

# 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.

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# **US Wants To Negotiate With The Taliban**

**WASHINGTON** – US Secretary of Defense James Mattis and Chairman of the Joint Chiefs General Joseph Dunford recently made an

unexpected visit to Kabul, Afghanistan in order to meet with Government officials.

### **Negotiations with the Taliban?**

What is surprising is that in the course of this visit Secretary Mattis publicly indicated that now more than ever before there seems to be a concrete possibility to engage the Taliban in serious peace negotiations.

Really? *This is a good moment?* And based on what? Based on the fact that our side is losing, or at the very least manifestly incapable of winning? I assume that Secretary Mattis is aware of the fact that the Afghan government, after years and years of U.S. funded training of its military and police forces, is receiving huge body blows –practically on a daily basis– from a stronger and clearly emboldened Taliban. Surely Mattis can see that the Taliban is now capable of attacking almost anywhere in the country, very often targeting government facilities within highly protected areas in Kabul itself.

In simple language, the Afghan Government is not only manifestly incapable of beating a now stronger Taliban insurgency, it is also suffering a series of humiliating (and demoralizing) setbacks.

Translation: while the fighting continues, and no decisive “battle” has taken place, victory is nowhere in sight for the Afghan Government we have been supporting for over 15 years, while the other side has redoubled its efforts, giving no sign whatsoever that it is losing its motivation to fight –for as long as it takes.

If our goal is the eventual stabilization of the country, any US security expert understands that this is not happening any time soon. Simply by continuing its campaign of almost daily attacks, the Taliban are making it very difficult, if not impossible, for the Afghan Government to stay in control and run a semi-destroyed country that is still in desperate need

of basic services, capital investments, jobs and economic development.

### **Why negotiations when our side is losing?**

And yet, while in Kabul, the most senior US Defense Department official argues that this most perilous predicament is a really good moment to negotiate with the Taliban. This makes no sense, if our objective is victory.

Indeed, if we want to negotiate good terms for our side, then we open a dialogue with the enemy when we are winning, not when we can hardly hold on to our positions, while under a barrage of almost daily brazen attacks.

This being the case, and since what I just articulated is pretty obvious to all, there is only one explanation I can think of for this sudden optimism about negotiations with the Taliban expressed by Secretary Mattis.

### **The war is lost**

America has finally realized that the war in Afghanistan has been a long, horribly expensive, and ultimately hopeless endeavor. The *"Vietnamization strategy"* for Afghanistan whereby American forces, while stopping ground combat operations, would still provide critical assistance to the war effort through the training of Afghan forces and by providing significant air support, eventually leading to victory, turned out to be a naive fantasy.

After 17 years it is time to say it: ***"This is not working"***. I repeat: ***"This is not working"***.

### **Cut your losses**

This being the case, once you have digested this simple (if unpleasant) reality, the time comes when you want to get out of a hopeless situation. And therefore you publicly say that this is a good moment "to negotiate", knowing full well that



the other side will interpret this for what it is: a virtual capitulation. Taliban Internal Memo: *“The Americans are finally leaving. We won”*.

## **Good bye**

Well, if you sit in the Afghan Government, you cannot avoid reading the proverbial writing on the wall: *“Dear Afghan friends, what we really mean by saying that this is the right time for engaging in negotiations with the Taliban is that soon enough you will be on your own in this fight. We are done here. Belatedly, we decided to cut our losses. Good luck to you, and good-bye”*.

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# **The New Immigrants And America's Future Identity**

**WASHINGTON** – We now know that the Australian government is openly concerned that unless it can manage its immigration policies properly, there is a serious risk that Australia may soon lose its political and cultural identity. There is fear that there are now too many new economic immigrants who, while living and working in Australia, do not fully understand and embrace the core values that bind Australia together. If this were indeed the case, the country will soon lose its identity and become something else.

## **Non assimilated immigrants**

On the face of it, this stance does not seem to be motivated by anti-immigrant prejudice, or xenophobic hysteria. Rather, it seems to be driven by a genuine concern that all new comers to Australia, even if initially motivated mostly by economic

reasons when they decided to become immigrants, along the way have also embraced Australia's national values.

If this is not so, non assimilated economic immigrants may contribute to the progressive fragmentation of the Australian society. This is valid concern in a country largely composed of recent immigrants.

### **America is also a country of immigrants**

If we switch over to the U.S., the current immigration debates, well-meaning in some aspects, emotional and acrimonious in others, are somewhat similar. America is also a country of immigrants. However, there is a significant qualitative distinction between earlier waves of migration to America, mostly from Europe, and the current wave composed mostly of individuals immigrating to the U.S. from Mexico, Central and South America. ***Most of the old immigrants wanted to become Americans as soon as possible.***

In contrast, the new immigrants are usually happy to be here. But they do not feel the same urgency/pressure to quickly assimilate. given this, just like the Australians, we would like to be reassured that there is a way whereby the new immigrants can and will be successfully assimilated into the main stream of American culture and society, just like millions of others before them.

### **Is the American core still intact?**

In other words, as a society, we should be able to feel confident that new waves of immigration will not weaken America's core values as enshrined in the U.S. Constitution. America's core values are relatively simple, yet of fundamental importance. But we cannot assume that every new American truly understands them and will live by them.

Simply stated, America is a country based on popular sovereignty in which the government has been established to

preserve individual freedom and serve the People, where accountability is a duty, and the protection of all basic individual freedoms is the main obligation of all public institutions, while a properly functioning system of checks and balances prevents abuses and protects minorities. Sounds really simple.

But it is not at all simple. Understanding the deep meaning and broad implications of these relatively elementary principles requires deep reflection, and in most cases the rejection of other models in which the state is sovereign and the citizen a subject.

### **No pressure to assimilate**

But why can't we be sure that these American principles are properly embraced by the new immigrants? Very simple. Fundamental changes have occurred in the immigration process in the last 20 to 30 years. Absorbing core values was an integral part of the assimilation process, mostly because new immigrants wanted to be part of the mainstream.

But here is the thing. Assimilation as we understood it until a few decades ago may not be happening anymore. New immigrants are no longer automatically "blended", this way quickly becoming Americans. The US has already become a multi-ethnic, multi-cultural and multi-lingual society, with distinctive ethnic enclaves within which people preserve the language, culture and belief systems of their country of origin.

And this happened in large measure because there is no longer any strong incentive nor pressure to assimilate and be assimilated. It is a fact that in the U.S. many states or regions within them now are predominantly Hispanic or Latino, and Spanish-speaking. Other ethnic enclaves also exist; but the communities from south of the border are by far the largest.

### **No pressure to embrace American core values**

Let me be absolutely clear. These relatively new Americans are mostly industrious, good people. Still, if we cannot be sure that these new immigrants, after they came here, fully embraced the American political culture and its underlying values, overtime this will lead to a significant –in fact structural– transformation of the America we know today.

And since America developed and grew in what it is today because its diverse citizens subscribed to a certain set of constitutional principles, it is important to check as to whether most citizens still share those beliefs. And if some do not, we have a real problem.

### **There is no more a “melting pot”**

The main –and probably irreversible– change when it comes to the difference between old and new immigration, is that the old *“melting pot”* metaphor used to describe America no longer applies. Up to the 1960s the *“melting pot”* was a fair representation of the willingness and ability of the American society to receive, absorb and homogenize large waves of diverse immigrants, this way turning them rather quickly into *“true Americans”* .

All this no longer applies. The US ceased to be this mostly Anglo-Saxon *“cultural blender”* that overtime absorbed, digested, homogenized and integrated millions of other immigrants coming from different backgrounds.

### **Old immigrants under pressure to become assimilated**

***How did this happen? Here is the thing. The reason why the “melting pot ” metaphor no longer applies is about the fundamental difference between the immigration experience of the Europeans who came to America a hundred years ago and the experience of the Latinos who come today. The qualitative distinction is that most of the older immigrants –in particular the Europeans– came to the U.S. with a keen awareness, explicit or implicit, that by immigrating into the***

*U.S. they had also permanently severed their ties to their countries of origin.*

*Sure, in many cases they would retain, at least the immigrant generation, a specific identity within the American ethnic mosaic. But most of them were absolutely bent on "becoming Americans", as soon as possible. Rightly or wrongly, fast assimilation was deemed to be the ticket into the American mainstream. With assimilation came acceptance; and therefore more economic and social opportunities, for the new immigrants and certainly for their children growing up in America.*

### **Superficial differences remained**

Looking among newcomers to America a century ago, one could have easily recognized Polish Americans as different from Italian Americans. But, by and large, whatever the different countries of origin, physical appearance and accents, there was a unifying trait that most new immigrants shared.

Indeed, those who came to the U.S. and stayed here had made a total commitment to becoming Americans, and to place any residual tie or connection with their country of origin: linguistic, cultural or culinary, on a much lower tier.

### **Old ties soon dissolved**

Furthermore, in many if not most cases, the new immigrants were unable or unwilling to preserve their linguistic identity and pass it on to the following generations. Many of them were often semi-literate or illiterate within their own cultures. Thus they did not have the tools to preserve linguistic and cultural complexities that they did not fully master.

Therefore, the kaleidoscope of exotic last names that still today dots the American landscape has value mostly for the ethnographers and historians who can spot and identify Norwegian, Irish, Greek, Russian, Polish, Portuguese, or German origins.

## **Immigrants intermarried**

However, if we fast forward to today, the individuals who bear those last names –the descendants of the original immigrants– with a few exceptions, usually can barely tell you that their great grand parents came from somewhere in Ireland or Germany. Besides, mixed marriages among different immigrants blurred the picture even further. The Italians intermarried with the Irish and their offspring later on with other descendants of other nationals. A third or fourth generation American today can easily be part German, Swedish, Scottish, Russian and Greek. Therefore, for him or her it is almost impossible to determine a meaningful national or cultural origin, let alone have strong feelings of belonging to it.

## **Immigrants today stay connected**

Well, today it is different, very different. And the basic difference between these old waves of immigrants and the Latino waves rests largely on geographic proximity to the countries of origin, and the consequent easy travel back and forth, relatively higher standards of living, and the availability of low cost or zero cost communication tools that keep the old ties alive and relevant. This level of communication between new immigrants and their country of origin was simply unimaginable a century ago.

A hundred years ago, most European immigrants by and large came on a one way third class ticket on overcrowded steamers. ***Once they had landed, and after they had been processed at Ellis Island, they were psychologically and materially committed to a fast track to integration in order to increase their chances of improving their lot vis-a-vis the other Americans. In most cases, going back to the country of origin was out of the question. Immigration to America was final. Thus, embracing this new world, in all its aspects, including its political culture and values, was absolutely necessary in order to have a chance to succeed in it.***

## **Ties to the country of origin**

The Latinos belonging to this new wave of migration instead do not have the same urgency to assimilate. They come by bus, by car or by air, many of them across the Mexican border. For the most part, (even if we take out the many who do not have legal papers who therefore cannot cross the border back and forth for fear of apprehension), except for the very poor, these immigrants have the opportunity to travel at least occasionally to their country of origin. Some do this rather frequently. Back home in Mexico, El Salvador or Colombia there are many relatives and circles of old friends. US-based immigrants send money back to them. At least some of them plan to make enough money in America, so that they can bring their savings back home and live comfortably there.

To think of Polish peasants transplanted in Illinois at the turn of the last century taking an even occasional summer vacation to visit relatives back in the village is preposterous. Except for the extremely successful few who had become really rich in America, hardly anybody ever went back.

## **Easy to communicate**

On top of that, nowadays, even for the relatively poor Latinos, phone and video contact with relatives back home is the norm rather than the exception; while the gigantic remittance flows from the U.S. into Central and South America, indicate continues involvement with families and communities in the countries of origin.

And the retention of the Spanish language as the primary or at least co-equal language is an indication that these immigrants do not have the same urgency to integrate and in some fashion forget about their origins. They see no need for this.

## **Large immigrant communities retain their identities**

The strength of large numbers in most cases may help in

shaping attitudes. No need to learn English fast in large communities where the Spanish-speaking Latino population is actually the majority. Indeed, at least in some communities in the U.S. it is possible to have a reasonably “normal” life in terms of semi-decent work opportunity without any need to acquire real English fluency, something that certainly was not the case, even in the most “ethnic” states or regions, at the height of the European immigration waves.

### **Learning English used to be the ticket to success**

Certainly, even in the past there have been many large ethnic islands within the United States. And it is true that many immigrants could get by in America with little or no English. However, the understanding of all was that English was the only official language of the country and that all official transactions would be conducted in English. No equivalent at that time of the now ubiquitous “*press 2 for Spanish*”, in any telephone help line, let alone taking driver license tests in languages other than English, or the notion of having officially sanctioned bilingual education.

We know that being an American is not about ethnicity, as demonstrably there is no “American” ethnic group. ***However, becoming an American is both possible and absolutely necessary, if we want the original American ethos, as enshrined in the U.S. Constitution, to be preserved.***

And it all boils down to the voluntary and sincere embrace (“*without mental reservation, or purpose of evasion*”, as the Oath all citizens have to take says), of a set of constitutional principles and the values that sustain them.

### **Immigrants had to become Americans**

Of course, we know that, even in the past, most immigrants coming to the U.S. were primarily economic immigrants, driven by material needs, rather than by lofty political ideals.



*However –and this is a crucial distinction between then and now– whether they liked it or not, the old immigrants were “forced” by circumstances to buy into the prevailing Anglo-Saxon political culture and become sooner than later “homogenized Americans”, thus quickly shedding the legacy of their origins and embracing America and its core values, at least in most cases. As indicated above, at that time, America was a genuine melting pot. Today, it is a completely different story. No more a melting pot.*

### **Civics exams do not make citizens**

True enough, the rule today is that before being naturalized, that is legally accepted into the American society and polity, all applicants must take and pass a test of basic knowledge of the U.S. Constitution.

This is not a bad idea. But since this is the only test, it is a truly low bar. So low, in fact, that it is insignificant. Demonstrating decent knowledge about how many Justices sit on the U.S. Supreme Court is important, but hardly conclusive evidence that the would-be US citizen understands –and most importantly agrees with– the principles of the American Constitution when it comes to the preservation of individual liberties, popular sovereignty, limited government, or the purpose of effective checks and balances, let alone the values that should sustain these core principles.

### **No real differences among the descendants of earlier immigrants**

When political leaders today affirm that the strength of America lies in the diverse backgrounds of the diverse immigrant population that somehow enriches all of us, they are talking nonsense. They should know that when we talk about Americans of European descent, today this “diversity” is in fact so superficial that its is in fact insignificant. They know that the descendants of those Italian, Swedish,

Portuguese, German, Russian and Greek immigrants are now indistinguishable from one another.

Indeed, while some of them may have retained some superficial traces of their distinctiveness, (Italian Americans may have dark hair, Scandinavian Americans have blonde hair), at this point they are all homogenized Americans. Kohl, Lantos, Giuliani, Voinovich, Kerry, Tenet, Dukakis, Rubio, Pompeo, just to stay within the sphere of people involved in public policy, are all “ethnic” names. Yet, all these are Americans –with a capital A.

### **Latin immigration is different**

However, ten years from now, will we say the same about the Mercado, Martinez, Ortiz, Lopez and Rodriguez who will be the Mayors, Senators, Governors and eventually national leaders of America? The critical difference between the old and the new immigrants is that many Latinos did not and do not have the same pressure to integrate and quickly become “*homogenized Americans*”.

Both old and new immigrants appreciated then and appreciate now the opportunity to have a better life in the USA. However, to the extent that the new immigrants (most of them from Central and Latin America) can easily maintain an active connection with their countries of origin, (something that those who came along with the previous immigration waves simply could not do), they do not seem to have the same urgency to totally and quickly transform themselves into “*Anglo*”.

### **Embracing America and its values**

If, while preserving the old family and cultural ties, all or at least most of them would voluntarily choose to truly and fully embrace the values of their adopted country, this would be a genuine achievement of good multiculturalism.

***Let me be clear, this is not about “forcing” people to abandon their cultures, their language and their roots. There is absolutely nothing wrong in retaining and cultivating one’s culture and language of origin, as long as there is also a genuine embrace of American values up to the point that they become the key reference.***

But, here is the thing. The old immigrants willingly or unwillingly were “*sucked into America*”.

As for today’s immigrants, realistically most of them will not spend sleepless nights poring over the *Federalist Papers* or other tomes on Jefferson or the U.S. Constitution in order to critically understand and fully appreciate America’s core values and how they were incorporated into the Constitution.

But here is the thing. Without the perception that in order to have a normal life in America they need to embrace the values of this society, most new immigrants will simply tend to their own private affairs. And, in the pursuit of their own interests, they will be guided by the principles that they acquired in their formative years.

### **America is not just the place you found work**

If this is so, regarding these new waves of immigrants, we cannot rest assured that their value systems and beliefs are or will be the same as those that are prevalent among other Americans, simply because their backgrounds are different and their learning and socialization took place in a different context, while the urgency to embrace American values is simply not there.

And herein is the challenge. America has worked reasonably well so far because a recognizable political culture has been preserved and passed on to new generations and millions of new immigrants over more than two hundred years through a fairly successful homogenization process that caused total outsiders—millions of immigrants from different countries—to become

integrated into the American mainstream rather painlessly and in a relatively short time.

### **More than just language**

The substantial recent inflow of millions of people from nearby Mexico, Central and South America who bring with them not just another language but also different values and who see neither the obligation nor the need to fully understand and subscribe to the American political culture will bring about substantial qualitative changes. These changes will provoke new debates about what is it that we mean by “*being an American*”.

***Once again, let me be clear. I am not even remotely suggesting that all these new Latin immigrants are disloyal or suspect people. I am simply suggesting that most of them are fundamentally economic immigrants who –unlike the European economic immigrants who landed here more than a century ago– are not under any pressure to understand, absorb and fully embrace American values.***

### **Many Americans do not know much about their history and values**

True, the notion that all the descendants of the old European waves have an unflinching, clear understanding as to what are the American values that they theoretically subscribe to is highly questionable. Indeed, many do not. But, at least in general, they cannot look at political or cultural alternatives that derive from other perspectives that coexist in their cultural and personal universe.

That said, if anything, the lukewarm appreciation about the distinctiveness of American political culture and values among many descendants of older immigrants complicates the problem, as it does not present to the new immigrants a really clear picture of the value system that they should absorb in order to become “real” Americans.

## **America is a political society shaped by shared values**

We all know that America is a rather unique country, in as much as those who are here today cannot point to a shared ethnic, religious or cultural identity. America is not a Nation-State in the European sense. America is a community of people coming from a variety of countries who freely decided to subscribe to a set of values which became the unifying principles of this republic.

*Americans are Americans because they share a political culture. Until not too long ago, the implicit assumption was that all of those who are here genuinely understand it and willfully embrace it.*

*This political culture has been the intangible yet ultra strong magic glue that kept this complex machinery of the American society together. Going forward, we have to face the fact that this glue may not be as strong a bonding agent as it used to be.*

### **A new era**

And we have to face this fact now. Indeed, for the first time in our complex history, we have a large chunk of new immigrants who may very well live here as law-abiding, productive citizens; but who are under no pressure to truly join in by sincerely embracing our political culture.

Again, let me stress that this does not automatically make these new immigrants disloyal or dangerous citizens. But it makes them different.

Just like the previous waves of immigration into America, these are predominantly economic immigrants. *However, unlike the immigrants of old, these relatively recent immigrants did not and will not go through the “political and cultural indoctrination”, benign or “forced”, willfully accepted or “suffered” by millions of others before them. The old blender*

*that homogenized everybody and made them into “true Americans” is no longer working.*

The new immigrants are different. Their large and growing numbers will affect the culture and the values of the broader society in which they live, and eventually they will radically transform it –its value systems and core beliefs. How this transformation will change America and us all is impossible to predict.

But America will never be the same.

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## **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.

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# **North Korea Will Never Give Up Its Nuclear Weapons**

**WASHINGTON** – The sudden White House announcement about a May Summit meeting between US President Donald Trump and North Korean leader Kim Jong-un has taken Washington and the world by surprise. It is not clear what the American game plan is. Until not too long ago the U.S. policy regarding North Korea seemed to be sanctions, and more sanctions. No talks. In fact, Trump himself, a while ago publicly declared that negotiations

would lead nowhere.

### **Trump “forced” Kim to negotiate?**

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

### **Do not count on denuclearization**

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

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

### **Korea has nuclear weapons –and nothing else**

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

Well, precisely for this very reason, nuclear weapons being all that North Korea has to be taken seriously by the rest of the world, I cannot see any scenario under which Kim will give this huge –in fact only– real asset away. He will not, even if

promised in return American technologies, food aid, substantial financial aid and all sorts of political reassurances that the US will sign a peace treaty, that America will never attack them, and what not.

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

### **What is the point of this May Summit?**

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

### **Kim will not give up his nuclear arsenal**

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

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# **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.

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## **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.

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# **Syria Is Not A Strategic Priority For Washington**

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

### **America in retreat?**

In Washington, the defenders of the (frankly defunct) myth of

Pax Americana sounded alarm bells. *“America is in full retreat –they admonish us– and the bad guys are filling the void. We are losing ground, while they are gaining”.*

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

### **Russia and Iran in the lead**

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

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

### **Middle East no longer of critical importance**

That said, even taking all this into account, the idea that Washington *“must”* regain its historic role as a key powerful player in the Middle East has no longer any strong rational justification.

Of course, until a few years ago, one could have argued that the Middle East indeed had extraordinary strategic value for

Washington, because it sits on most of the oil the rest of the world desperately needs.

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

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

### **Middle Eastern oil not so important**

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

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

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

## **Let Syria go**

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

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# **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.

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## **Manafort Indictment Is Just The Beginning**

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

### **No Russia connection**

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



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

### **Tax fraud and money laundering**

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

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

### **What is Mueller up to?**

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

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

### **Pit pressure on the small fish**

It is quite common for American prosecutors to go with full force against second or third tier players in a criminal

investigation in order to force them to collaborate with them in exchange for leniency. Keep in mind that, if proven guilty, Manafort could go the jail for many years. If he fully cooperates with the authorities, his personal future becomes a lot brighter.

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

### **A major investigative effort cannot end with Manafort**

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

### **Will they find anything?**

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