulation, lower corporate taxes, incentives for entrepreneurs and innovators.

In essence, exactly the opposite of what Mr. Corbyn and his enthusiastic supporters advocate.

Will Tesla Be The Electric Car Maker of The Future?

WASHINGTON – Thank God, US IT tech companies are still in the lead. It is hard to match the combined strength of Apple, Google, Intel, Facebook, Cisco, Microsoft, Oracle, and so many others.

A high-tech car company

But now we also have Tesla, the high-tech electric vehicle (EV) manufacturer, aspiring to be part of the super high-tech, high valuation technology companies club.

And here is a problem. Undoubtedly, Tesla is a tech company. But it makes cars, not software. Can Elon Musk, its founder, keep saying that because he is creating a technology revolution about to transform the automotive sector the metrics about unit costs and profitability that would apply to traditional car makers do not apply to Tesla?

You buy into the revolution

Who knows really. As Philip Delves Broughton notes in a well crafted [FT](#) op-ed piece, (*To be rational about Tesla is to miss*

the point, August 27, 2015), if you are buying Tesla's stock you are buying into a huge bet. And the bet is that this particular EV technology will indeed disrupt the entire car industry, soon enough displacing the old, established players.

If this is indeed so, then forget about the traditional metrics. Forget about the fact that Tesla's stock is absurdly over valued. Indeed, as Broughton notes, the entire company is worth about half as much as BMW, a competitor that makes 35 times as many cars.

You buy Tesla stock simply because you believe what Musk says about massive future sales based on the guaranteed success of new, affordable EV models that have yet to be produced.

Well, if Musk is right, then he is the man who will transform the world automotive industry. Again, if this is so, then Tesla stock at \$ 200 or even \$ 300 a share is a bargain.

If Musk is wrong

But if Musk is just a clever marketer, your investment most likely will be worth nothing in just a few years. Indeed, what if Tesla EVs cannot deliver any real profits? What if there are other companies out there that will come up with a more efficient electric engine and/or a new generation of truly revolutionary low-cost, high charge, low weight batteries?

Well, then it is good-bye Tesla, the trail-blazer that got it only half right.

Subsidies

And just one more thing. Tesla current lousy numbers would be a lot worse without the subsidies that Tesla and other EV manufactures receive from the federal and state governments.

Policy-makers love anything that replaces the internal combustion engine. Therefore Tesla buyers benefit from a tax rebate, while the company gets carbon credits that it can sell

to others, this way making extra profits.

Look, nobody denies that Tesla already makes a great car. The Model S gets fantastic reviews. But it is not a cost-effective product.

The Concorde was great, but it kept losing money

By the same token, when a French-British consortium launched the Concorde, back in the late 70s, many thought that we had entered a brand new era of cost-effective supersonic air travel.

Well, it was not so. Nobody said that flying the Concorde was a bad experience. On the contrary, it was wonderful. But it was a commercial disaster. Therefore, after a long agony, the Concorde was finally pulled out of service in 2003. This does not mean that supersonic commercial jets will never be made. It simply means that it will have to be something other than Concorde.

Now, are Tesla vehicles the real thing, or just the automotive versions of the old Concorde?

Is Russia A Gangster State?

WASHINGTON – It is now accepted that Putin's Russia is animated by a strong nationalist/revanchist spirit. After having lost the Cold War, the former Soviets decided that they really needed to regain at least some of what was historically "theirs": the near abroad, pieces of Georgia, and now Crimea and Eastern Ukraine.

Russian appetites

We sort of know this, even though we do not know what to do about it. And responses to Putin's moves in Eastern Ukraine are affected by how anybody evaluates the size of Russian appetites. Are we talking about a few border rearrangements here and there? Or is there a bigger plan for gobbling the Baltic States, and who knows what else?

The real story

Well, be that as it may, there is a bigger story underneath that is currently overshadowed by the conflict in Eastern Ukraine. And here it is. Russia is not an autocratic state with neo-imperial aspirations. No, Russia is a criminal state disguised as an autocracy.

Does this sound outlandish? Well, may be.

Bill Browder's thesis

But this is the thesis formulated by Bill Browder in his book *Red Notice*. Browder used to be an investor in Russia during the turbulent post-communist years characterized by confusion and lawlessness. His point is that Russia, after having digested the epochal transformations caused by the end of Communism, had a decent chance to become a quasi-normal emerging market.

But that did not happen. The privatizations became high way robbery. 22 people (later on known as the oligarchs) "bought" 40% of all the assets.

Just like the Mafia?

And what followed is not pretty. According to Browder, Russia today is run like a Mafia Family. Putin sits at the top, while his underlings control critical segments of all national assets.

Please click on the link below and watch Browder interviewed by Reuters.

And then you can draw your own conclusions.

<http://blogs.reuters.com/great-debate/2015/03/20/an-investors-view-of-why-putins-days-may-be-numbered/>

The Jonathan Gruber Story Will Not Go Away

WASHINGTON – The usually pro-Obama US media ignored the explosive story of MIT Professor Jonathan Gruber, a highly paid consultant who helped draft the now infamous Affordable Care Act, or Obamacare. Gruber was caught on camera describing at a conference the process that led to the passing of the law as a masterpiece of deception, made possible by the fact that Americans are “stupid”, and do not know much about economics.

Many videos

This was bad enough. But now it turns out that Gruber elaborated on this theme of the need to deceive the voters several times. There are now at least six separate videos in which the eminent MIT professor takes pride in the fact that he helped craft a law that was passed only because its content was wilfully misrepresented.

Obfuscation is great

And so we have the professor extolling the virtues of obfuscation and deception. All of this, of course, for a good cause. This is a good law, he argues. But most voters would not have liked it, had it been presented for what it is: a tax

paid by the well to do in order to subsidize health care insurance for the poor.

The media ignored the story

As I said, at the beginning the mostly liberal US media ignored Gruber's remarks. But now it is impossible to pretend that his considerations have no value. We know that he was intimately involved in the entire process. He helped craft the legislation. He was there.

And yet the administration, with the complicity of most TV networks and main newspapers is foolishly trying to say that Gruber is just a nobody; and therefore what he says is irrelevant.

Gruber was a minor player

President Obama said that Gruber was a lowly consultant who was not "on the team" and who had minimal involvement. Gruber may say stupid things –said Obama at a press conference– but they are absolutely not shared by anybody in the administration.

Really? Well, the record does not support the assertion that Gruber was a minor aide, with no impact on the process. Gruber was paid \$ 400,000 by the Federal Government for his consulting services in relation to health care reform, (incidentally \$ 400,000 is exactly the annual salary of the president of the United States).

Then, on the basis of his expertise on all matters pertaining to the new law, he was hired by several state governments to help them with the implementation. And he made plenty more money selling his services. Not bad for a nobody.

Gruber was there

Given all this, Obama's attempts to claim that Gruber was just an insignificant helper who does not speak for the

administration sound really lame and most insincere.

Of course, Gruber was not “technically” part of the government. But he was hired as a recognized health care expert and he soon became an insider. He got to see what was going on, and in a significant measure he helped shape the law itself.

Given his prominent role, to hear him say, repeatedly, that the whole process leading to the passing of the Affordable care Act was characterized by willful deception looks very bad, because we assume that he knows what he is talking about.

All this makes Obama look bad.

Bad law, sold through deception

Of course, if the law had worked very well, with better care and lower costs for all Americans, then it would be relatively easy to ignore Gruber. *“Sure enough, some unorthodox tactics were used. (This is always the case, anyway). But this is a good law, the people like it, and this is what counts.”*

Well, no. This turned out to be a bad deal. Of course millions of Americans, those who are now entitled to subsidized insurance, have gained. Hard to be against a government paid (funded by tax payers, mind you) new entitlement.

Most Americans do not like it

But millions of others, all those who were told about huge savings and better care, are not happy. Their premiums are higher, their deductibles have increased. In other words, they are worse off. All opinion polls indicate that Obamacare is very unpopular.

And in the middle of all this, when the public shows unhappiness, after the Democrats got severely beaten in the recent mid-term elections, we have the Jonathan Gruber story. And here is what most people probably have concluded: *“We were*

deceived".

The fact that the administration is trying its best at damage limitation by misrepresenting Gruber's real role in the process leading to the passing of the law makes all this even worse. There are records, ample records, indicating that Gruber was there, helping out. And he was paid very well for his services.

He may be alone saying in public that it was all about deception, but most Americans now believe that he is finally telling the truth.

Bad news for Obama

All in all, bad news for Obama. Please do remember that this –the Affordable Care Act, universally known as Obamacare– was supposed to be his main political achievement.

And instead what do we get? We get a flawed law produced by an administration run by incompetent technocrats who thought they knew how all this would work out and were proven wrong. To make things worse, they lied to the public in order to get support, and now –against all evidence– they lie about having lied.

In case you forgot, when Barack Obama was elected in 2008 he was supposed to usher America into a new era of unity, cooperation and bold, young ideas. Remember the slogans? It was all about "*Hope and Change*"; and "*Yes, We Can*".

Well, it did not turn out that way.

US Republicans: Big Victory But No Message With Broad Appeal

WASHINGTON – There is no doubt that the “anti-incumbent” sentiment strongly favored the Republicans on November 4. Most opinion polls taken prior to the vote revealed a general anxiety among likely voters. *“America is going in the wrong direction”, “My children will have a worse life than the one I am having”, “Obama does not know how to lead in foreign relations”, “The impact of Obamacare is mostly bad”, etc.*

We lost our way

In my opinion, this state of mind that translated politically in a bigger than expected Republican political victory is the result of the widespread perception that *“America is no longer what it used to be”*.

Indeed, America is slowly becoming a large, social-democratic, Europe-style, welfare state, with a slow rate of growth, a bigger government, and bigger deficits.

The average voter may not know exactly which policies are causing this, but he or she “knows” that we are deviating from our “brand”.

The myth of the Frontier

Sure enough, the mythical notion of the rugged, “do-it-yourself” American, the proud descendent of the pioneers who conquered the Western Frontier, is mostly that: a myth. But it is a powerful myth that became part of the national consciousness. Until recently, we thought that we were all children of the Frontier. Therefore, we were supposed to be self-sufficient, capable, thrifty, industrious, brave,

ingenious, unbending and –more than anything else– always optimistic. Paraphrasing Ronald Reagan: *“Of course we love a challenge. We are Americans. We can do anything”*.

The entitlement society

Well, not anymore. At least some Americans see themselves as marginalized, discriminated against and therefore entitled to some redress. Americans seek pensions, not challenges; job security and not enterprise.

And the Democratic Party has become the political force whose main objective is to fix inequality and to give something more to those who have been left behind.

The problem with this approach is that Democratic policies have created a large class of Americans who feel entitled and who believe that they are supposed to get “something” through the political process. What the economy does not provide will be handed over by solicitous politicians who know very well that this public largesse will translate into votes at election time.

It does not work

However, supposedly benign public policies aimed at helping the poor in practice do very little to lift the poor out of poverty. Whatever the intentions, in reality they create dependence on public programs and therefore a perverse self-perpetuation of the poverty problem they wanted to correct.

All in all, by design or by default in essence the Democratic Party has become the party of public largesse sold as the best medication to alleviate poverty. And therefore it is no surprise that the party has gained a powerful natural constituency among those who are or feel weak, vulnerable and needy: young people, minorities, single mothers, the elderly.

After the Republican victory

That said, where are we today, after the Republican mid-term elections strong victory? I can tell you where we are not. This vote, with a really modest popular participation, means a desire for something new and different expressed by many. But it does not say anything as to what this “new” should look like.

More of the same?

However, I can tell you that if the Republicans plan to become a powerful national force with a truly broad appeal by sticking to the old Gospel of “lower taxes and less government” they are in big trouble. And it will be an even bigger trouble if they lace this fiscal conservatism with the usual list of conservative social issues. Do they really plan to have another fight on abortion, gay marriage, prayers in schools and other religious matters? Is this the path to create a new national Republican Majority? This is the path to remain the party of a white middle class, mostly male and mostly reasonably well off people.

I am afraid that unless a new –and truly compelling– national theme emerges, it will be more of the same.

An alternative to the welfare approach

Well, here is an idea. The welfare approach to poverty championed by the Democrats is very expensive and –more than anything else– it does not work. Well, so what is the alternative?

The alternative is to create the foundations of a new “*Opportunity Society*”. The poor may need money, of course. But more than anything else they need practical tools that will help them climb out of poverty. First of all they need to believe that they live in a society in which “they can have a real chance”.

Give tools

And society, through adequate programs, has to give the tools that will reinforce an optimistic “can do” spirit. For adults, this means real training programs that teach real skills that can be applied in today’s economy. For children this has to mean a real education. And this can come only through a radical transformation of the entire primary and secondary education system. As of now, the system is hostage of change resistant and powerful teachers unions. They are the main obstacle to modernization.

Education for all

Today’s grim reality is that the children of the poor are destined to remain poor, because they do not have access to a real education since most public schools are mediocre or really bad. Some of their parents understand this.

I remember the documentary “The Lottery”, an extremely well done production that described the incredible emotions of parents who were waiting for the results of a Charter School lottery. They knew that if their child won the lottery, he or she would have a shot at getting a good education in a Charter School. Losing the lottery meant going to a regular, mediocre to bad, public school –a dead end.

So here is the problem that the Republican Party needs to address and solve. *“Do we want the future of poor children to be dependent on winning lotteries?”*

Everybody in America should have a shot at a good education.

This may not guarantee upward mobility to all. But, for sure, lack of education in today’s ultra-competitive economy is a ticket to marginalization, poverty, and probably a lot worse: such as joining a gang, getting killed, or landing in jail.

Reach out with an “Education for All” message

So, here is an idea for the GOP. Of course America needs to be

fiscally responsible. Of course we should reform costly and outmoded entitlement programs. Of course we need tax reform that will incentivize business creation. But we cannot seriously believe that a better macro-economic environment, although critically important, by itself will take care of everything and everybody.

The marginalized do not have the tools to participate.

Therefore we need to reach out. And we need to do our best to give people who feel they do not belong tools that they can recognize as useful in order to improve their circumstances.

Income support, free this and free that, alleviate the pain of poverty. But they are not game changers.

“I can do this”

A good education, learning new skills will give millions of people a new sense of self worth. Faced with a new task, the educated person will say: *“I can do this”*. Give marginalized people tools, give them a foundation on which they can build the self-confidence that will allow them to climb out of poverty and join the mainstream.

Via education, give all – minorities, single mothers, poor children—access to a new, inclusive, positive, optimistic and brave *“Opportunity Society”*.

Remember Thomas Jefferson

This is what the Republicans should do if they really want to shape a better, modern, dynamic and future oriented America. An America where everybody is on board. An America in which nobody is left behind.

This is not about being politically smart. This is about going back to the good and solid foundations of the American Experiment. Remember that Thomas Jefferson insisted that education is at the foundation of everything.

He was right.