

From: The Washington Post  
<email@e.washingtonpost.com> on behalf of The Washington Post  
<email@e.washingtonpost.com> <email@e.washingtonpost.com>  
To: jessica.turba@iowa.gov  
<jessica.turba@iowa.gov>  
Cc:  
Bcc:  
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Electoral considerations drive the president as much as anything else | Sponsored by Morgan Stanley

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This is how Trump looks out for the people who voted for him

Trump says he will renegotiate NAFTA  
BY JAMES HOHMANN  
with Breanne Deppisch

THE BIG IDEA: Donald Trump said yesterday morning that his phone calls with the president of Mexico and the prime minister of Canada persuaded him to not withdraw from NAFTA. In fact, he had already made up his mind to stick with the agreement before either conversation.

It wasn't pleas from foreign leaders or CEOs that prompted the president to change his mind. It was a map of the United States that apparently proved decisive in the tug-of-war between the populists and the globalists inside the administration.

Newly-sworn-in Agriculture Secretary Sonny Perdue brought to the Oval Office an illustration of the areas that would be hardest hit if the U.S. pulled out of the compact, particularly in agriculture and manufacturing. It highlighted that many of those who would suffer from a trade war – especially exporters – live in “Trump country,” the counties that voted most overwhelmingly for him last November.

“It shows that I do have a very big farmer base, which is good,” Trump recalled in an interview with The Washington Post last night. “They like Trump, but I like them, and I’m going to help them.”

This was a master stroke by the former governor of Georgia, who clearly understands his new boss’s love for visuals.

Trump, accompanied by Sonny Perdue, left, arrives for a roundtable with farmers in the Roosevelt Room on Tuesday. (Andrew Harnik/AP)

“I was all set to terminate,” Trump explained in the Oval Office. “I looked forward to terminating. I was going to do it.” He turned to Jared Kushner, who was standing near his desk, and asked, “Was I ready to terminate NAFTA?” “Yeah,” his son-in-law replied.

That is one of many great details in The Post's story about Trump's sudden shift on the issue by Ashley Parker, Philip Rucker, Damian Paletta and Karen DeYoung. (Read the whole thing here.)

Trump had planned to make the dramatic announcement of his intention to withdraw during a prime-time rally on Saturday night in Harrisburg, Pennsylvania – on his 100th day in office, at the heart of a Rust Belt state that delivered him the White House and during the White House Correspondent's Dinner. His populist advisers had urged him to follow through on what was a central promise of his campaign. Chief strategist Stephen K. Bannon has had the words "NAFTA" and "April 29" written on a white board in his office.

But Trump's view changed once he thought about the politics differently. This is part of a pattern that has emerged clearly since January. In another interview yesterday, Trump dismissed questions about the split inside his White House between the nationalists and the globalists. "Hey, I'm a nationalist and a globalist," the president told the Wall Street Journal. "I'm both. And I'm the only one who makes the decision, believe me."

The first 100 days

-- Six months after his unexpected victory over Hillary Clinton, the president still brings up the election constantly in public and private settings.

Midway through a third interview yesterday, with Reuters, Trump was talking about Chinese President Xi Jinping when he paused to hand out copies of what he described as the latest figures from the 2016 electoral map. "Here, you can take that, that's the final map of the numbers," the Republican said from behind his desk. "It's pretty good, right? The red is obviously us." Trump had copies for each of the three Reuters reporters in the room.

The elites told Trump he could never win the presidency. He proved them all wrong. That created a false sense of confidence about his readiness to be commander-in-chief. He thought the people who said he couldn't change Washington were the same ones who said he couldn't win the election. He genuinely believed governing would be a lot like campaigning and that he could prove the haters wrong again.

"I thought it would be easier," Trump admitted to Reuters. "I loved my previous life. I had so many things going. This is more work than in my previous life."

The president has been refreshingly candid about his political education during various sit-downs with reporters in the run-up to Day 100.

"Making business decisions and buying buildings don't involve heart," Trump told Politico for a piece that posted yesterday. "This involves heart. These are heavy decisions." An unnamed White House official was quoted in the same piece saying, "I kind of pooh-poohed the experience stuff when I first got here. But this sh\*t is hard."

Trump pats a Marine on the back yesterday after he tended the limo doors for the departure of Argentine President Mauricio Macri from the White House. (Kevin Lamarque/Reuters)

-- As Trump tires to find his footing for the next chapter of his presidency, he is increasingly trying to show some deliverables for the coalition that elected him. He wants to reward his base for sticking with him even as his approval rating slipped into the low 40s. Sometimes, in the case of NAFTA, that might require breaking a promise.



One of the most persuasive arguments advisers can make to Trump is that something will benefit his voters. There's something deeply tribal about it.

Consider one element of the tax reform proposal he rolled out this week. Ending the deduction for state and local taxes, which allows individuals to subtract their home-state levies from their federal taxable income, would disproportionately hurt people who live in blue states and not make much difference for his voters in red states. "That move was a major shift for Mr. Trump, who (as a New Yorker) previously had called for capping deductions but not killing the break," the Wall Street Journal's Richard Rubin reports. "It would shift the tax burden from low-tax states such as Texas and Florida to high-tax states such as New York and New Jersey. ... Democrats mobilizing to defend the deduction are in the awkward position of standing up for a tax measure that helps some of the highest-income Americans—the same people they typically say don't pay enough in taxes."

This reflects a slight shift in the administration's posture since the failure of the health care bill last month. Trump was stung by all the stories about how the GOP's proposal would disproportionately hurt people in counties that backed him. He found himself on the defensive in a Fox News interview in mid-March when Tucker Carlson asked about it. "I know that, I know," Trump lamented. "It's very preliminary."

We also saw this dynamic at play with Trump's demand for money to construct the border wall. As I wrote in Tuesday's Big Idea, Trump knew he was very unlikely to get what he wanted but he made a show of threatening to shut down the federal government to reassure his core supporters that he's trying to follow through on what they elected him to do. As he told the Associated Press last Friday, "My base definitely wants the border wall. You've been to many of the rallies? The thing they want more than anything is the wall."

Trump addresses last year's NRA meeting in Louisville. (John Sommers II/Reuters)

-- Trump's speech this afternoon at the National Rifle Association's annual meeting in Atlanta is another illustration of how he's looking to reward his core supporters. He will be the first sitting president to address the convention since Ronald Reagan did more than three decades ago. "The NRA has been a muscular force in American politics for decades. But last year it spent more for Trump than any outside group and began its efforts earlier than in any other presidential cycle," Tom Hamburger, John Wagner and Rosalind S. Helderman report. "A comparison ... of ad spending between 2012 and 2016 found that the gun rights organization spent more than three times as much money to assist Trump as it spent backing ... Mitt Romney in 2012, airing 4.5 times as many individual ads." A very strong case can be made that the president wouldn't have carried Pennsylvania without NRA air cover.

The group's big bet paid off. It already got more than its money's worth when Trump put Neil Gorsuch on the Supreme Court. "The organization also got an early win when Trump signed legislation repealing an Obama administration regulation that sought to block gun purchases by certain people who are unable to administer their own financial affairs," Tom, John and Ros note. "In the months ahead, the NRA will be looking for Trump to put his weight behind a bill in Congress that would make concealed-carry permits valid in states other than those in which they were issued. Trump endorsed the concept during the campaign, likening it to the portability of driver's licenses. Also high on the NRA's agenda is the Hearing Protection Act, which would remove federal registration and identification requirements for those seeking gun silencers. That measure has been touted by the president's son, Donald Trump Jr., an avid hunter."

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#### WHILE YOU WERE SLEEPING:

-- America's gross domestic product, a broad measure of economic growth, grew by just 0.7 percent in the first three months of the year, according to government data issued this morning, an estimate economists say is more likely due to measurement error than Trump's performance as president. "Most economists had been expecting a lackluster growth report for the first quarter, with analysts surveyed by Reuters predicting the figure would be around 1.2 percent," Ana Swanson and Max Ehrenfreund report. "But some expected more disappointing results, like the Atlanta Federal Reserve, which projected growth of just 0.2 percent. Consumers spent more in the first quarter, according to the report, but reduced spending at all levels of government brought down the official estimate. So did a strong dollar, which reduced exports and increased imports."

-- House Republicans delayed a vote to rewrite parts of the Affordable Care Act, denying the Trump administration a critical victory after a late push to act on health care threatened the bipartisan deal to fund the government. Kelsey Snell and Paul Kane report: "The failure of Republicans to unite behind the new health-care measure was a blow to White House officials, who were eager to see a vote ahead of [Trump's] 100-day mark. Congressional leaders were more focused this week on securing a spending agreement ... It was also evidence of just how divided Republicans are about how to overhaul Obamacare, despite seven years of GOP promises to repeal and replace the 2010 law. Conservatives and moderates have repeatedly clashed over the contours of such a revamp, most sharply over bringing down insurance premiums in exchange for limiting the kind of coverage that is required to be offered." As many as 15 or so House Republicans publicly said they will not support the latest proposal; crafted among the White House, the House Freedom Caucus, and a leading moderate lawmaker. That leaves Paul Ryan and the Trump administration with an incredibly narrow path for passage. Ryan is only able to lose 22 Republicans on the vote.

-- Arkansas executed a death-row inmate late last night with the state's fourth lethal injection in eight days, concluding a frenetic schedule that authorities said was "necessary" to avoid expiration of one of their lethal injection drugs. Mark Berman reports: "Court orders ultimately blocked half of the scheduled lethal injections, including a second that had also been scheduled for Thursday night, even as the state was able to resume executions for the first time in more than a decade. The execution of Kenneth Williams, who was convicted of killing a man he fatally shot after escaping from a prison where he was serving a life sentence for another killing, came after his attorneys appealed to the U.S. Supreme Court, arguing that he was intellectually disabled and not fit to be executed. Relatives of another of Williams' victims ... also pleaded for his life, asking the governor to call off his execution." Still, these pleas went unanswered, and Williams was executed late Thursday and pronounced dead at 11:05 p.m.

An AP reporter who witnessed his execution said he lurched and convulsed 20 times before he died. Williams's attorney said accounts of the execution are "horrifying" and requested a full investigation into what happened.

#### GET SMART FAST:

1. Lawyers for the United Airlines passenger who was violently dragged off a flight earlier this month said they have reached an "amicable" settlement with the airline company. (Lori Aratani)
2. A Wisconsin man said he was removed from a Delta Airlines flight after he got up from his seat during

- takeoff to make an emergency restroom run. Video footage shows the passenger attempting to explain his situation to in-flight personnel, who eventually ordered all passengers to exit the flight, and, upon re-boarding, did not allow him to enter the plane. (Lindsey Bever)
- 3.The only federally-funded voucher program in the U.S. has a negative effect on student achievement, particularly in math, according to a federal analysis of the program. The new evaluation follows recent studies of several state-funded voucher programs that also showed a negative effect on achievement, and comes as Education Secretary Betsy DeVos seeks to pour pour billions of dollars into expanding vouchers and other public-school alternatives. (Emma Brown and Mandy McLaren)
  - 4.Police arrested a German army officer suspected of posing for years as a Syrian refugee to carry out a terrorist attack, which would then be blamed on migrants. (Stephanie Kirchner)
  - 5.The embattled leader of Uber's self-driving car program stepped down, amid accusations that he stole some 14,000 documents from a competitor containing technology designs and other intellectual property. (Steven Overly)
  - 6.The California-based advocacy group Consumer Watchdog called on the FTC to investigate recent reports that Uber could identify specific iPhone devices even after users deleted its app. (Steven Overly)
  - 7.Saudi authorities sentenced to death a man who insulted the prophet Muhammad on Twitter, ignoring his pleas of insanity, as well a those of human rights groups who say he likely suffers from a mental disorder. His case provides a small glimpse into the kingdom's judicial system, which routinely tries to hide capital trials and death sentences from the outside world. (Cleve R. Wootson Jr.)
  - 8.A Russian naval intelligence ship sank off Turkey's coast after colliding, in foggy conditions, with a cargo vessel carrying more than 8,000 livestock. The Russian crew members and the livestock escaped from the incident unscathed. (Kareem Fahim and Andrew Roth)
  - 9.Baltimore is asking the FBI for help as it battles a recent spike in violent crime, including 2017 homicide levels that are on track to reach a two-decade high. (CNN)
  - 10.A federal judge ruled that a predominantly white Alabama city may separate from its more diverse school district, even though the judge concluded that the action was racially-motivated and sent messages of racial inferiority and exclusion to black children. (Emma Brown)
  - 11.Democratic lawmakers introduced a bill this week that would ban the practice of "conversion therapy," or treatments that have historically targeted the LBGT community and claim to be able to change a person's sexual orientation or gender identity. The highly controversial practice has been decried by dozens of mental health, medical and LBGT advocacy groups as harmful and misleading – but very few states have passed legislation to ban it. (Amy B Wang)
  - 12.LBGT advocates are also incensed over a one-page bill passed by the Tennessee legislature, which requires all "undefined words" in state law "be given their natural and ordinary meaning." Critics say the seemingly-innocuous language is actually a veiled attempt to undermine same-sex marriage. (Sandhya Somashekhar)

North Korea propaganda video shows simulated U.S. attack

#### ESCALATION ON KOREA:

- A new North Korean propaganda video shows simulated attacks on the U.S. and declares that "the enemy to be destroyed is in our sights." It shows photos of the White House and aircraft carriers with a target on them – as if they are in the cross-hairs – before panning to simulated footage of an aircraft carrier exploding into flames. A final caption reads: "When the enemy takes the first step toward provocation and invasion." (Anna Fifield)
- "There is a chance that we could end up having a major, major conflict with North Korea. Absolutely," Trump told Reuters yesterday. "We'd love to solve things diplomatically, but it's very difficult." Trump, asked if he considered North Korean leader Kim Jong Un to be rational, said he was operating from the

assumption that he is rational: "He's 27 years old. His father dies, took over a regime. So say what you want but that is not easy, especially at that age. I'm not giving him credit or not giving him credit, I'm just saying that's a very hard thing to do. As to whether or not he's rational, I have no opinion on it. I hope he's rational." (Aaron Blake analyzes the comments on The Fix.)

-- Rex Tillerson said yesterday that the Trump administration is willing to bargain directly with North Korea over ending its nuclear weapons program, an apparent shift in policy aimed at strengthening international resolve. Ann Gearan reports: "Obviously, that will be the way we would like to solve this," Tillerson said in an interview with NPR scheduled to air [today] ... 'But North Korea has to decide they're ready to talk to us about the right agenda, and the right agenda is not simply stopping where they are for a few more months or a few more years and then resuming things. That's been the agenda for the last 20 years.' It is not fully clear what that means, but in the NPR interview and another Thursday with Fox News, Tillerson began to sketch a diplomatic approach for the new administration that focuses on international pressure and leveraging China's economic power over its impoverished ally. At issue is the simultaneous effort in North Korea to perfect a nuclear warhead that could be delivered far from its shores and to develop missiles with a range long enough to be a threat to the United States. Undeterred, North Korea could have that capability within a few years — likely during [Trump's] first term in office."

-- Meanwhile, Trump threatened to terminate the U.S. trade agreement with South Korea during his interview with The Post night, saying the five-year accord with Seoul was a "horrible deal" and "a Hillary Clinton disaster" that has left America "destroyed." Philip Rucker reports: "During an Oval Office interview about trade policy in North America, Trump served notice that he is looking to disrupt an important partnership in the tumultuous Asia-Pacific region as well — even with Seoul on edge because of North Korea's escalating military provocations. Trump sharply criticized the U.S.-Korea Free Trade Agreement, known as Korus, the latest version of which was ratified in 2011. 'It's a horrible deal. It was a Hillary Clinton disaster, a deal that should've never been made,' Trump said ... 'It's a one-way street.' South Korea is the United States' sixth-largest goods trade partner, and the U.S. goods trade deficit with Korea was \$27.7 billion last year, according to the Office of the U.S. Trade Representative. Next week marks an anniversary for Korus and triggers a review period to potentially renegotiate or ratify a new version of the agreement. 'We've told them that we'll either terminate or negotiate,' Trump said. 'We may terminate.'"

Nikki Haley laughs as Trump makes a joke during a lunch with ambassadors on Monday. (Jabin Botsford/The Washington Post)

#### FOGGY BOTTOM WATCH:

-- The State Department wants to rein in U.N. Ambassador Nikki Haley. "She has often been the first, most outspoken member of the Trump administration to weigh in on key foreign policy issues, on everything from military strikes on Syria to sanctions against Russia," the New York Times reports. "Much of that has come as a surprise to the State Department, and [Tillerson] has often been far from the limelight. Now, in an apparent attempt to foster greater coherence in American foreign policy, State Department officials are urging her aides to ensure her public remarks are cleared by Washington first. An email drafted by State Department diplomats urged Ms. Haley's office to rely on 'building blocks' written by the department to prepare her remarks. Her comments should be 're-cleared with Washington if they are substantively different from the building blocks, or if they are on a high-profile issue such as Syria, Iran, Israel-Palestine, or the D.P.R.K.," added the email." The request underlines the vastly contrasting styles of the Trump administration's two top diplomats, Haley and Tillerson, who, who will appear together today the first time at a U.N. Security Council meeting devoted to North Korea.

-- State is also moving ahead with plans to cut 2,300 U.S. diplomats and civil servants -- or roughly nine percent of its workforce, as Tillerson works to implement Trump's budget plan. (Bloomberg)

-- All 100 U.S. senators signed a letter asking for equal treatment of Israel at the U.N., using strong language to insist that the body rectify what the senators agree is unequal treatment on human rights. (Ann Gearan)

Rupert Murdoch arrives for meetings at News Corp. headquarters in New York on Wednesday. (Peter Foley/Bloomberg)

#### FOX NEWS INTRIGUE:

-- The Justice Department's investigation of Fox News has widened to include a second law-enforcement agency, the U.S. Postal Inspection Service. CNN's Brian Stelter reports: "Financial crimes experts from the United States Postal Inspection Service are now involved, according to four sources connected to the investigation. Mail fraud and wire fraud cases are part of the USPIS purview. Investigators from both the USPIS and the Justice Department have been conducting interviews in recent weeks -- including with some former Fox staffers -- to obtain more information about the network's managers and business practices."

-- New York Magazine, "Is a Management Shake-up Looming at Fox News?," by Gabriel Sherman: "As Fox News is roiled by lawsuits and the ouster of Bill O'Reilly, the network's co-president Bill Shine has retained the backing of the Murdochs. On Monday, Rupert Murdoch took network co-presidents Shine and Jack Abernethy to lunch at Marea, a seafood restaurant near Fox's midtown headquarters — a highly public show of support. But privately, Shine is expressing concern about his future at the network. According to three sources briefed on the conversations, Shine has told friends he recently asked Rupert's sons James and Lachlan ... to release a statement in support of him, but they refused to do so. The sources said Shine made the request because of withering press coverage of Fox News in recent weeks. A source added that Shine has privately complained that Rupert 'isn't fighting for him' in the press, which is why he wanted explicit support from the sons."

-- Bloomberg Businessweek, "And Then There Was Hannity," by Felix Gillette: "During commercial breaks on his Fox News program, Sean Hannity likes to wing around a football with anyone in the vicinity of his desk. At roughly 6 feet tall, with broad shoulders and a substantial noggin reminiscent of late-empire Roman statuary, Hannity, 55, is a sporty guy. With big personalities, eight-figure salaries, and zero-sum competition for airtime, cable news is particularly well-suited to braggadocio—and in Hannity's case, it can go a bit past bragging. In the Fox News studio one evening in October ... Hannity pulled out a gun. [Around that time, he pulled a martial arts move on his producer at a bar – who then bit him on the arm]. Internal jockeying, playful and otherwise, has been good for Hannity lately. As for the rest of Fox News, the past year or so has been ... chaos. But at a time when the company badly needs someone to steady the organization, Hannity, with his mind-meld connection to the White House and his deep, abiding connection to the Fox News brand, is the alpha anchor right now." "Hannity's experiencing a renaissance," says media historian Brian Rosenwald. "It's his network now."

Jane Sanders attends a rally with her husband for Hillary Clinton at Portsmouth High School Gymnasium in New Hampshire last July. (Melina Mara/The Washington Post)

#### VERMONT INTRIGUE:

-- "The Justice Department was investigating the activities of the now-defunct Burlington College as recently as February, according to emails obtained through a public records request," VTDigger's Morgan True reports. "The emails show the U.S. attorney for Vermont and an FBI agent reviewed Burlington College records in the state's possession earlier this year pursuant to an investigation. Both enforcement agencies declined to comment on the substance of that probe or whether it has been completed. The chair of the Burlington College board of trustees said Thursday that the FBI

investigation has been going for more than a year, and at least one former school employee was subpoenaed as part of the probe.”

Jane Sanders, Bernie’s wife, is the former president of the college, and many blame her for driving the school into insolvency: “(She) overstated donation amounts in a bank application for a \$6.7 million loan the college used to purchase a prime 33-acre property on Lake Champlain in 2010. She told People’s United Bank in 2010 that the college had \$2.6 million in pledged donations to support the purchase of the former Roman Catholic Diocese of Burlington property. The college, however, received only \$676,000 in actual donations from 2010 through 2014, according to figures provided by Burlington College. Two people whose pledges are listed as confirmed in the loan agreement told VTDigger that their personal financial records show their pledges were overstated. Neither was aware the pledges were used to secure the loan.”

Mrs. Sanders did not respond to a request for comment from VTDigger yesterday asking whether she was subpoenaed or otherwise contacted by the FBI or the U.S. attorney in relation to her time as president of the college.

A Coast Guard helicopter crew goes to a drilling unit southeast of Kodiak, Alaska, in 2012. (Reuters)

#### THE AGENDA:

-- Trump will reverse an Obama-era restriction on oil and gas drilling in the Arctic and Atlantic oceans today. Juliet Eilperin and Brady Dennis report: “Several industry officials and experts predict that oil and gas firms will bid on areas the administration plans to open to drilling, including those off the East Coast. But the targeted Arctic areas are much less attractive to investors right now, and even potential drilling in the Atlantic could be complicated by long-standing resistance from coastal communities. Jason Bordoff ... [a] former Obama energy and environment adviser, said that while the Trump administration can rescind the former president’s efforts ... that process would be complex and involve at least two years of revamping the government’s long-term drilling plans. ‘The question then is, does anybody show up, and does anybody want these [leases]?’ Bordoff said. ‘It depends quite a bit on what the oil market looks like in two years.’ If it looks anything like it does today, with low oil prices and most industry growth taking place onshore, Trump’s new policy might have little practical effect.”

-- The Senate confirmed former U.S. attorney Alexander Acosta as labor secretary last night, voting 60 to 38 to approve his nomination. Jonnelle Marte: “Acosta, 48, will have to move quickly to take action regarding major policies that have been in limbo while the department has been without leadership for the past three months, including a rule that sets limits on the investment advice given to retirement savers and another that expands the number of workers eligible for overtime pay.” Acosta, a Cuban American from Miami, is also the only Latino in Trump’s Cabinet.

-- Worst spin of the day: Sean Spicer blamed the Obama administration for signing off on Michael Flynn’s security clearance, suggesting that Trump’s predecessor – who did not make Flynn his national security adviser – bears responsibility if he was inadequately vetted. “His clearance was last reissued by the Obama administration in 2016 with full knowledge of his activities that occurred in 2015,” Spicer said, responding to a reporter’s question about Flynn possibly breaking federal law by accepting foreign funds for a trip to Russia in 2015. “All of that clearance was made during the Obama administration and apparently with knowledge of the trip that he took, so that’s how the process works, and I welcome the Department of Defense’s review.” (HuffPost)

Newt Gingrich and his wife Callista take a selfie during the grand opening of Trump’s D.C. hotel. (Jabin Botsford/The Washington Post)

## THE TRUMP MILIEU:

-- "Funeral directors book Trump hotel -- along with Trump ally Newt Gingrich -- for PAC fundraiser," by Amy Brittain: "Funeral directors from across the country have flocked to Washington for their annual advocacy summit - an event that includes a visit to Capitol Hill, a trip to Arlington Cemetery and lobbying on issues related to burials. But this year's gathering comes with a new, high-profile ticket: an evening at the Trump International Hotel alongside one of [Trump's] most steadfast allies, former House speaker Newt Gingrich. A happy-hour reception, a formal dinner and a keynote address from Gingrich are on the agenda for the gathering Thursday. ... Two tiers of tickets are for sale: \$99 for the reception or \$200 for the entire event."

-- Politico, "Lewandowski's firm appears to offer Trump meetings," by Ken Vogel and Josh Dawsey: "A firm co-founded by Trump's original campaign manager Corey Lewandowski appears to have been pitching clients around the world by offering not only policy and political advice, but also face time with President Trump, Vice President Mike Pence and senior members of their administration, according to documents and interviews. A document provided to an Eastern European politician by an international consulting firm that Lewandowski co-founded this year promises to arrange 'meetings with well-established figures,' including Trump, Pence, 'key members of the U.S. Administration,' and outside Trump allies. The previously unreported firm, Washington East West Political Strategies, was created by Lewandowski and fellow Trump campaign veteran Barry Bennett — as well as an Azerbaijani oil executive and an American political consultant who works extensively in Russia — to prospect for political business in Eastern Europe. And Lewandowski and Bennett have created different firms with other partners to prospect in the Middle East, Canada and Central America, Bennett said."

"People who are familiar with Lewandowski's pitch to potential clients" told Politico that he has pledged that he would personally call Trump or his cabinet members if necessary on behalf of prospective Avenue Strategies' clients. "Yet Lewandowski has not formally registered as a lobbyist."

-- A restaurant in Trump's SoHo hotel says it will close this year after sales have dropped in the wake of Trump's victory. Patch's Ciara McCarthy: "Koi, a sushi restaurant located within Trump SoHo, will reportedly shut its doors in June because sales have dropped so dramatically. The upscale Asian-fusion chain, a celebrity favorite, has other locations in LA, Las Vegas, Bangkok, Abu Dhabi, and Bryant Park. Suzanne Chou, the Koi Group's general counsel, told Grub Street that the restaurant had seen business drop since Trump's election in November. 'Obviously, the restaurant is closing because business is down,' Chou told Grub Street. 'Beyond that, I would prefer not to speculate as to why, but obviously since the election it's gone down.' Grubstreet also spoke with Jonathan Grullon, a busser and a host at Koi's SoHo location. 'Before Trump won we were doing great. There were a lot of people we had, our regulars, who'd go to the hotel but are not affiliated with Trump,' Grullon told Grub Street. 'And they were saying if he wins, we are not coming here anymore.'"

## PROXIMITY IS POWER – Two good stories from BuzzFeed:

-- An admitted fraudster who owes hundreds of thousands of dollars to his victims has had access to Trump through his wife – a Mar-a-Lago guest manager so familiar among members that she has earned a fond nickname of the club's "house mother." Tarini Parti reports: "The tale of the Rinkus couple — one a repeat felon and the other a Trump employee who interacts regularly with top government officials — raises the curtain on the way Trump's sprawling business holdings can sweep minor figures into his political orbit. For a man with a serious criminal record, Ari Rinkus has been in remarkably close proximity to the president. He has parlayed that access — and the perception of access — to his own advantage, sources said, while pursuing potentially lucrative government contracts on behalf of a foreign company. As he sipped his vodka soda, Rinkus mentioned that his wife was busy setting up for the president's historic upcoming meeting with [Chinese President Xi]. Rinkus frequently name-drops the president, members of the first family, and top White House staff, people who know him said. He recently had dinner with ... Eric and Lara Trump — 'salt of the earth,' he said. Ivanka Trump? 'She's just like her father.' And Don Jr.? 'He's a family-focused man.' He knows them all, he stressed."

-- "The Hungarian Rise And Fall Of Sebastian Gorka," by Mitch Prothero: "Sebastian Gorka ... failed his way upwards to the White House, having been denied security clearance to work in the Hungarian parliament, defeated in a local mayoral race in the 2000s, and widely dismissed as an opportunist. Gorka has been widely criticised for his lack of qualifications and connections with fringe political groups since joining the Trump administration. But, back in Hungary in the 2000s, he wasn't seen as an extremist, but instead a self-promoter, who exaggerated claims about his past, including his work for the British intelligence services. 'Sebastian Gorka is not a Nazi or a security threat because he is some sort of secret British agent,' said a member of the Hungarian counter intelligence service ... 'Gorka is, how do you say in English — a peddler of snake oil.' It seems to be easier to rise in the Trump White House than it was in the newly free Hungarian government at the turn of the century ... [and] Gorka's rise offers a glimpse at how permeable the top strata of American power is in the age of Trump."

Trump is joined at Trump Tower by UKIP's Nigel Farage, third from right, and Brexit allies, from left, Gerry Gunster, Arron Banks, Andy Wigmore and Raheem Kassam, Breitbart London editor in chief. Kassam says he is overseeing Breitbart's efforts to grow across Europe and into Canada and Australia. (Andy Wigmore)

#### THE NEW WORLD ORDER:

-- "Breitbart sees potential to expand in Europe amid French, German elections," by Kevin Sullivan and James McAuley: "Nigel Farage raised a sudsy toast. The British government had just formally triggered its 'Brexit' from the European Union and Farage, the right-wing politician who had long championed it, hoisted a pint of beer, looked into the camera, and thanked the Americans he credited with helping make it happen. 'Well done, Bannon. Well done, Breitbart — you've helped with this hugely,' Farage said in a video toast ... Breitbart, which has risen in prominence with Trump's election and the surprise Brexit vote, has become a disruptive force far beyond the U.S. borders. The anti-establishment resentment that fueled Trump's campaign is surfacing again overseas in elections in France and Germany, and Breitbart hopes to tap into the anti-elite, anti-immigration rage to build its global brand. Breitbart's top U.S. editor, Alexander Marlow, described expansion plans around the time of Trump's election five months ago, with hopes to establish bureaus in France and Germany ... [And even the site's] ... harshest detractors see a potentially significant European market for Breitbart's brand of crusading coverage of a handful of key issues, including immigration, Islam, terrorism, crime and globalization."

-- "In Canadian lumber town, real fears over a trade war with Trump," by Ana Swanson: "Brett Gosselin, a lumberjack like his father before him, lives his life in solitary 12-hour shifts in the vast pine forests that stretch across the Canadian north, master of a gigantic whirling buzz saw that can fell several 100-foot trees in a single crashing roar. But on an afternoon when the future of North America's globalized economic order appeared to hang in the balance, Gosselin ... retreated to the bar of a local hotel and admitted something: He was very worried. 'You don't know what's going to happen. That's what I'm scared of,' Gosselin said ... 'I'm just a low-class little guy that runs a machine, until the mill says that's enough.'"

-- "In less than two weeks, Marine Le Pen could become the first woman to win the French presidency. But she sells herself that way only some of the time," James McAuley reports. "When Le Pen took to the stage to claim her victory in the first round of the vote, there was no talk of the proverbial glass ceiling or any mention of women, girls or gender. But gender has played a significant, if subtle, role in ... Le Pen's astonishingly successful 2017 campaign to bring her extremist party from Europe's political fringe into the halls of political power, analysts say. In her writings and speeches this year, it has operated quietly and constantly, and mostly with one particular purpose: stigmatizing Muslims. 'She's used the gender card for her own benefit,' said Cecile Alduy, the author of a well-known book on Le Pen's rhetoric ... 'But always, and only, to denigrate Islam. She almost never speaks of the feminine condition except to target Islam and immigrants.' In fact, in the public eye, Le Pen, the female leader of



a party that has opposed women's rights throughout its 55-year history, has a complicated relationship with gender. On the one hand, she is ultimately the only female candidate seeking power in a political system still dominated by men. On the other, in her capacity as a deputy in the European parliament, she has repeatedly voted against resolutions that advocates say would have improved women's health and safety."

-- A Taiwanese billionaire who pledged to invest billions of dollars to create jobs in the U.S. after Trump was elected spent more than two hours visiting White House officials yesterday. David Nakamura reports: "Foxconn Chairman Terry Gou, whose company manufactures the Apple iPhone in China, declined to confirm whether he met directly with Trump [after he exited the complex] ... 'My memory is not good; maybe I already forgot,' Gou said. Foxconn, an electronics manufacturing giant with more than 1.2 million employees in China, had pledged in 2013 to invest \$30 million and hire 500 workers for a new high-tech factory in central Pennsylvania, a project that has languished. After Trump was elected, Foxconn made a new commitment to invest \$7 billion to hire 50,000 U.S. workers ... On Saturday, his 100th day in office, Trump will hold a campaign rally in Harrisburg, Pa., the city where Foxconn has failed to build the high-tech factory it promised four years ago." "We are made in America," Gou said in response to a reporter's question about what he discussed at the White House. "We sign a contract, we will let you know."

The Geyuan Garden features elements that will be incorporated into the D.C. garden. (Courtesy National China Garden)

-- "China wants a bold presence in Washington — so it's building a \$100 million garden," by Adrian Higgins: "This summer, a construction team is expected to begin transforming a 12-acre field at the U.S. National Arboretum into one of the most ambitious Chinese gardens ever built in the West. By the time Chinese artisans finish their work some 30 months later, visitors will encounter a garden containing all the elements of a classical Chinese landscape: enticing moongate entrances, swooping and soaring roof lines, grand pavilions with carved wooden screens and groves of golden bamboo. The grounds will boast two dozen handcrafted pavilions, temples and other ornate structures around a large central lake. Its backers undoubtedly hope that the National China Garden will become a Washington landmark and achieve for Sino-U.S. relations what the gift of the Tidal Basin's cherry trees has done for Japanese-American links for more than a century. The Chinese government is so anxious to have the garden that it has agreed to foot the entire bill, which approaches \$100 million."

Barack Obama greets youth leaders at the University of Chicago on Tuesday. It was his first formal public appearance since leaving office. (Scott Olson/Getty Images)

#### DEMOCRATIC SOUL SEARCHING:

-- "The Obamas face the paid-speaking circuit — and all the questions that come with it," by Krissah Thompson: "When Barack and Michelle Obama left the White House, they both spoke longingly of a break from life in the public eye. But following a months-long vacation, they have started to tap into the lucrative paid-speaking circuit that has enriched so many other former presidents and first ladies — with the potential to quickly net millions of dollars. ... It was not divulged how much they were paid for these first appearances. But the former president will collect \$400,000 for a September speech to a health-care conference sponsored by investment bank Cantor Fitzgerald, Fox Business reported this week. As newly minted high-dollar speakers, the Obamas follow a well-worn path from the White House — but

one that poses risks to a personal and political brand rooted in their middle-class backgrounds. Aides to the Obamas would not comment on how much they are charging for other private speaking engagements, but they defended the speaking schedule and pointed out that the president's first public meeting was a conversation with college students in Chicago earlier this week."

-- Elizabeth Warren said she is "troubled" by Obama's decision to accept \$400,000, saying in a radio interview that it was more evidence of money's malignant political influence. "I was troubled by that," the senator said. "One of the things I talk about in the book is the influence of money — I describe it as a snake that slithers through Washington," Warren said. "The influence of dollars on this place s what scares me. I feel like it ultimately threatens democracy. (Dave Weigel)

Sean Spicer speaks during a briefing. (Jabin Botsford/The Washington Post)

#### TAX REFORM WILL BE VERY HARD TO GET DONE:

-- Sean Spicer briefly suggested Thursday that 401ks would not remain intact in the new tax reform package – prompting anxiety across the country until the White House later issued a clarification. But the temporary confusion showed, for a minute, what a nightmare passing tax reform will be, Aaron Blake explains: "That sound you heard was the collective sigh of relief of about half the country — 54 percent of the workforce, to be exact. That's the portion of workers who participate in retirement benefits programs ... But even if 401(k)s are safe, the White House is still looking to slash all kinds of deductions that matter hugely to very specific demographics and areas. While targeting the 401(k)s would have alienated a very large portion of the entire population in one fell swoop, there will be more targeted bloodletting with the deductions that are cut.

-- How Trump's tax plan came together, from the story by Rucker, Parker, Paletta and DeYoung – with Robert Costa and Karen Tumulty: "Trump had privately grouched that he wished he had tackled taxes before trying to push through health care, a view magnified by some outside friends and confidants. Even something more modest than the full overhaul for which he hoped, such as cutting corporate tax rates, they said, would provide the president and his base with an energizing triumph. But it was an April 19 op-ed in the New York Times, titled 'Why Are Republicans Making Tax Reform So Hard?' and penned by Steve Forbes, Larry Kudlow, Arthur Laffer and Stephen Moore, that helped propel Trump to act. The op-ed ... said an overhaul of the tax code would give Trump a much-needed 'legislative victory' and complained that the White House 'seems to be all over the map on the subject.' It called on the administration to move quickly on a tax proposal, not to overthink it and to push forward 'with some degree of urgency.' Trump saw the op-ed right as he was becoming restless with the success of his economic agenda.

The White House rushed to engage the op-ed's authors and reassure the economic conservatives who have privately complained about Trump's nationalistic streak on trade and the lack of action of taxes. When Kudlow and Moore gathered a group of conservatives Tuesday evening at Cafe Berlin, a white-tablecloth German restaurant on Capitol Hill, Treasury Secretary Steven Mnuchin stopped by, even though he was not scheduled to attend. 'We texted him and said, 'Come by if you'd like,'" Kudlow said. 'Well, he did, and he spoke for two or three minutes and took questions.' 'Everyone looked around and said, 'This is the Steve we knew during the campaign,'" Kudlow added, referring to Mnuchin's enthusiasm for sweeping tax cuts...

On April 21, two days after the op-ed ran, Trump announced in an interview with the Associated Press that his advisers would be releasing a tax plan by the following Wednesday, or 'shortly thereafter.' Some aides working on the plan were stunned, caught unaware of the expedited timeline. Still, they reasoned, maybe 'shortly thereafter' meant they could unveil the plan a week or two later. But hours after the AP interview, during an appearance at the Treasury Department, Trump stood beside Mnuchin and told reporters that the tax plan would come out Wednesday."

-- Charles Koch praises Trump's tax proposal in an op-ed for today's Post: "Comprehensive tax reform is long overdue. Americans deserve much, much better. The president's newly offered plan to reduce rates and simplify the code is a step in the right direction. I am also encouraged by the absence of Congress' proposed border adjustment tax (or any tax) that would increase the profits of industrial companies such as Koch by raising the price on goods that Americans rely on every day. This administration should instead make room for tax cuts by encouraging Congress to rein in wasteful spending and reduce corporate welfare provisions that benefit big business at the expense of families." The title of the billionaire's piece is, "Trump's policies must not benefit only big businesses like mine."

#### SOCIAL MEDIA SPEED READ:

Fake News?

Trump unleashed a tweetstorm yesterday to blame Democrats for wanting to shut down the government, even though they're working with Republicans on a long-term spending deal:

BUT...Trump appeared to be tweeting while taking pictures with kids on Take Your Child to Work Day:

More from the White House:

Paul Ryan celebrated too:

This Daily Beast reporter went on a tweestorm:

Sen. Cory Booker (D-N.J.) was treated to a surprise birthday party:

David Letterman was barely recognizable at a Caps game:

#### GOOD READS FROM ELSEWHERE:

-- The New Yorker, "A Canadian Immigration Firm's Trump-era Boom," by Jonathan Blitzer: "Canada by Choice is just one small shop, and it's still too early to tell whether Trump's Presidency will have a measurable effect on the population of legal immigrants living and working in the U.S. But ... As of this

month, H-1B visa holders who live in the U.S. account for half of Canada by Choice's clients seeking permanent residency and eighty per cent of the firm's clients seeking a work visa—about seventy people altogether. 'These weren't the people I thought would be interested in coming to Canada,' [said one employee]. 'They had status in the place where they lived. They made a hundred thousand dollars, had good jobs. These are the people who want to leave?'"

-- BuzzFeed News, "John Kasich Sounds Like He's Over The Republican Party," by Henry J. Gomez: "The big story of Kasich's big media week isn't the predictable swipes he takes at President Trump in [his new] book. And it's not that he is refusing to rule out a Republican primary challenge to Trump in 2020, though his visit here Thursday raises such speculation. It's that Kasich seems tempted by the idea of running for president as an independent. The signs are there in *Two Paths: America Divided or United*, which recycles its title from an anti-Trump speech Kasich gave last year toward the end of his bid for the GOP nomination. The most consistent theme in the book, though, is not Kasich's disapproval of the new president but his disappointment with fellow Republicans who supported Trump's candidacy. ... At a time when he clearly wants to remain a player on the national stage, Kasich is struggling with his political identity — and so is his party. If and where he fits in a GOP led by [Trump] will say a great deal about the kind of Republicans who can succeed in it, and whether there's still space for the open and internationalist values Kasich and other Republicans long have cherished."

#### HOT ON THE LEFT:

"People Are Trolling Trump's New Anti-Immigrant Hotline With Reports Of Space Aliens And The Government Is Not Amused," from BuzzFeed: "On Wednesday, the Trump administration launched a new office called the Victims of Immigration Crime Engagement Office (VOICE), to assist victims of crimes committed by undocumented immigrants as part of the president's executive order to curtail illegal immigration. As part of VOICE, immigration officials also established a hotline where 'people impacted by crimes committed by illegal aliens' could receive support. Critics say the initiative unfairly targets and instills fear in nonwhite immigrants and condones racism. And it did not take long for people to realize this new 'criminal alien' crackdown campaign on #AlienDay. So naturally ... the internet [heeded] the call. People started sharing the hotline's number, telling others to call and report how they've been victimized by space aliens. Or Superman or Big Foot. Others said they were calling to report an illegal alien who was impersonating the president."

#### HOT ON THE RIGHT:

"ESPN Publishes Poetry Tribute To Fugitive Cop Killer," from The Federalist: "ESPN, the sports network that's hemorrhaging viewers and purging much of its on-air talent, on Tuesday published a poetry tribute to a woman who was convicted of killing a police officer. One day before the network laid off many of its employees, it published five poems about feminism and political resistance on its website geared toward women, ESPNW. The first poem in the series is called 'Revolution' and it's dedicated to Asatta Shakur, an icon among black power enthusiasts who was convicted of murdering a police officer in 1977. She escaped from prison in 1979 and fled to Cuba in 1984, where she's been hiding ever since. Shakur, whose real name is Joanne Deborah Chesimard, was the first woman to be named on the FBI's Most Wanted Terrorists list and the FBI is currently offering a \$1 million reward for information leading to her arrest."

#### DAYBOOK:

The president goes to Atlanta for the NRA meeting and sits down with Fox News.

The House will meet at 9:00 a.m. for legislative business. First votes are expected at 10:00 a.m. Last votes expected: 11:45 a.m.

It's still unclear if the Senate will vote.

## QUOTE OF THE DAY:

From a story by Financial Times Washington bureau chief Demetri Sevastopulo: "Sitting across from Donald Trump in the Oval Office, my eyes are drawn to a little red button on a box that sits on his desk. 'This isn't the nuclear button, is it?' I joke, pointing. 'No, no, everyone thinks it is,' Trump says ... before leaning over and pressing it to order some Cokes. 'Everyone does get a little nervous when I press that button.'"

## NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- TGIF! Another day of great weather ahead. The Capital Weather Gang forecasts: "Sunshine returns and we get warm — into the low-to-mid 80s. Breezes are occasional, fairly light, and variable in direction. Enjoy the lower humidity levels, as indicated by lower dew-point readings in the 50s!"

Former All-Met Jonathan Allen gets selected in the first round by hometown Washington Redskins

-- "The Redskins picked Alabama's Jonathan Allen with the No. 17 pick in last night's NFL draft," by Liz Clarke: "From the moment the Chicago Bears traded up to take quarterback Mitchell Trubisky second overall, little about Thursday's first round of the NFL draft unfolded as predicted. A draft class loaded with defensive talent instead saw a run on offensive players, with two quarterbacks and three wide receivers chosen among the top 10. The upshot proved a blessing for the Washington Redskins, who badly needed to shore up their defense and headed into the proceedings with a wish list designed to do just that. 'Never in a million years,' as Coach Jay Gruden later put it, did Redskins executives think that Alabama defensive end Jonathan Allen still would be available when they chose 17th overall. Regarded as a top-10 pick — top five, in the minds of some — the 6-foot-3, 286-pound Allen had won the 2016 Chuck Bednarik and Bronko Nagurski awards as the nation's top defensive player."

-- "A year later, Penguins' Nick Bonino beats Capitals again in Game 1," by Isabelle Khurshudyan: "Many of the Washington Capitals can still clearly recall how their season ended a year ago. There was Nick Bonino in his black and gold No. 13 jersey in front of the net. He threw his arms up in the air as the Pittsburgh Penguins advanced, and the Capitals spent the next year stewing. On Thursday night, there was Bonino again in front of the net, again celebrating as he pushed the Penguins past Washington in a playoff game. His goal in the third period lifted Pittsburgh to a 3-2 win in Game 1 of the second-round series. The good news for the Capitals going forward is that they climbed out of a two-goal hole by outplaying Pittsburgh with a 35-21 edge in shots on goal, controlling possession in the second half of the game despite not getting a single power play all night. The bad news is that despite being the better team for the majority of the game, their costly errors have them in an early series deficit."

-- "Hits keep coming for Nats, who roll Rockies to complete a 9-1 trip," by Chelsea Janes in Denver: "Temperatures were in the 40s and Gio Gonzalez's pitch count was in the 90s as he waited out the most prolific offensive inning in Washington Nationals history, standing near a heater in the dugout, trying to stay warm until his teammates relented. But these days, waiting for the Nationals' offense to relent is like waiting for a Colorado winter to end. Just when the cold ebbs and the sun thaws, the chill returns, unwilling to give way. The Nationals beat the Rockies on Thursday afternoon, 16-5, a fitting end to a series in which they scored 46 runs in four games and batted .346. The Nationals (16-6) are tied for the best start in franchise history with the 1979 Montreal Expos. They own the best record in baseball. Their opponents spent much of April waiting for the Nationals' offense to quit, but they waited in vain. That seventh inning, in which they scored more runs in an inning than any Expos/Nationals team has in 20 years, is a fitting microcosm of their season."

## VIDEOS OF THE DAY:

Seth Meyers took a closer look last night at Trump's confrontation with Canada:

Trump Confronts Canada and North Korea: A Closer Look

"The Daily Show" host joked about Obama's Wall Street speech:

So Much News, So Little Time - Obama on Wall Street, Ann Coulter & a Senate Briefing: The Daily Show

Someone posted 42 minutes of b-roll video of Georgia House candidate Karen Handel, ostensibly for use by a super PAC. But it's funny because you can hear the director's instructions to her about how to look and act. "Take a sip of your coffee, but looking kinda toward the bananas, and then kind of look down and then look back up at him," he tells her at one point:

KH BROLL

From a Democratic lawmaker:

Here's what you need to know about gay conversion therapy:

What you need to know about gay conversion therapy

Pelosi says a vote for Trump health-care plan is "doo doo" on the shoe:

Pelosi: A vote for Trump's health-care push is 'doo-doo' on the shoe

A UC Berkeley senior explains why she invited Ann Coulter to speak:

Here's why a UC Berkeley freshman invited Ann Coulter to speak on campus

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New book explores how Paul Ryan's hometown coped with a shuttered G.M. plant | Sponsored by FedEx

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Trump's Wisconsin win was an aftershock of the Great Recession

The decommissioned GM Assembly Plant in Janesville, Wisconsin. (Photo by Alyssa Schukar for The Washington Post)

BY JAMES HOHMANN  
with Breanne Deppisch

**THE BIG IDEA:** Donald Trump won significantly more votes than Paul Ryan in the House Speaker's home county last fall, partly by making inroads with traditionally Democratic autoworkers who have struggled to adjust since losing their jobs when the General Motors plant in Janesville, Wisconsin, closed in 2008.

-- The president is traveling to Ryan's congressional district this afternoon for an event at Snap-on, which manufactures hand tools. Trying to show his blue-collar base that he's following through on his promises, Trump will sign a "Buy American, Hire American" executive order. The White House says it will make it harder for tech companies to replace American workers with cheaper foreign labor and strengthen rules barring foreign contractors from bidding on government projects. (More details [here](#).)

-- Today also happens to be the publication date for Amy Goldstein's terrific new book, "Janesville: An American Story." It is a close-up look at what happened after G.M. shut down the assembly line two days before Christmas, as the company sought to survive and the country tried to fend off another depression. In a city of 63,000, as many as nine thousand people lost their jobs.

Amy, a staff writer at The Washington Post for three decades, has doggedly pursued this project for six years now. She took a two-year leave from the paper to conduct research, immersing herself in the lives of a handful of people in the community. With 55 vignettes, some as short as a page, she weaves a powerful narrative about their struggles and their perseverance from 2008 to 2013. Throughout the story, as she writes at one point, "The carcass of a 4.8-million-square-foot cathedral of industry still sits in silence on the river's edge." (Read an excerpt about three of the families she followed [here](#).)

Paul Ryan gave then President-elect Trump a Green Bay Packers jersey during a "thank you" rally last December in West Allis, Wis. (Morry Gash/AP)

-- Trump's name does not appear until page 292 of "Janesville," but this really is one of the best books to understand how he could become the first Republican presidential candidate since Ronald Reagan to carry the Badger State.

To this day, most Washington elites don't fully grasp just how painful the Great Recession was for tens of millions of Americans. Government spending increased, and the military-industrial complex prospered, so D.C. denizens were mostly insulated from the economic crisis.

-- Importantly, Janesville is not part of the Rust Belt. Places like Youngstown, Ohio, and Pittsburgh have been decaying for decades. But this area was faring relatively well until the 2000s. Generations of Janesville kids, going back to 1923, grew up excited to follow their dads onto the assembly line so they too could make Chevys. They saw a union card, not a college degree, as the ticket to a respectable middle-class livelihood.

So the plant closure was a profound shock to the system: Not only did it accelerate the decline of manufacturing and organized labor, it created a sense among many working-class whites that they were being left behind – harmed by trade and globalization. With full recovery still elusive nearly a decade later, some began to look for a new kind of savior.

Historically Janesville has been a Democratic stronghold. While there was significant local excitement when Mitt Romney tapped a favorite son to be his running mate, Barack Obama nevertheless carried the county by 23 points. Last November, Hillary Clinton carried Rock County by just 10 points -- and with about 10,000 fewer votes than Obama. That doesn't seem like much until you consider that Trump only won Wisconsin by 22,000 votes. In Rock County, Trump received 31,488 votes and Ryan got 21,879. (The Speaker won reelection handily because the boundaries are drawn to include much redder counties.)

Ryan speaks at the Republican Party of Wisconsin's "Fall Fest" event last October. (Anthony Wahl/The Janesville Gazette via AP)

-- Ryan is a major character in the story. The book opens with the congressman's cell phone ringing. It's the CEO of GM calling to give him a heads up that the company will stop production in Janesville. Ryan is caught off guard. As they talk, he looks through his kitchen window at two houses. One belongs to a couple where the husband and wife both work at the plant. The other belongs to a family dependent on wages from a seat-making factory that is the plant's largest supplier. Ryan realizes their jobs will vanish and pleads with the CEO to switch from making gas-guzzling SUVs to smaller models, or pickup trucks, that consumers might actually want to buy. He'll soon travel to Detroit to plead that cases with other executives, but to no avail. GM would declare bankruptcy, even with massive federal loans.

This all happened before Ryan ever chaired a House committee, back when the GOP establishment saw him and his budget blueprints as a nuisance. In keeping with the convention for how she refers to all the other locals in the book, Amy refers to the Speaker of the House simply as "Paul" in her story.

Ryan, who refused to campaign with or defend Trump after the "Access Hollywood" tape came out last October, will miss Trump's event in Kenosha today. He's leading a congressional delegation in Europe, focused on reassuring NATO allies about the U.S. commitment to the alliance.



This is in the parking lot outside the UAW local in Janesville. (Alyssa Schukar for The Washington Post)

-- In many ways, the town is a useful microcosm to understand the broader trends Trump capitalized on:

Union power has dramatically dissipated. The United Auto Workers local shrank from 7,000 active members to 438 by 2012, with 4,900 retirees. To make money, the union started renting out its hall – once a heart of the community. A major festival over Labor Day weekend has gotten smaller. In 2014, Labor Fest went from three days to two. Then it was canceled altogether in 2015 on short notice. It managed to resume in 2016, but the future is precarious.

The civil war in Wisconsin after Scott Walker took on public employee unions also divided Janesville. Some of the civility that the town had really prided itself on was lost during the recall fight in 2012.

Jobs have finally come back to Janesville, but they don't pay as well. And they're not in manufacturing. The unemployment rate recently slipped below 4 percent, but many who are working again are not earning enough for the comfortable lives they had a decade ago. Rock County had about 9,500 manufacturing jobs in 2015 – about half as many as in 1990.

Dollar General decided to put a distribution center on the south side of town, thanks to generous incentives offered by the city. But most of the jobs will pay \$15 an hour – compared to the \$28 a lot of guys earned at GM before the plant closed. But people will take what they can get: A Dollar General job fair not long before Amy's book went to press drew three thousand people.

Many folks who lost jobs never fully regained their confidence. Working with the University of Wisconsin Survey Center, Amy conducted a major survey of Rock County residents. She includes the results in an eight-page appendix: More than one in three who responded had lost work or lived with someone who had. Economic pessimism lingered years after the recession itself. Attesting to the financial and emotional pain that losing work caused people, half said they have had trouble paying for food and nearly two-thirds reported strain in family relationships. Three-quarters of the people who responded, in 2013, said that the U.S. economy was still in a recession. Slightly more than half said their financial situation was worse than before the recession. (Buy Amy's book [here](#).)

-- What POTUS wants you to read: "Trump spurs small-business optimism in Milwaukee area" is the headline of a Milwaukee Journal Sentinel story the president just tweeted out. "That may not seem surprising; business generally favors Republicans," the paper says. "But there was no comparable surge in small-business optimism when George W. Bush won in 2000 after eight years of Democratic incumbency."

Robby Mook speaks to the traveling press corps aboard Hillary Clinton's campaign plane above Cedar Rapids, Iowa, on Oct. 28. (Melina Mara/The Washington Post)

ANOTHER PERSPECTIVE ON 2016:

-- "Shattered," a narrative of Hillary Clinton's losing campaign by journalists Jonathan Allen and Amie Parnes, is also out this morning. Campaign manager Robby Mook comes across especially poorly in their account. "As we dive into the Clinton apparatus in Brooklyn, we discover a somewhat different picture of Mook, who was largely portrayed as an affable, modern-age data whiz during the campaign," Steven Ginsberg, The Post's senior politics editor, writes in a review of the new book. "In 'Shattered,' he is depicted as a 'professional political assassin' who pushes aside anyone who threatens his control-freak grip on power. He fights with (John) Podesta. There's tension with chief strategist Joel Benenson (who appears to have been almost completely sidelined months before Election Day). Mook has little regard for communications director Jennifer Palmieri. He thinks the old-style politics of Bill Clinton are

relics of a bygone time. Some of the criticism of Mook rings true — his celebrated voter modeling, for instance, turned out to be catastrophically off — but his portrait also carries the stench of bitter co-workers conveniently tossing after-the-fact blame his way.”

-- The book has some fresh details on how hard Obama pressed Clinton to concede. From Ginsberg's review: Around 7:45 on election night, when Clinton and her aides still thought they were headed to the White House, troubling news emerged from Florida. Steve Schale, the best vote-counter the Democrats had in the state, told campaign officials they were going to lose the biggest battleground in the country. “As fear gave over to dread in the Peninsula Hotel, the Clinton campaign reacted as you might expect: Bill became furious, Hillary turned stoic, and their cocksure aides started to blame one another. It wasn't long into the night before Bill Clinton called his old pal, Virginia Gov. Terry McAuliffe, and told him not to bother coming to New York. There would be no victory to celebrate...

“Shortly after 11:00 p.m., after Wisconsin was called by Fox News, Allen and Parnes report that the campaign fielded a series of calls from the White House pushing Clinton to concede, even though the margins in many states were extraordinarily close. Obama thought it was over and did not want a messy recount. First came a call from White House political director David Simas to [Mook]. ‘POTUS doesn't think it's wise to drag this out,’ Simas said. But Clinton was dragging it out. So then she got a call from POTUS. ‘You need to concede,’ urged Obama, who repeated the message in a follow-up call to [Podesta]. At last, Clinton said, ‘Give me the phone.’ And then the first woman who was going to be president got her opponent on the line and said two words she never expected to say: ‘Congratulations, Donald.’

“Moments later, Obama was back on the phone, this time making a consolation call. ‘Mr. President,’ Clinton said softly. ‘I'm sorry.’”

-- After a joint appearance in Green Bay with Obama was canceled, Clinton never went to Wisconsin. “Our failure to reach out to white voters, like literally from the New Hampshire primary on, it never changed,” one campaign official told the authors. From the New York Times's review: “In chronicling these missteps, ‘Shattered’ creates a picture of a shockingly inept campaign hobbled by hubris and unforced errors, and haunted by a sense of self-pity and doom, summed up in one Clinton aide's mantra throughout the campaign: ‘We're not allowed to have nice things.’”

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WHILE YOU WERE SLEEPING:

Theresa May speaks to Britain a few hours ago from 10 Downing Street in London. She called a general election for the United Kingdom to be held on June 8. (Dan Kitwood/Getty Images)

-- In a surprise announcement Tuesday, British Prime Minister Theresa May called for an early election to be held on June 8 – seeking to cement her backing amid politically-tense “Brexit” negotiations and moves by Scotland to possibly carve its own independent path to remain in the European Union. Karla Adam reports from London: “‘I have concluded the only way to guarantee certainty and stability for the years ahead is to hold this election and seek your support for the decisions I have to make,’ [May] said. Part of the election call by May is to seek her own political mandate and shrug off the image as [David] Cameron's replacement. ... Still, May is taking something of a political gambit with elections set for just two weeks before the anniversary of the Brexit referendum: If her Conservative party wins the snap elections, she will have the mandate to pursue her own agenda as she heads into negotiations ... not the one set out by her predecessor Cameron. But a loss — considered unlikely at the moment — would throw deep uncertainty into the complex talks ahead between Britain and the other 27 E.U. members, and would reflect important shifts in the British sentiment since last year's referendum.”

-- "Arkansas blocked from carrying out scheduled execution after Supreme Court denies late challenge," by Mark Berman: "Despite a late challenge mounted by Arkansas officials hoping to carry out the state's first execution in 12 years, the U.S. Supreme Court early Tuesday morning declined to step in, preventing the lethal injection from taking place as scheduled. The high court's decision not to act, coming with just minutes to spare, leaves in place a stay preventing Arkansas from carrying out an execution that was originally set to be one of eight taking place this month. The Arkansas Supreme Court on Monday afternoon had stayed two executions scheduled for that night, and state officials quickly challenged one of those two stays, appealing to Supreme Court Justice Samuel A. Alito Jr., who is assigned cases from the federal circuit covering Arkansas. In a one-sentence order released 15 minutes before the execution warrant expired, the court said that Alito referred the application to the full court and that it was then denied. No explanation was given and no dissents were recorded."

Erdogan critics march in Istanbul. (Bulent Kilic/Getty/AFP)

-- Trump called to congratulate Turkish President Recep Tayyip Erdogan after a referendum granted him sweeping new powers, breaking in tone with the State Department, whose carefully-worded statement noted reports of voting irregularities and urged the country to respect citizen's rights. Carol Morello reports: "According to accounts by both Trump and Erdogan, the two also discussed the U.S. missile strike on a Syrian air base in response to the April 4 chemical weapons attack on civilians in Idlib province. Trump thanked Erdogan for Turkey's support of the retaliatory action. The leaders agreed that Syrian President Bashar al-Assad should be held accountable for the chemical attack that killed at least 70 people, and they talked about the ongoing campaign to counter the Islamic State."

\*State's statement urged Turkey to respect the basic rights of its citizens and noted the election irregularities witnessed by monitors with the Organization for Security and Cooperation in Europe. (The United States is a member of the OSCE.) "We look to the government of Turkey to protect the fundamental rights and freedoms of all its citizens," said the department's acting spokesman, Mark Toner, noting the objections of the Turkish opposition and the monitors.

\*"The juxtaposition of the differing responses underscored the awkward situation faced by many U.S. and European officials in responding to the disputed results of the referendum, which changed Turkey from a parliamentary democracy to one led by an executive president with strong central powers," Carol explains. It passed by a slim margin, 51.3 percent to 48.7 percent. The package of constitutional amendments eliminates the position of prime minister and expands Erdogan's power to appoint judges and prosecutors.

\*But Turkey's strategic importance means that the referendum, even if voting irregularities are proved, is unlikely to affect U.S. policy. "Both the U.S. and E.U. are in a bind," said Michael Werz, a Turkey analyst with the Center for American Progress. "They can either [disagree with] the OSCE findings, or they can say the truth: It was not a free and fair election."

-- Erdogan vigorously defended his victory, strongly dismissing all criticisms of the results: "Debate about this issue is now over," he said during an occasionally combative speech at his sprawling presidential palace. "We are not going to stop," he added. His remarks came just hours after Turkey's main opposition party demanded the vote be annulled. (Kareem Fahim)

Washington goalie Braden Holtby (70) is devastated after Toronto wins 4-3 in overtime last night. (John McDonnell/The Washington Post)

-- "Capitals fail to 'Own the big moments,' fall behind in first-round series vs. Toronto," by Isabelle Khurshudyan: "There's an emblem the Washington Capitals have stuck onto a door in their locker room. It's a smiling skull with 'Own the big moments' written around the edge of it. The phrase was taken from forward Justin Williams, who repeatedly said Washington didn't do just that in its disappointing postseason run a year ago. They had it printed on the back of their team shirts before the

season. The logo traveled with the Capitals to Air Canada Centre, staring back at them in the visiting locker room as a third straight game in this first-round series against the Toronto Maple Leafs went to overtime. Less than two minutes into the extra period, it was Toronto who owned the moment after Tyler Bozak's power-play goal lifted the Maple Leafs to a 4-3 win and a 2-1 series lead."

One dead, two injured in Black Hawk helicopter crash in Maryland

#### GET SMART FAST:

1. A U.S. Army Black Hawk helicopter crashed Monday afternoon on a golf course in southern Maryland, killing one crew member and injuring two others. The aircraft was on a routine training flight when it went down. (Arelis R. Hernández, Dan Lamothe and Justin Wm. Moyer)

2. A rapidly expanding manhunt for Steve W. Stephens -- accused of killing an elderly man in Cleveland and posting a video of the murder to Facebook -- stretched into its second day as authorities offered a \$50,000 reward for information regarding his whereabouts. Stephens is considered armed and dangerous, and authorities urged residents in Pennsylvania, New York, Indiana and Michigan to be on "alert." (Lindsey Bever, Peter Holley and Drew Harwell)

3. For the first time on record, human-caused climate change has rerouted an entire river. According to a team of scientists, the retreat of a large glacier in Canada's Yukon territory shifted the flow of its meltwater from one river to another -- cutting down flow to the Yukon's largest lake, and channeling freshwater to the Pacific Ocean rather than to the Bering Sea. (Chris Mooney)

4. South Korean prosecutors indicted ex-President Park Geun-hye on a spate of high-profile corruption charges, including bribery, extortion, and abuse of power -- which could potentially carry a sentence of life in prison. It's the latest in a string of humiliations for Park, who was stripped of power last month and has since been detained at a facility near Seoul. (AP)

5. Gov. Susana Martinez (R) vetoed all higher education funding in New Mexico, defunding all state universities and potentially ratcheting up tuition prices for students as part of a \$6.1 billion spending bill for the next fiscal year. Meanwhile, funding is so tight for K-12 education that Albuquerque has decided to eliminate sports programs in every middle school. The move has prompted intense criticism from education professionals and university presidents. (Valerie Strauss)

6. United, Delta, and American Airlines have all announced changes to their policies on overbooked flights -- moving to respond to last week's "dragging incident" and the maelstrom of outrage and criticism that followed. (Luz Lazo)

7. United removed a couple from a flight to their own wedding. The airline says the two "repeatedly attempted" to sit in upgraded seats that they did not pay for -- but the bride-and-groom-to-be have a very different version of the story. (Kristine Phillips)

8. New York City is weighing a proposal that would require Uber to add an in-app tipping option. If the new rules are approved, a host of other cities could adopt similar requirements -- forcing significant changes to the ride-hailing company, which has avoided past calls to add electronic tipping options. (Steven Overly)

9. A doctor who saw Prince in the days before he died had prescribed him oxycodone under a friend's name in order to "protect the musician," according to a newly-unsealed affidavit, which comes as part of the continued investigation into his death. Autopsy reports show the artist died from an accidental overdose of fentanyl -- a synthetic drug 50 times more powerful than heroin. (AP)

10. Workers from an oil service company wrested control of the leaking BP well in Alaska's Prudhoe Bay area, stopping the natural gas leak after three days. Officials said the responders must still fix a mechanical plug in a damaged portion of an underground pipe before the well can be considered completely stable. (Steven Mufson)

11. A 17-year-old girl died after being attacked by a shark while she was surfing with her father, with her mother and sisters looking on, off the southern coast of Western Australia. News of her attack comes after several great white shark sightings were reported in the area in the past week. Surfers have been advised to avoid the waters for the next 48 hours. (Cindy Boren)

12. For hundreds of years, scientists searched in vain to locate the "giant shipworm" -- a mysterious, near-mythical species of mollusk that was never seen alive, but whose mere shell fragments were enough to fascinate scientists dating back to 18th-century taxonomist Carl Linnaeus. The hunt is finally

over! Scientists have discovered the so-called “unicorn of mollusks” in the Philippines, where they spend their lives submerged face-down in muddy lagoon water, and can grow up to five feet long. (Ben Guarino)

13. Glenn Beck and his network, The Blaze, are counter-suing conservative commentator Tomi Lahren, who claims her show was permanently suspended because she came out as pro-choice. But according to the newly-filed brief, the network did not suspend Lahren for her pro-choice comments, but because of a “pattern of bad behavior” including being “inappropriate and unprofessional” and complaining about lighting, shooting, room temperature, and editing. (New York Magazine)

Supporters arrive last night to an election eve rally at Andretti Indoor Karting and Games in Roswell, Georgia. The rally was for Democratic candidate Jon Ossoff. (Kevin D. Liles/Reuters)

#### GEORGIA'S SPECIAL ELECTION, ROUND ONE:

-- Voting kicks off today to fill the seat of HHS Secretary Tom Price – a closely-watched race that could turn the district blue for the first time since 1978, should Democratic candidate Jon Ossoff break the 50 percent mark. That outcome is unlikely, however. A far more plausible scenario is that he will emerge with support in the low-to-mid-40s, thus triggering a June 20 runoff with the next-highest candidate, likely Karen Handel, Bob Gray, or Dan Moody.

-- “This suburban swath north of Atlanta resembles the cracked mirror of the GOP’s national identity crisis, with 11 candidates bitterly feuding over what it means to be a Republican in the age of [Trump],” Robert Costa reports from Chamblee, Ga. “That crowded field is roiled by nerves about Trump and lingering internecine dramas over ideological purity. And with next year’s midterm elections beginning to take shape, the race’s currents could reverberate far beyond the white college-educated professionals along Interstate 285, regardless of which candidate emerges from the scrum Tuesday. ‘You’ve got a miniature civil war going on there,’ said Rep. Tom Cole (R-Okla.), an ally of House GOP leaders. ‘We’re all paying attention, since anything can happen in a special.’”

“The health-care episode has particular resonance in this district since Price, a physician, was its representative from 2005 until February, when he joined the Cabinet. Republicans’ failure to pass their plan to overhaul the nation’s health-care system has sown doubts among some suburban GOP voters about Trump’s effectiveness in cutting deals with lawmakers in Washington, as well as the party’s promises.”

“At the White House, the president is paying close attention and has been briefed by aides about the race. Political director Bill Stepien is working with the state party and the congressional committees. Chief strategist Stephen K. Bannon is involved in discussions about how to encourage Republican turnout.

“Interactions with Trump’s political brand have veered from hearty embrace (Dan Moody, Bob Gray, Bruce LeVell, Amy Kremer) to support but not always rah-rah (Karen Handel, Judson Hill) to flat-out defiance (David Abroms). Most of the leading candidates have bounced between those poles depending on the day or the latest controversy. Handel, a favorite of antiabortion activists who has the highest name recognition and once served as Georgia’s secretary of state, said in an interview Monday that she is concentrating on doing her ‘level best to represent the interests of the 6th District’ in her positions rather than linking arms with Trump. ‘Obviously I’m a Republican and support the president,’ Handel said. ‘But being in Congress is not the same as being an extension of the White House. I’m more than willing to step up and speak out when the circumstances demand that.’

“Endorsements from prominent Republican players have been scattered to the point of muddying the field. David Perdue has backed Moody. Newt Gingrich supports Hill, as does Sen. Marco Rubio (Fla.). Former Trump campaign manager Corey Lewandowski endorsed LeVell. Former senator Saxby Chambliss is for Handel. But the conservative Club for Growth has opposed Handel and boosted Gray.

To counter the club, the Ending Spending advocacy group, which is backed by the billionaire Ricketts family, has poured millions behind Handel's candidacy."

"Having 11 people on our side is like eating our young," Sen. David Perdue (R-Ga.), a friend of Trump, said in an interview, comparing the infighting to the "nightmare" of his own 2014 statewide primary. "You risk letting the Democrat slide through without a runoff."

-- The president recorded a robocall that doesn't offer support for any individual candidate but just urges Republicans to go vote for anyone but Osoff:

-- Trump also tried to manage expectations with two tweets last night:

-- The Atlanta Journal-Constitution's Greg Bluestein has a list of things to watch for tonight:

\*Turnout: "Nearly 55,000 voters have already cast ballots, and the national attention, the Trump factor and the enthusiasm around Osoff's campaign could lead to a dramatic uptick in Election Day voting. [Pollster Mark Rountree] said his research found that there are 77,000 voters in the district who cast ballots in the past two GOP primaries. On the Democratic side, that number is just 17,000: 'It tells you that Republicans have a huge potential upswing,' he said. 'But so far Democrats are battling hard to get their votes out and are having reasonable success.'"

\*The Trump factor: "Trump's late tweets could boost Republican turnout — and aggravate Democrats looking for a late edge. Trump won the district with 48 percent of the vote, and the Republicans running as his loyalists hope to land a runoff spot by locking up much of that bloc. And polls show despite his struggles in the district in November, a majority of GOP voters give the president sound approval ratings."

\*A county-by-county fight: "The district encompasses only a chunk of north DeKalb County, but it's also the bluest part of the territory. Osoff is hoping to run up the score in this part of the district, so long as he can consolidate votes from the other four Democrats in the race. North Fulton County is home to some of the district's most conservative turf, but it's also the headquarters of three top contenders feuding for the same slice of the electorate."

\*Changing the electorate: "Osoff's staggering fundraising haul has allowed his campaign to target beyond a smaller base of traditional Democratic voters — an essential task if he aims to win long-held GOP turf. Democrats who rarely vote in primaries or special elections are getting personalized flyers; some are receiving multiple mailers a day."

Jon Osoff speaks to reporters during a visit to a campaign office yesterday in Marietta. (Joe Raedle/Getty Images)

-- Osoff isn't doomed if he can't crack 50 percent. As NBC's Mark Murray and Carrie Dann note, "While Republicans' odds of holding on to this seat increase in a two-person race, the polling — which hasn't been of the greatest quality, mind you — shows Osoff running competitively against the top-tier Republicans in a runoff. The nonpartisan Cook Political Report is designating the overall contest as a Toss Up."

-- FiveThirtyEight's Nate Silver agrees: "We're in a somewhat Democratic-leaning environment right

now, given Trump's poor approval ratings, a modest Democratic advantage on the generic congressional ballot and the results of last week's special election in Kansas. That should mitigate some of Georgia 6's Republican lean. For another thing, a couple of polls ... have tested prospective runoff matchups, and they've usually shown Ossoff a percentage point or two ahead of Handel and other Republicans. It's not much of a 'lead,' but it suggests that a runoff might at least be a toss-up for him."

Tom Perez and Bernie Sanders's Maine rally, in three minutes

-- Bernie Sanders and DNC Chairman Tom Perez traveled to Portland, Maine, last night, for the first stop in a unity tour. Dave Weigel reports: "Portland, the bluest dot in a state that has trended Republican in recent years, is the launchpad for a week-long Perez-Sanders campaign tour. The team-up came last month, but last week, when Democrats lost a closer-than-expected House race in Kansas, the reasons for doing it became clearer. While energy on the left has risen since November, the party's base can still tumble into debates about whom to blame for its defeats, with the left doing most of the talking. The Perez-Sanders tour will not go through any state holding a congressional election soon, though it will boost Heath Mello, the Democrat running for mayor of Omaha. In an interview Monday ... Perez praised Mello and said that Democrats had contributed to the Kansas race in ways that perhaps had gone unseen. 'We invested in the following ways: When people were out there knocking on doors, they were using the DNC's voter file,' he said. 'We were monitoring the election very closely with the state party. We did robo-calls at their request.' Pointing to the 20-point swing toward Democrats, Perez said that 'if we replicate that success everywhere, we will flip the House in 2018.'"

Trump makes cards for members of the military at a craft table during the White House Easter Egg Roll. (Jabin Botsford/The Washington Post)

THE AGENDA:

-- As Trump continues to roll back Obama's regulatory legacy with a series of executive orders and the help of a formerly-obscure law to nullify his predecessor's actions, administration officials are also using a third tactic: Going to court to stop judges from ruling on a broad range of regulations that are being challenged by Trump's own conservative allies. Steven Mufson and Juliet Eilperin report: "These cases were filed long before the election. Now, Trump administration officials, eager to flip the government position, want judges to put the cases on hold and give federal agencies time to revise or shrink the Obama-era regulatory regime. Much is at stake. The [EPA] persuaded an appeals court to give it a chance to revise existing limits on street-level smog. The EPA also wants a court to let it rewrite the Clean Power Plan that Obama showcased at the 2015 Paris climate conference. And the Justice Department has sought to review a Department of Health and Human Services regulation that prohibits health-care providers from discriminating against people on the basis of gender identity, sex stereotyping or the termination of a pregnancy. For the Trump administration, getting the regulations back for reconsideration is also the surest way to stave off court rulings — especially those from liberal-leaning benches — that could hinder its ability to unwind rules adopted by the previous administration."

-- "The great dairy trade war that will test President Trump," by Caitlin Dewey in Sheboygan, Wis.: "Seven generations of Gartmans have birthed calves in this barn ... But the bull that Luke Gartman, 36, pulled into the world ... [could be one of the last born on their farm]. The family has two weeks to find a new dairy processing company to buy their milk and sell it into the market. The contract with their existing buyer was just canceled, the latest casualty of an increasingly acrimonious trade war with Canada over the price of ultrafiltered milk, an ingredient in cheese. The dispute ... illustrates the enormous complexity of fulfilling [Trump's] promise to renegotiate [NAFTA]: While NAFTA is often portrayed as a single trade agreement, it has specific provisions affecting thousands of products in hundreds of industries. Reworking many of these, experts say, will involve not just complex technical discussions but a fight between powerful political interests on both sides of the border."

-- Bloomberg, "Exxon, Shell Join Ivanka Trump to Defend Paris Climate Pact," by Jennifer A. Dlouhy: "As [Trump] contemplates whether to make good on his campaign promise to yank the U.S. out of the Paris climate accord, an unlikely lobbying force is hoping to talk him out of it: oil and coal producers. A pro-Paris bloc within the administration has recruited energy companies to lend their support ahead of a high-level White House meeting Tuesday to discuss the global pact to curtail greenhouse-gas emissions, ... The industry campaign to stick with the Paris accord comes amid deep divisions in the Trump administration over the carbon-cutting agreement. Both [Ivanka Trump] and her husband, Jared Kushner ... have urged the president to stay in the deal, along with [Rex] Tillerson. On the other side are senior adviser Stephen Bannon and Environmental Protection Agency Administrator Scott Pruitt, who on Friday said 'we need to exit' the pact."

Ivanka Trump brought her daughter Arabella to the Chinese Embassy's New Year's party on Feb. 1. (Courtesy of the Meridian International Center)

#### CONFLICTS OF INTEREST:

-- Was Ivanka Trump, who has extensive business interests in China, a factor leading Donald Trump to change his previously tough approach to Beijing? Walter Pincus connects the dots in his Cipher Brief column today: "On Fox News and in mid-January during a Wall Street Journal interview, Trump suggested that the U.S. long-standing acceptance of Beijing's 'One China' policy ... could be changed. This led to a sharp rebuke from the Chinese government, and a frigidity in relations set in. After Trump was inaugurated president, almost two weeks went by and there was no phone call between him and Chinese President Xi Jinping, although he had spoken to more than a dozen other leaders. Enter Ivanka Trump. On February 1, she and her five-year-old daughter, Arabella Kushner, showed up as surprise guests at the Chinese Embassy near the end of its evening New Year's reception celebrating the year of the rooster. The next morning, Ivanka posted a video of Arabella, playing with a traditional Chinese marionette, while she was singing a song in Mandarin she had learned ... Seven days later, on February 8, a letter from President Trump was hand delivered to the Chinese wishing China 'a prosperous Year of the Rooster' and adding that he looked forward to 'develop a constructive relationship' with President Xi. The next day, February 9, in a late evening phone call to Xi, Trump walked back his previous comments and said the U.S. would continue to honor the 'One China' policy."

-- A coincidence? The AP reports that, on April 6, Ivanka's company won provisional approval from the Chinese government for three new trademarks, giving it monopoly rights to sell Ivanka brand jewelry, bags and spa services in the world's second-largest economy. That same night, the first daughter and her husband, Jared Kushner, sat next to the president of China and his wife for a steak and Dover sole dinner at Mar-a-Lago.

\*"Ivanka has so many China ties and conflicts, yet she and Jared appear deeply involved in China contacts and policy. I would never have allowed it," said Norman Eisen, who served as chief White House ethics lawyer under Barack Obama. "For their own sake, and the country's, Ivanka and Jared should consider stepping away from China matters."

\*Ivanka's attorney, Jamie Gorelick, said in a statement to the AP that the first daughter would steer clear of specific areas that could impact her business, such as duties on clothing, but she and Jared are under no legal obligation to step back from trade or China policy generally.

-- Two new plaintiffs – an association of restaurants and restaurant employees, and a woman who books banquet halls for Washington hotels – plan to join a lawsuit alleging that Trump has violated the Constitution's emoluments clause because his properties do business with foreign governments. David A. Fahrenthold and Jonathan O'Connell report: "The new plaintiffs will be added to the case on Tuesday morning, according to a spokesman for Citizens for Responsibility and Ethics in Washington, a D.C.-based watchdog group. CREW had originally filed suit against Trump in federal court in January, alleging that — by continuing to own his business ... Trump had violated the constitutional provision



that bans 'emoluments' from foreign powers. Legal experts had said that the case faced a serious hurdle: It wasn't clear that the watchdog group actually had standing to sue in the first place. What harm had it suffered, specifically, because of Trump's actions? The new plaintiffs are intended to offer an alternative answer to that question[:] Both say that, as direct competitors of Trump's restaurants and hotels, they may lose foreign clients, who may book with Trump properties to curry favor with the president."

Spicer says Trump is still under IRS audit

## SECRECY WATCH – WHAT DOES TRUMP HAVE TO HIDE?

-- A day before the deadline for most Americans to pay their 2016 taxes, White House press secretary Sean Spicer claimed that Trump's most recent taxes are being audited and said they will not be released. From Abby Phillip: "Presidents and Vice Presidents are automatically subjected to tax audits by the IRS as a matter of routine practice — a fact that has not stopped previous holders of those offices from publicly releasing their returns. Such an audit does not prevent Trump from automatically releasing his returns. The White House has also declined to provide proof of audits of current and past tax returns. Asked whether the president would authorize the IRS to confirm the existence of audits involving his returns, Spicer did not answer. Later, Spicer was asked whether the White House would say that Trump would never release his tax returns. 'We'll have to get back to you on that,' he said."

-- Spicer also defended Trump's decision to keep visitor logs to the White House complex under wraps, saying his predecessor's disclosure policy amounted to "faux" government transparency. Sean apparently thinks no transparency is better than faux transparency. (John Wagner)

-- The narrative --> "Trump's no populist. He's a swamp monster," by Dana Milbank: "Last year, Mark Meckler, one of the founders of the tea party movement, had concerns about Trump but gave the Republican nominee the benefit of the doubt, because Trump 'at least says he's going to attack' the crony-capitalist system. Now the conservative activist has revised his opinion. Trump 'said he was going to D.C. to drain the swamp,' Meckler said in a recent Fox Business interview, but 'now it looks like we've got the Creature from the Black Lagoon in the White House.' For everybody else who believed Trump's populist talk about tackling a rigged system, it's time to recognize you've been had. ... The billionaire has embraced a level of corporate control of the government that makes previous controversies involving corporate influence — Vice President Dick Cheney's attempt in 2001 to keep secret the names of industry officials who participated in his energy task force, for example — seem quaint by comparison."

-- A growing credibility gap: The number of people who think Trump keeps his promises has plummeted 17 points since February, according to a Gallup Poll, falling from 62 percent to 45 percent. The president also lost ground on several key characteristics, falling seven points among voters who see him as a "strong and decisive leader" and a president who "can bring about changes the country needs." The percentage of people who said they see him as "honest and trustworthy" also dropped by six points.

-- Meanwhile, public dissatisfaction with Washington is weighing on the GOP more broadly, according to a Pew Research Center survey: While the new Congress is viewed about as unfavorably as the last Congress, and while both parties have been viewed more negatively than they were in January, Republican numbers have taken a sharper dip. Some key takeaways: While Republican lawmakers are seen as better-equipped to deal with terrorism (48 to 36 percent) and both parties break about even on handling the economy, Democrats have gained an advantage in several notable areas: They're now seen as the party better-equipped to deal with foreign policy (46 to 38) and hold a 50 to 39 percent lead on handling immigration.

\*Fewer than half of voters (46 percent) say they are "very or somewhat confident" in Trump's ability to work with Congress, down from a 60 percent majority in December.

\*The approval rating for Paul Ryan has dropped to 29 percent, with 54 percent disapproving.

Neil Gorsuch hugs his wife after he is sworn in. (Jabin Botsford/The Washington Post)

#### ALL THE PRESIDENT'S MEN:

-- Neil Gorsuch participated in his first session as a Supreme Court justice Monday, immediately embracing his new role and emerging as an extremely active questioner. Robert Barnes reports: "There is no expectation at the high court that new justices are to be seen and not heard, but the 49-year-old rookie seemed to push the envelope a bit. Gorsuch asked more questions at his first oral argument — 22 — than did any of his fellow justices at their first appearances, according to [Supreme Court scholar] Adam Feldman. ... In short order, Gorsuch showed he could be polite and still deliver a jab reminiscent of the justice he replaced, the late Antonin Scalia. ... As Gorsuch first emerged from behind the court's maroon velvet curtains with his colleagues, he seemed to pause for a moment to take in the scene. His silver hair looking recently trimmed, and he wore a dark red tie under his black robe. He shared a laugh with his seatmate, Sonia Sotomayor, and sat ramrod straight in his high-backed chair all the way to Roberts's left. He rarely stopped smiling."

-- New York Times, "Chris Christie Heads for the Door, Minus the Earlier Throngs," by Nick Corasaniti: "This is not how [Christie] thought it would end, running out the calendar with largely dutiful tasks. 'Well, one, I thought I might be president,' he said in an extended interview in his office this month, 'so that's a fairly material change.' But as he travels the state promoting his initiative against the opioid epidemic plaguing the country, the energy seems different[:] Gone are the nearly daily outrages and television clips of him berating an opponent or dressing down a lawmaker. In their place is a man keenly aware of his legacy, evident in the battles he chooses and in the reflexive defense against criticism. ... He has recently supplanted his small-government conservatism with populist rants against corporate America ... perhaps as a way to rehabilitate his image as he ponders his future. To be sure, he still believes that there may be a place for him in the Trump administration ... and still boasts of a close relationship with [Trump]." He says the two have at least one "extended" phone conversation weekly, and not always to talk policy. "It will be purely just a friendly conversation," he says of their talks. "And then at the end he might say: 'So how do you think I'm doing? How do you think it's going?'"

-- Politico, "The \$1 million upside for an RNC digital guru," by Shane Goldmacher: "The Republican Party's top digital strategist in 2016 got a nearly \$1 million payout from a firm he co-founded that collected online contributions to the party and its nominee, Donald Trump — despite earlier claims that the strategist had severed his ties to the company. Gerrit Lansing's joint roles, while legal, have raised questions of cronyism and profit-making at the Republican National Committee — and now sparked an internal review 'to prevent a situation like this from happening again,' the RNC [said]. ... Republican operatives representing multiple GOP presidential and Senate campaigns said that Lansing pushed them to use the company he co-founded, Revv, to collect their online donations after he was hired for the top RNC job — and that he used the fact that the RNC was using his platform as a selling point. ... Lansing's stake is so valuable that he was unwilling to cut financial ties to the company in order to clear White House ethics requirements, which was one of the reasons he left the administration in February, after a month (in a senior role)."

The controversy puts Spicer in an awkward spot: "As the RNC's chief strategist, Spicer denied ... in mid-2016 that Lansing had any financial stake in Revv. 'He has zero connection to Revv,' Spicer said then. 'He had to sever the ties.' In fact, Lansing never did. He received a \$909,000 payout from the company last year." Asked about the inconsistency, Spicer said this week: "The statement that was issued last year was based on information provided by Gerrit."

-- Financial Times, "Former Trump aide advises Chinese tycoon on building contracts," by Lionel Barber, Gabriel Wildau, Yuan Yang and Demetri Sevastopulo: "[Paul] Manafort met Yan Jiehe, the billionaire founder of Pacific Construction Group, in Shanghai last Tuesday. Ahead of the meeting, Mr

Yan told the Financial Times that Mr Manafort - who has represented leaders from the Philippines to Angola to Ukraine - would help him navigate what is expected to eventually be a US infrastructure boom. ... Speaking in a conference room decorated with Chinese classical paintings and overlooking Shanghai's financial district, Mr Yan pointed to a US map, as he outlined his ambition to win infrastructure deals in the world's largest economy. 'The map that we've hung up here is for Trump's special envoy, Paul,' Mr Yan said."

Mike Pence looks at North Korea from Observation Post Ouellette in the Demilitarized Zone. (AP/Lee Jin-man)

#### PENCE CONTINUES ASIA TOUR:

-- Mike Pence warned North Korea not to test U.S. military might by pursuing its nuclear weapons program, citing strikes in Syria and Afghanistan as proof of American "strength and resolve." The stark warning, delivered in Seoul after Pence visited the military demarcation line separating North and South Korea, could revive speculation that the White House is considering military action against the Kim regime. Anna Fifield reports:

In Washington, Trump told reporters that North Korea has "got to behave" while Sean Spicer said the president will not be "drawing red lines in the sand" with Pyongyang: "He holds his cards close to the vest, and I think you're not going to see him telegraphing how he's going to respond to any military or other situation going forward," Spicer said. "I think that the action that he took in Syria shows that when appropriate, this president will take decisive action." (Later, though, he cautioned reporters not to "make too much" of an analogy between Syria and North Korea.)

Still, any U.S. military action would likely bring the U.S. into a diplomatic crisis with China: In Beijing, Foreign Ministry spokesman Lu Kang called for international talks with North Korea to ease tensions. Russia, too, warned that the Trump administration was on what Foreign Minister Sergei Lavrov called a "very risky path." "I hope there will be no unilateral actions like those we saw recently in Syria," Lavrov told reporters in Moscow.

A State Department official said the U.S. will continue trying to further isolate North Korea "economically, politically and diplomatically" – ratcheting up pressure until they stop conducting missile tests and demonstrate willingness to engage in negotiations. "We're looking for some kind of signal that they realize the current status quo is unsustainable," the official said.

South Koreans stage a rally welcoming a visit for Mike Pence in Seoul. (AP/Ahn Young-joon)

-- "South Koreans are dealing with a new wild card — in Washington," by Yoonjung Seo and Anna Fifield: "For decades, South Koreans have lived in a technical state of war with a hostile brother country that considers them traitors and imperialist lackeys. Throughout verbal attacks and periodic military ones, this nation of 50 million people has brushed off tensions, much as one might ignore a combative uncle at Thanksgiving. It's similar this time around, as North Korea launches missiles and fires off increasingly incendiary threats, and as the U.S. responds with stark warnings and the strategic placement of an aircraft carrier. But now, there is one new wild card that South Koreans haven't had to factor in before: President Trump. In the three months he has been president, Trump has proved himself quick to hit the send button on his early-morning tweets and willing, in Syria and Afghanistan, to order surprise airstrikes." Some in South Korea say Trump's tough talk adds to their concerns: "Both Trump and Kim Jong Un are escalating the tensions by speaking about a possible war," said one IT worker in Seoul. "So the situation has become more serious under Trump. We know he does not stop at talking. ... He showed that by bombing Syria for using chemical weapons."

-- The real test of whether China is serious about working with Trump to hem in North Korea is whether they stop resisting installation of the THAAD system in South Korea, the Wall Street Journal's Gerald F. Seib writes. He explains that it appears to be a case of the Chinese being "long-term wise and short-term foolish": "The North Korean nuclear genie already is out of the bottle, in the sense that it has working nuclear explosive devices. The trick now is to contain that threat and, if possible, roll back the steps the North Koreans are taking, in a considerable hurry, to complete the transition from mere nuclear devices to nuclear weapons. That is going to require convincing the North Koreans that the price they will pay for continuing down this path outweighs any strategic advantage they will gain, which is where escalating economic pressure from China is key. Eventually—though perhaps not at the moment— the strategy also probably will require a diplomatic component to give the North Koreans a face-saving escape route if they want to back away. But a complete strategy also will require steps to convince the North Koreans that their new military toys won't have the power that [Kim Jong Un] hopes they do. That's where Thaad comes in—and where China is still standing in the way."

Marine Le Pen arrives at a pig farm for a campaign event in Pordic, France. (Michael Robinson Chavez/The Washington Post)

#### THE FRENCH PRESIDENTIAL ELECTION BEGINS SUNDAY:

-- "France's presidential race is entering its final stretch with no clear winner in sight, as the main contenders scrap for votes in a flurry of campaign rallies," Bloomberg's Geraldine Amiel and Vidya Root report: "Everyone is petrified," said Edouard Lecerf, head of the political department at polling firm Kantar Sofres. 'The challenge for each of the four candidates is to seek new votes without alienating their base. French voters are like fish, like eels -- very slippery.' With almost a third of the electorate still undecided, and the front-runners clustered around 20 percent in the polls for the first round on April 23, the race is the most unpredictable the country has seen in recent history. With two of the four candidates also hostile to the institutions of the European Union, the result of the runoff two weeks later will have far-reaching implications not just for France but for the region as a whole."

-- Bloomberg, "Here's How Bernie Sanders Is Playing a Role in France's Election," by Helene Fouquet: "Sophia Chikirou was a secret emissary of France's Communist-backed presidential candidate Jean-Luc Melenchon to the U.S. last year, embedded in Bernie Sanders's campaign. The 37-year-old crisscrossed the country, going to Miami, Brooklyn and Pennsylvania between March and June. She bought a 'Join the Political Revolution Today' t-shirt, campaigned door-to door, filmed her experience and wrote a diary on her Tumblr blogging account about her time as a volunteer for the U.S. Democratic Party candidate. Her mission: learning how to run a campaign on a shoe-string budget with an army of volunteers, using the Internet and other state-of-the-art technologies. [Now], back in France, Chikirou, the Melenchon campaign's communications director, is putting it all to work for the candidate, who has seen the biggest surge in the polls in the last month. Her efforts have helped bring the admirer of Cuba's Fidel Castro and former Venezuelan leader Hugo Chavez closer to the presidency than ever before."

-- New York Times, "Stripped Village Homes Expose a Hollowing Out of France's Heritage," by Alissa J. Rubin: "Throughout the French countryside, especially in less visited rural areas of eastern and central France, some homes have fallen victim to speculators who strip their architectural treasures and sell them, often abroad, leaving once graceful historic structures little more than empty shells behind gaily painted facades. In other cases, the owners themselves sell the architectural elements to raise some cash. The sales are for the most part legal, but the phenomenon is an element in the gradual depopulation of many of France's villages, and what some fear is an ebbing away of French traditions and culture. The issue of French identity and heritage is at the heart of the presidential campaign, and it is among the issues that have helped propel the right-wing populist Marine Le Pen to the status of a front-runner."

#### WAPO HIGHLIGHTS:

-- "Trump has spent one out of every five minutes of his presidency in Palm Beach," by Philip Bump: "On seven of the 13 weekends he has been president, he has spent time at the resort, usually slipping away from Mar-a-Lago to head to one of his nearby golf courses to play a round. That includes each of the past two weekends, when he arrived on Thursday and stayed through most of Sunday. Trump has spent ... 424.5 hours there and 1,663.5 hours everywhere else, including on Air Force One headed to Mar-a-Lago. (That trip takes about an hour-and-a-half, so that's an additional 21 hours spent flying there and back.)"

SOCIAL MEDIA SPEED READ:

Trump was up early, tweeting about immigration at 5:39 a.m.:

Trump also promoted a book called "Reasons to Vote for Democrats: A comprehensive guide (it has 266 blank pages) after seeing its author on Fox & Friends:

Some 21,000 people attended the annual White House Easter Egg Roll on Monday, compared to 35,000 last year. "But despite concerns, all seemed to go off without a hitch," Moriah Balingit reports. "It was lower key and less flashy than in years past."

From CNBC:

A fake CNN chyron went viral (this never actually appeared on the air):

The Internet went nuts when Melania had to gently remind the president to put his hand on his heart during the National Anthem:

More photos from the event:

One take on the event:

Things got rowdy at Tom Cotton's town hall:

Here's video:

This congresswoman trolled Trump's...budget:

Sen. Orrin Hatch (R-Utah) is happy Neil Gorsuch is talkative:

Ummm:

This is unusual:

Greta goes to Iraq:

Bob Corker visits a refugee camp in Uganda:

#### GOOD READS FROM ELSEWHERE:

-- The Democrat running to unseat Rep. Steve King in Iowa is a former professional psychic known as "the Spirit Weaver." The Des Moines Register's Jason Noble reports: "Before she got into politics, congressional hopeful Kim Weaver was a professional psychic. Weaver, a Democrat from Sheldon ... operated an array of psychic services websites, hosted an internet radio show and participated in online discussions of the supernatural ... Known as 'Kimberanne' — a portmanteau of her first and middle names — and 'the Spirit Weaver,' Weaver charged customers as much as \$3.99 per minute for readings online and over the phone and dispensed advice on matters ranging from romance to careers to real estate. In one recording obtained by the Register, Weaver performed a tarot card reading to reassure a distraught woman that her missing husband was not dead." In responding to the Register's article, a spokesman for Weaver said: "Kim does not actually believe she has psychic abilities, but she does foresee Steve King being unemployed after 2018."

#### HOT ON THE LEFT:

“‘Extraordinary, good man’: A Utah judge’s description of a former Mormon bishop convicted of rape,” from Kristine Phillips: “Last month, Judge Thomas Low allowed a former Mormon bishop who was just convicted of nearly a dozen sexual assault charges to go home while he waited to be sentenced. Criticisms snowballed after Keith Robert Vallejo’s sentencing hearing last week. Although Low sentenced Vallejo to prison, he also praised the defendant[:] ‘The court has no doubt that Mr. Vallejo is an extraordinary, good man,’ Low said ... ‘But great men sometimes do bad things.’ Low became emotional as he uttered the words and took a long pause mid-sentence ... Advocates say the statement compromised Low’s independence as a judge and left an impression that the former county prosecutor had no regard for people who have been raped. It’s even more critical in a state that advocates say has one of the highest rates of sexual assault in the country.”

## HOT ON THE RIGHT:

"Haitians get word of Trump crackdown, slow flow to border by 97%," from the Washington Times: "Sometime around November, word began to trickle back down the spine of Latin America: The U.S. was getting stricter about letting in Haitians at the border. Not only had the Obama administration begun deporting Haitians after a six-year humanitarian pause, but [Trump] also had just been elected, presaging an even tougher policy. Many of those en route ... figured they had gone that far and had little to lose by trying to finish the journey north. But for the tens of thousands of Haitians in Brazil, Chile and elsewhere in South America who had been planning to journey north, the news was devastating. In a matter of weeks, the northward stream of people dried up. It is one of the biggest among a plethora of success stories from the southwestern border, where illegal immigration appears to have nearly dried up in the two months since Mr. Trump took office."

## DAYBOOK:

At the White House: Trump will travel to Milwaukee, Wisconsin, where he will tour and deliver remarks at Snap-On Tools. Later, Trump will sign the Buy American, Hire American Executive Order before traveling back to D.C.

Mike Pence is in Asia: Pence will deliver remarks and participate in a business listening session with U.S.-based companies in Seoul, before departing to Tokyo, where he will participate in a bilateral meeting and working lunch with Prime Minister Shinzō Abe. Later, Pence will participate in a bilateral meeting and joint press conference with Deputy Prime Minister Tarō Asō, and participate in a cultural visit.

Meanwhile, Obama will attend the funeral of former Pittsburgh Steelers owner Dan Rooney, an early supporter of his presidential campaign who later became ambassador to Ireland.

## QUOTE OF THE DAY:

"Just like any other damn president," sighed Trump voter Theresa Remington, 44, a home-care worker and the mother of two active-duty Marines, scraping at an unlit cigarette as she gambled at a casino outside Philadelphia. She supported the president because she expected him to improve conditions for veterans and overhaul the health care system. Now? "Political bluster," Remington said, before making another run at the quarter slots. She wondered aloud how Bernie Sanders might have fared in the job. (New York Times)

## NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- The Capital Weather Gang gives today's forecast an official "Nice Day" rating (10/10): "Sunny and comfortable, with afternoon highs in the lower to middle 70s. Light breezes from the north in the morning shift to come from the southeast in the afternoon. Humidity remains relatively low, which is great for comfort but more challenging for us allergy sufferers, unfortunately."

-- A Metro passenger was robbed and beaten on a Red Line train approaching the Wheaton station in Montgomery County. Authorities said a group of three or four people approached the seated victim, and one sat beside him. "I need you to give me the password for that phone and look the other way, otherwise it will not end well for you," the man was told, according to Metro officials. When he refused, they began punching him in the face and head, removing his credit and debit cards from his pockets as he tried to shield himself from the blows. The robbers then fled at the next station. It happened around 5:40 p.m. on Easter Sunday. (Marty Weil)

VIDEOS OF THE DAY:

Jimmy Kimmel does a sketch on the Easter egg roll:

Jimmy Kimmel on the Trump White House Easter Egg Roll

Watch Stephen Colbert try to high kick his way into the North Korean army:

Stephen High Kicks His Way Into North Korea's Army

Stephen also talked to Chris Hayes:

Chris Hayes Senses Trump Lacks Something Called 'Principles'

Trump tossed an autographed hat into the crowd at the Easter egg roll:

Trump signs hat, throws it back into crowd at Easter Egg Roll

Sean Spicer read a book to kids:

Spicer reads to children at the White House Easter Egg Roll

Here's how Facebook says it polices live content:

Inside Facebook: How developers say they police violent live content

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A Republican won in Kansas. But here’s why the GOP is not celebrating.

One of the most Republican districts in the nation just swung more than 20 points in favor of a Democrat for Congress.

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A dozen takeaways from the race in Wichita | Sponsored by Morgan Stanley

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Republicans won, but the closeness of a Kansas special election could reverberate

Democratic candidate James Thompson, with his wife Lisa and daughter Liberty, concedes last night at the Murdock Theatre in Wichita, Kansas. He came up short in his bid to beat Republican state Treasurer Ron Estes in a special election to replace CIA director Mike Pompeo. (Travis Heying/The Wichita Eagle via AP)

BY JAMES HOHMANN  
with Breanne Deppisch

**THE BIG IDEA:** Donald Trump carried Kansas's fourth congressional district by 27 points last fall. In yesterday's special election to replace Mike Pompeo, who stepped down to become CIA director, state treasurer Ron Estes prevailed by just 7 points.

The unexpectedly strong performance of a Bernie Sanders supporter, who had never before run for office, in a Wichita-area district, which is home to Koch Industries, has set off alarm bells in some Republican quarters about next year's midterm elections. It has also raised the stakes for another special election next week in Georgia.

Without the last-minute intervention of Trump himself and a big infusion of cash from the national party apparatus, Democrats might have taken the seat for the first time since Dan Glickman got swept out by the 1994 wave.

Here are 12 takeaways from last night:

1. Fewer districts can be considered truly safe. There are only 75 congressional districts that are more reliably Republican than the Kansas Fourth, based on the Cook political index. The GOP retains a 23-seat advantage in the House. As the CEO of TargetSmart, a big political data firm, notes:

From the publisher of Political Wire:

2. The close call could make it harder for the GOP to recruit the best candidates in 2018 and easier for Democrats. It could also prod some Republican lawmakers who are on the fence about running for reelection toward retirement. Illustrating that, as he conceded defeat, Democratic candidate James Thompson announced that he will try again next year.
3. If Republicans think the Kansas swing portends a bigger 2018 backlash, some may change their behavior. When a congressman thinks he'll easily win reelection in a cakewalk, he is more inclined to take tough votes and walk down whatever plank his leadership wants. If that member feels suddenly that he has a target on his back, depending on the composition of the district, he might be more inclined to break with Trump or Speaker Paul Ryan. If he starts to worry more about losing in a general election than a primary, he might be willing to vote with Democrats on some stuff, like funding the government, and shy away from supporting bills that become fodder for attack ads, like cutting Medicaid.
4. Last night will strengthen the conviction of Democratic leaders that they should not bail out their GOP counterparts. There are a bunch of rank-and-file Democrats who want to cooperate with Republicans, but leadership and the liberal base think the best strategy is to stay out of the way and let Republicans cannibalize themselves. The Kansas results will inspire Nancy Pelosi to drive a harder bargain in negotiations with Ryan when the Freedom Caucus won't come along. It is, after all, in the interests of the Democratic caucus to make Republicans look incapable of governing.

Sam Brownback speaks to the Kansas legislature in Topeka. (Orlin Wagner/AP)

5. Sam Brownback, the toxically-unpopular governor, had a lot to do with the tightness of the race. "In Topeka, the state capital, Estes became associated with a Republican governing team that has presided over a weak economic recovery and a series of budget deficits," David Weigel reports. "Democrats — and increasingly, voters — came to blame Brownback's supply-side tax cuts, which ate into the state's revenue. In 2016, as Republicans won across the country, the party lost ground in Kansas. Democrats gained 12 seats in the state House and one seat in the state Senate, after moderate anti-Brownback Republicans defeated conservatives in a series of primaries." But Democrats and Republicans alike note that Brownback has been unpopular for a while, and it has not registered in any federal races until now. So there is certainly more to it than just him.
6. Estes's under-performance does suggest that Republicans will struggle to keep control of the governor's mansion in 2018. Brownback's approval rating has been mired in the mid-20s statewide. "If Kansas Republicans thought that running away from Brownback in a federal race was hard, they can't be looking forward to the race to succeed the deeply unpopular governor," said DGA communications director Jared Leopold. "Kansas voters are fed up with Brownback economics and will reject the next Brownback clone that Republicans nominate."

GOP holds on to House seat in Kansas

7. Trump might actually have pulled Estes across the finish line. The president recorded a robocall to push his supporters to the polls and tweeted about the contest yesterday:

The Democratic candidate even cited Trump last night as a factor in his loss. "I probably shouldn't say this, but Mr. Estes did not beat us," Thompson said. "It took a president of the United States."

8. Rural voters saved Republicans once again. Thompson narrowly carried Sedgwick County, which includes Wichita and is the most populous part of the district. Trump had won there by 18 points. But Estes held on because he ran up huge margins in smaller outlying counties.

Ron Estes thanks Ted Cruz for flying to Wichita to help him on Monday. (Fernando Salazar/The Wichita Eagle via AP)

9. The late intervention by national Republicans made a big difference. An internal GOP poll last week showed Estes up just 1 point, which prompted a massive influx of outside money. The National Republican Congressional Committee spent \$92,000 on brutal attack ads that claimed the Democrat supported late-term abortion and sex-selective abortion, something he denied. The Congressional Leadership Fund, Ryan's aligned super PAC, dropped a bunch of money and organized GOTV efforts.

Thompson gets a hug from a supporter at his watch party last night. (Travis Heying/The Wichita Eagle via AP)

10. National Democrats will face more pressure than ever from the left flank to spend money in red districts, even if there's no realistic path to victory. Even as Republicans poured money in, national Democrats largely steered clear. The chair of the DNC said last week that his group wasn't planning to spend. The Democratic Congressional Campaign Committee said it didn't want to nationalize the race and didn't do anything more than some late phone banking.

The House Democratic campaign arm finally reached out last week to Thompson, but only to inquire whether he had any internal polling to share, according to the New York Times. The Thompson campaign never paid for a poll.

A lot of liberals are attacking the Democratic party apparatus for not helping Thompson, arguing that he might have been able to win if they had even just matched GOP spending. A political reporter for The Guardian laughed about the intense finger-pointing:

11. There will also be more pressure on the establishment from the Bernie Wing to get behind unapologetically progressive populists, rather than the moderate candidates who have historically been able to actually compete in places like Kansas.

12. Democrats always had a better shot at picking off the open seat in Georgia than in Kansas. In the Atlanta suburbs, there was a huge drop-off from Mitt Romney in 2012 to Trump in 2016. That didn't happen in Pompeo's district. (I wrote about this dynamic in February.) Democratic candidate Jon Ossoff is currently leading in the April 18 contest to replace Health and Human Services Secretary Tom Price against a crowded field of Republicans. He is still likely to face a two-way runoff. Both parties have heavily engaged with the race.

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### Capital creates better connections

Morgan Stanley helped All Aboard Florida raise capital to finance the development of Brightline, an express rail in the Sunshine State—which is projected to potentially add up to hundreds of millions in federal, state and local government tax revenue over the next several years. 1

By Morgan Stanley

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### WHILE YOU WERE SLEEPING:

What you need to know about former Trump adviser Carter Page

-- The FBI obtained a FISA warrant last summer to monitor the communications of former Trump adviser Carter Page, as part an investigation into possible links between Russia and the Trump campaign. Ellen Nakashima, Devlin Barrett and Adam Entous scoop: "The FBI and the Justice Department obtained the warrant ... after convincing a Foreign Intelligence Surveillance Court judge that there was probable cause to believe Page was acting as an agent of a foreign power. ... This is the clearest evidence so far that the FBI had reason to believe during the 2016 presidential campaign that a Trump campaign adviser was in touch with Russian agents. The government's application ... included a lengthy declaration that laid out investigators' basis for believing that Page was an agent of the Russian government and knowingly engaged in clandestine intelligence activities on behalf of Moscow, officials said. Among other things, the application cited contacts that he had with a Russian intelligence operative in New York City in 2013 ... In addition, the application said Page had other contacts with Russian operatives that have not been publicly disclosed."

Since the 90-day warrant was first issued, it has been renewed more than once by the FISA court. "The judges who rule on FISA requests oversee the nation's most sensitive national security cases, and their warrants are some of the most closely guarded secrets in the world of U.S. law enforcement and intelligence gathering," our colleagues write. "Any FISA application has to be approved at the highest levels of the Justice Department and the FBI." FBI Director James Comey has said FISA applications are often "thicker than his wrists" – representing the magnitude of work required by Justice Department attorneys and FBI agents in order to convince a judge that such surveillance is appropriate. Page has repeatedly denied any wrongdoing.

-- Republican and Democratic lawmakers and aides who have reviewed the classified intelligence reports brought to light by Devin Nunes tell CNN that they have found "no evidence" so far that Obama administration officials did anything unusual or illegal. This undercuts Trump's claims that former national security adviser Susan Rice broke the law with her unmasking requests, which Trump calls a "massive" story. "Over the last week, several members and staff of the House and Senate intelligence committees have reviewed intelligence reports related to those requests at NSA headquarters in Fort Meade, Maryland," CNN reports. "One congressional intelligence source described the requests made by Rice as 'normal and appropriate' for officials who serve in that role to the president. And another source said there's 'absolutely' no smoking gun in the reports, urging the White House to declassify them to make clear there was nothing alarming in the documents.

-- "Records match some Ukraine ledger payments to ex-Trump aide," by the Associated Press: "Last August, a handwritten ledger surfaced in Ukraine with dollar amounts and dates next to the name of



Paul Manafort, who was then [Trump's] campaign chairman. Ukrainian investigators called it evidence of off-the-books payments from a pro-Russian political party — and part of a larger pattern of corruption under the country's former president. Now, [newly obtained] financial records ... confirm that at least \$1.2 million in payments listed in the ledger next to Manafort's name were actually received by his consulting firm in the United States. They include payments in 2007 and 2009, providing the first evidence that Manafort's firm received at least some money listed in the so-called Black Ledger."

Spicer: 'I made a mistake'

-- White House press secretary Sean Spicer apologized again this morning at the Newseum for claiming during his briefing that Adolph Hitler did not use chemical weapons during World War II, calling it an "inexcusable and reprehensible" mistake. In criticizing Syrian President Bashar al-Assad's alleged use of sarin gas Tuesday afternoon, Spicer said that even Hitler did not sink to that level of warfare and "was not using the gas on his own people in the same way that Assad is doing," despite Hitler's use of gas chambers to kill millions of Jews and others. Following hours of controversy, and a written statement trying to clean up what he'd said at the briefing, Spicer went on Wolf Blitzer's TV show to apologize. He also reportedly called the office of Sheldon Adelson, a major Jewish GOP donor, to apologize personally.

"President Trump and his aides rarely apologize for controversial remarks or stating factual errors and often take a confrontational approach when challenged," Jenna Johnson and Ashley Parker note. "Spicer's decision to appear on CNN late in the day was a sign of just how badly his remarks were being received both inside and outside the White House."

Steve Bannon walks behind Trump at the White House. (EPA/Jim Lo Scalzo)

-- Is this the beginning of the end for Stephen K. Bannon? The president appeared to place his chief strategist at an arm's length in an interview with the New York Post's Michael Goodwin yesterday. He complained that the ex-Breitbart CEO's role in his administration and campaign has been overstated. "I like Steve, but you have to remember he was not involved in my campaign until very late," Trump said. "I had already beaten all the senators and all the governors, and I didn't know Steve. I'm my own strategist and it wasn't like I was going to change strategies because I was facing crooked Hillary." Referring to the feud between Bannon and his son-in-law Jared Kushner, Trump added: "Steve is a good guy, but I told them to straighten it out or I will."

Astute Trump observer Maggie Haberman reads between the lines:

-- Fox News host Bill O'Reilly told viewers last night that he is taking a "vacation" from his show until April 24 to go on a trip which he says was booked last fall. Dozens of companies have yanked advertisements, slicing ad time for the show by more than half. An internal investigation into sexual harassment allegations is being conducted by outside counsel. Two highly-placed Fox sources told New York Magazine's Gabriel Sherman that 21st Century Fox CEO James Murdoch would like O'Reilly to be permanently taken off the air, while his father Rupert and older brother Lachlan are more inclined to keep him. (Samantha Schmidt)

## GET SMART FAST:

1. ATF agents used a secret bank account to rent a \$21,000 NASCAR suite, travel to Vegas, and donate to the school of one of the agent's children, the New York Times reports. The incident highlights the agency's lax oversight that allowed employees and informants to spend millions while avoiding normal accounting protocols.
2. The U.S. Postal Service agreed to pay \$49 million to settle a class action lawsuit after "dawdling" for more than two decades in paying more than 2,000 life insurance beneficiaries (Joe Davidson)
3. The USDA has halted the use of cyanide traps in Idaho after one exploded last month, harming a 14-year-old boy and killing his Labrador retriever. The agency announced that it has "ceased all use of" the devices. (Karin Brulliard)
4. Navy SEALs are battling a "staggering" drug problem that has corroded their elite ranks and even forced a temporary training pause last December, CBS News reports. Three current and former SEALs said "multiple" team members have tested positive for illegal drugs including cocaine, marijuana and ecstasy. Apparently, the problem had been ignored by Navy leadership for years.
5. Former Iranian president Mahmoud Ahmadinejad unexpectedly filed to run (again) in the upcoming election. This contradicts a recommendation from the supreme leader that he should stay out of the race – and could upend an election many believed would be won by moderate President Hassan Rouhani. (AP)
6. Rolling Stone reached a settlement with former U-Va. associate dean Nicole Eramo, who sued the magazine for defamation stemming from a discredited 2014 story about an alleged gang rape on campus. The settlement caps a years-long legal trial that roiled Charlottesville. (T. Rees Shapiro and Emma Brown)
7. The San Bernardino gunman and the teacher he killed at an elementary school had been married for just two months. Investigators said it appeared Cedric Anderson was attempting to persuade his already estranged wife to return home – and was angered when she resisted multiple attempts. (Rob Kuznia, Lindsey Bever and Sandhya Somashekhar)
8. A middle-school teacher was fired after asking her students to rate on a 1-4 scale "how comfortable they are" with different people based on their ethnicity or religion. The questionnaire presents students with example scenarios such as, "The young man sitting next to you on the airplane is an Arab," and "A group of young Black men are walking toward you on the street." (Kristine Phillips)
9. A Marvel comic book artist is facing disciplinary action after he inserted two Koranic references into an X-Men strip, which critics have slammed for containing "anti-Christian" and "anti-Jewish" iconography. Marvel has pulled the offending strips and says the artist is facing disciplinary action. (Cleve R. Wootson Jr.)
10. Friends, family, and fellow service members gathered to honor the life of a World War II veteran whose body was found stuffed inside a suitcase last month. The distressing discovery has prompted law enforcement officials and veterans' groups to demand justice for his death, saying the former "belly gunner" – whose wartime assignment was so dangerous it was often dubbed a "suicide mission" – deserved to be buried in dignity. (Katie Mettler)
11. A new drug-treatment program has drawn national attention after claiming to cure heroin addiction with marijuana. But the claim has echoes of a discouraging and decades-old trend of using drugs to treat other drugs – one that ironically once convinced physicians to treat alcoholism with heroin. (Keith Humphreys)
12. A Maryland man won the lottery twice at the same convenience store in Silver Spring – taking home checks for \$50,000 and \$5,000 just weeks apart. (Dana Hedgpeth)

Donald Trump shows Chinese President Xi Jinping around his Mar-a-Lago estate in West Palm Beach last week. (Jim Watson/AFP/Getty Images)

## TRUMP'S FOREIGN POLICY:

-- "Trump promised an 'unpredictable' foreign policy. To allies, it looks incoherent," by Kevin Sullivan

and Karen Tumulty: "During his campaign, Trump summed up his approach to foreign policy this way: 'We must as a nation be more unpredictable.' But now that he is commander in chief, anxious allies say that unpredictability might be better described as incoherence — a dangerous tendency at a moment of high tension with Russia and Syria, and with U.S. warships heading toward the Korean Peninsula. In interviews over the past few weeks with a half-dozen foreign ambassadors based in Washington, most complained ... that thin lines of communication have made it difficult for them to explain U.S. intentions to officials in their home capitals. That is creating strain on traditionally solid alliances, they said. 'Nobody can tell us on Russia what the American policy is, on Syria what the American policy is, on China what the American policy is,' one ambassador said. 'I'm not sure there is a policy.'"

As Trump holds meetings with fellow world leaders, his remarks have at times heightened doubts that he has a clear sense of what direction he intends to take U.S. foreign policy: "During their White House meeting last month, [German Chancellor Angela] Merkel tried to pin down Trump on one of the top concerns of U.S. trading partners — a proposed 'border adjustment tax' to be imposed on imported goods. Publicly, Trump has signaled an openness to the idea, but he also said it has drawbacks. 'Don't worry,' Trump told Merkel, holding his thumb and forefinger close together. 'It will only be a little bit.'" Trump's breezy answer — and Merkel's exasperation — has been the talk of diplomatic circles in Washington and Europe. 'So all the chancellor of Germany knows is that, 'It will only be a little bit,'" said a senior European diplomat in Washington, holding up his fingers as Trump did, and repeating an account confirmed by others in anxious embassies in Washington. 'It's very puzzling.'"

Mattis: Assad 'should think long and hard' about using chemical weapons

-- The Trump administration took the unusual step of declassifying U.S. intelligence assessments as it sought to discredit Russia's claims about the attack in Syria — a coordinated broadside from the White House, State Department and Pentagon that adds to rapidly-increasing tensions with the Kremlin. Missy Ryan, Greg Jaffe and Dan Lamothe report: "Officials said their case against the Syrian government included signals and aerial intelligence — combined with local reporting and samples taken from victims ... that showed a Russian-made, Syrian-piloted SU-22 aircraft dropped at least one munition carrying the nerve agent sarin. ... [American officials] said U.S. surveillance tracked the aircraft as it took off from a base near the city of Homs, loitered over the strike area in Idlib province and delivered its deadly yield. The officials said that nothing from an array of intelligence and publicly available material provided any credence to the alternative account put forward by Syria and Russia, which claimed that routine bombing struck an opposition chemical weapons depot."

"I have personally reviewed the intelligence, and there is no doubt the Syrian regime is responsible for the decision to attack and for the attack itself," Defense Secretary Jim Mattis told reporters. And while U.S. officials have not yet reached a consensus on whether Russia knew about the assault ahead of time, many suggested it was unlikely they would have been kept in the dark. "I think it's clear that the Russians are trying to cover up what happened there," one official said.

Rex Tillerson attends a meeting with Russian Foreign Minister Sergei Lavrov in Moscow.  
(Reuters/Maxim Shemetov)

-- Rex Tillerson is in Russia. Carol Morello and David Filipov report: "Tillerson told reporters that the U.S. is aiming for a negotiated end to six years of conflict in Syria and wants Russia's help in ushering Assad out of office. In what was in effect an ultimatum, he said Moscow must calculate the costs of remaining an ally of Assad, the Iranians and Lebanon's Shiite militia Hezbollah. 'Is that a long-term alliance that serves Russia's interests?' he told reporters. 'Or would Russia prefer to realign with the U.S., with other Western countries and Middle East countries that are seeking to resolve the Syrian crisis?'" Tillerson also told reporters that last week's attack shows that Moscow either did not fulfill or did not take seriously its role in a 2013 agreement to oversee the destruction of Assad's chemical-weapons arsenal. In either case, he added, the distinction "doesn't much matter to the

-- Before Tillerson even exited his plane in Moscow, Vladimir Putin told a news conference that the Kremlin has information that "provocateurs" are planning to plant chemical substances in Damascus and "blame it on Syrian authorities": He said the situation in Syria reminded him of events in Iraq before 2003, alluding to the unfounded "weapons of mass destruction" assertion used to justify the war. He also accused Western countries divided over Trump's election of "scapegoating" Russia and Syria: "We've seen all this before," Putin said. Putin's spokesman said it remained unclear whether the Russian president will meet with Tillerson on Wednesday.

-- Tillerson left other ministers at the G-7 conference befuddled after asking why U.S. taxpayers should care about Ukraine. Bloomberg's Nick Wadhams and John Follain report: "French Foreign Minister Jean-Marc Ayrault ... [later] said he responded that American taxpayers ought to want a European Union that's 'strong politically, strong from a security point of view, and strong economically.' But the provocative remark suggested Tillerson ... is still finding his footing in a world of diplomacy where even passing remarks are parsed for deeper meaning. The question was sure to give pause to any European official fearful that [Trump] might ease sanctions and let the former Soviet state slip back into it Russia's orbit, even as tensions with Moscow are running high." Asked what Tillerson was driving at with his question about Ukraine, State Department spokesman R.C. Hammond responded with two words: "Rhetorical device."

Trump called China a 'currency manipulator.' Does it deserve the label?

-- Trump is struggling to enact policies that match his trade rhetoric. Damian Paletta and Ana Swanson report: "Within days Trump will decide whether ... to declare China a 'currency manipulator,' a designation that could lead to new U.S. tariffs if China doesn't change its practices. And while Trump has called China 'grand champions' of currency manipulation as recently as February, three people familiar with the discussions say it did not appear likely that the Treasury Department would officially designate China in its semiannual foreign currency report due Saturday." Meanwhile, Trump suggested in a tweet Tuesday morning that he will now tie trade discussions to whether Beijing works harder to contain North Korea – his first acknowledgement that trade discussions can become subsumed into broader diplomatic negotiations."

-- But the less-confrontational approach drew harsh criticism from Sen. Chuck Schumer, who held a conference call with reporters Tuesday to criticize Trump's refusal so far to declare China a currency manipulator. Asked to respond to Trump's tweet, the Senate minority leader agreed that China's currency manipulation and current problems in North Korea are linked, "but in the opposite way" that Trump suggested: "The Chinese have done nothing on North Korea, and I don't think they will unless they think America is tough," Schumer said. "The tougher we are on trade, the more likely China is going to think we're tough on North Korea." (Ed O'Keefe)

-- Beyond China, the White House has missed an internal mid-March deadline to begin renegotiating NAFTA with Mexico and Canada. A draft letter that would begin the process remains unsigned. During a meeting with company executives yesterday, Trump promised more progress on the talks. "We're going to have some very pleasant surprises for you on NAFTA," he said.

-- Meanwhile, there are signs that frayed U.S.-Mexico relations are beginning to mend as Trump refrains from publicly attacking the country. The Wall Street Journal's David Luhnow and Jacob Schlesinger report: "Earlier this year, U.S.-Mexican relations hit their worst crisis in decades when [Trump] and Enrique Peña Nieto quarreled over who would pay for a proposed border wall, prompting the Mexican president to call off a planned trip to Washington. But then a funny thing happened: Mr. Trump, at the urging of senior aides, stopped attacking Mexico on Twitter and in public statements, opening up space to officials from both countries to markedly improve ties since then, U.S. and Mexican officials say. 'The relationship is much more constructive,' a senior Mexican government official said. A senior U.S. official agreed, saying the greater contact between the sides had improved ties. Many people in Mexico City remain nervous about Mr. Trump's trade stance. But the cautious sigh of relief

there that his administration may not disrupt the world economic order as much as once feared is echoed in capitals around the world, and in Washington.” “The radio silence from the president’s Twitter feed has been extremely important to provide breathing room” to both sides, said Arturo Sarukhán, Mexico’s former ambassador to the U.S.

North Korean men during rush hour yesterday in Pyongyang, North Korea. North Korea will mark the 105th anniversary of the birth of the late leader Kim Il Sung on April 15. (Wong Maye-E/AP)

-- The U.S. and North Korea continued to engage in high-tension brinkmanship, with Pyongyang threatening to “hit the U.S. first” with nuclear weapons. Analysts said the prospects of them following through is slim, Anna Fifield reports. “The stakes remain too high for both countries, analysts say, today as they were yesterday, as they were last year. ‘I don’t think we’re about to go to war against North Korea,” said Ralph Cossa, president of the Center for Strategic and International Studies’s Pacific Forum. “But the U.S. is certainly trying to send a message that they are fed up with the North Koreans and with sending strong letters of protest.” Still, expectations are mounting that North Korea will unleash some kind of provocation this week, as the Kim regime prepares to celebrate the 105th anniversary of its founding president's birthday.

-- Chinese President Xi Jinping urged Trump to find a “peaceful solution” to the crisis on the Korean Peninsula during a telephone call between the two leaders early Wednesday. The call comes just days after the two held their first face-to-face talks in Florida, and hours after Trump tweeted that North Korea was “looking for trouble,” suggesting the U.S. would “solve the problem” with or without assistance from Beijing. (Simon Denyer)

Office of Management and Budget Director Mick Mulvaney listens yesterday while Trump speaks at the Eisenhower Executive Office Building. (Brendan Smialowski/AFP/Getty Images)

#### THE DECONSTRUCTION OF THE ADMINISTRATIVE STATE GOES ON:

-- The White House is instructing all federal agencies to submit a plan to shrink their civilian workforces -- offering the first details on how the Trump administration aims to rein in the size and scope of the government. Lisa Rein and Damian Paletta report: OMB Director Mick Mulvaney told reporters Tuesday that a government hiring freeze will be lifted “immediately,” but said agency leaders must start “taking immediate actions” to save money and reduce staff. “This does not mean that agencies will be free to hire willy nilly,” Mulvaney said ... He called the restructuring a more “strategic” and “surgical” plan to rein in the federal workforce. In accordance with Trump’s budget proposal released last month, Mulvaney said some agencies such as the Defense Department and the VA will add staff, while others, like the EPA, will “end up paring” full-time employees “even greater than they would have ... during the hiring freeze.”

-- A draft budget proposal obtained by The Post details how the Trump administration seeks to cut more than 31 percent of the EPA’s budget. Denise Lu and Armand Emamdjomeh report: “The spending plan emphasizes a focus on the EPA’s ‘core legal requirements,’ withdrawing from state and local projects and avoiding any efforts the administration considers to be extraneous within the EPA or other agencies. Among the cuts, the budget shuts 56 programs and trims staffing by nearly 4,000 jobs. Many of the programs slated to be cut are either programs focusing on specific geographic areas or federal grants that go out to states to fund specific projects. Some of these programs are part of the Clean Water Act of 1972, which charges the EPA with helping to restore the nation’s waterways.”

-- Also being watched by environmentalists: the D.C. Circuit granted a request by Trump’s EPA to postpone oral argument in a case over the Obama administration’s 2015 smog standard – a move that allows Scott Pruitt additional time to reconsider the rule. Juliet Eilperin reports: “The EPA asked on

Friday for the postponement, saying [Trump's] appointees 'are closely reviewing the 2015 rule to determine whether the Agency should reconsider the rule or some part of it.' The new standard, which imposes tighter restrictions on ground-level ozone, was challenged both by several industry groups and Republican-controlled states as too tough and by a coalition of environmental and public health organizations as not stringent enough."

-- Meanwhile, Trump has claimed credit for the creation of more than 600,000 jobs since he took office, a figure that overstates his true job creation numbers by tens of thousands — if not hundreds of thousands. Politico's Noland McCaskill reports: "'We've created over 600,000 jobs already in a very short period of time, and it's gonna really start catching on now because some of the things that we've done are big league, and they are catching on,'" Trump told CEOs in a meeting Tuesday morning. "'Already, we've created more than almost 600,000 jobs.' ... According to Labor Department data, the U. S. economy added a combined 317,000 jobs in February and March, the first full months Trump's presidency. About 98,000 of those jobs were added last month."

Protesters gather outside of a news conference where Jeff Sessions spoke after he toured the U.S.-Mexico border. (AP/Ross D. Franklin)

#### IMMIGRATION WARS:

-- Jeff Sessions directed U.S. prosecutors to make immigration cases a higher priority and "look for opportunities" to bring serious felony charges against undocumented immigrants. Sessions's order is the latest in a string of contentious moves, as he seeks to expand the Justice Department's role in immigration enforcement. Matt Zapotosky and Sari Horwitz report: In a memo Tuesday, Sessions directed each federal attorney to appoint a "border security coordinator" to oversee the prosecution of illegal immigrants, and to make immigration offenses — including harboring undocumented immigrants — "higher priorities." Sessions asked prosecutors to consider whether they could bring felony charges against those who illegally crossed the border multiple times, and whether they could be charged with aggravated identity theft — a felony charge carrying a mandatory two-year prison sentence. Meanwhile, he said, law enforcement will no longer "catch and release" undocumented immigrants taken into custody at the border.

Advocates and legal analysts criticized the attorney general's aggressive posture, saying it raises "troubling questions" about the DOJ's intentions and use of resources. "Which prosecutors and agents does he want to divert from the growing threats like terrorism, cyber crime, the opioid and heroin trade, organized crime and cartel activity?" asked Jenny Durkan, a former U.S. attorney in D.C. "The 'surge' philosophy always requires taking agents, money and prosecutors from other priorities. In fact, the cost of satisfying Washington will reduce the ability of every U.S. attorney to address the greatest threats in their communities."

-- The White House temporarily suspended a weekly publication of U.S. "sanctuary cities" — or localities that refuse to honor federal immigration detainers -- after several law enforcement agencies complained that they were erroneously included in the report. An ICE spokesman said the agency is reviewing its methodology and plans to resume publication after the review is completed. (David Nakamura and Maria Sacchetti)

-- Mulvaney, for his part, is pressing lawmakers to restrict federal funding grants for sanctuary cities in the upcoming short-term spending measure for the government, which expires on April 28. Politico reports: "The goal is to bring the House Freedom Caucus on board with a government funding bill, according to Capitol Hill Republicans — or at least show that the administration is courting the support of the hard-right and pushing GOP leaders to adopt Trump's priorities." Until now, the shutdown brinkmanship seemed like it wouldn't happen...

Rep. Tom Marino (R-Pa.) speaks during a House hearing. (Mark Wilson/Getty Images)

#### PERSONNEL IS POLICY:

-- Pennsylvania lawmaker Tom Marino has reportedly been tapped as the next White House drug czar and is expected to step down from his congressional seat to serve in the Trump administration. The 64-year-old Republican served as one of Trump's earliest Capitol Hill backers during his presidential campaign, Ed O'Keefe writes, and is reportedly in the final stages of completing his paperwork for the White House post. If confirmed, he will be the fifth congressional Republican tapped to serve in Trump's administration. This means another special election.

-- LGBT advocacy groups launched an effort to block Trump's Army secretary nominee Mark Green from being confirmed, citing the former Tennessee lawmaker's "appalling" record of antagonism and hostility towards the gay community. Dan Lamothe reports: Green has suggested that being transgender is a "disease," and sponsored controversial legislation critics say would allow employers to discriminate on the basis of sexual orientation. And his incendiary remarks date to as recently as last fall, when he said that despite widespread millennial acceptance of transgender people, he wanted to be a "light" that set the record straight. "If you really want to bring this back to who's at fault, I mean we gotta look a little bit inwardly," he said. "I mean, we've tolerated immorality and we're not reflecting light."

Barack and Michelle Obama imitate monsters as they read a story during last year's Egg Roll. (EPA/Oliver Douliery)

#### IF YOU CAN'T PUT ON A SUCCESSFUL EASTER EGG ROLL, WHAT CAN YOU DO?

-- The New York Times' Julie Hirschfeld Davis reports that the administration is playing catch up on organizing the annual Easter Egg Roll, and that it's not looking promising: "Trump received an urgent warning in February, informing him of a crucial date he was about to miss. 'FYI manufacturing deadlines for the Easter eggs are near,' said a Twitter post directed at Mr. Trump ... 'Please reach out!' The message came from Wells Wood Turning & Finishing, the company that supplies commemorative wooden eggs ... for the 138-year-old celebration that has drawn 35,000 people to the South Lawn in recent years. By the time Trump officials got in touch, the ovoid uncertainty appeared to raise a critical question: Could [Trump's] White House, plagued by slow hiring and lacking an on-site first lady, manage to pull off the largest, most elaborate and most heavily scrutinized public event of the year? The evidence points to a quickly thrown-together affair. ... There may be half as many guests, a fraction of the number of volunteers to manage the invasion of the South Lawn, and military bands in place of A-list entertainers like Justin Bieber, Ariana Grande, Idina Menzel and Silentó who have performed for Egg Rolls past. White House officials did not respond to several weeks' worth of inquiries ... and declined to provide basic information such as how many people are expected to attend."

-- Also unclear: Will Spicer will dig out his bunny suit for the event, as he did during the Bush years?

-- Asked for reaction to the Times's story, Spicer said: "I think we're going to have an egg-cellent time."

#### SOME GOOD NEWS FOR SENATE DEMS:

-- Republican Sen. Susan Collins said she is seriously contemplating a run for Maine governor in 2018. The senator had mostly demurred until a local radio interview yesterday. "Let me say that I am looking at where I can do the most good for the people of Maine," said Collins, who has served in the Senate for 20 years. "In the Senate, I now have significant seniority and that allows me to do a lot. Coming to

be governor, if I were fortunate enough to be elected ... you can work on issues I care a lot about like economic development, jobs, education. And I would try to heal the state and bring people back together, which I think is important as well. So I'm trying to figure out where I can do the most good. I'm being totally honest with you – I truly don't know, I really don't, it's a hard decision."

Collins, 64, told the Portland Press Herald that she won't make a final decision until later this year. She ran for governor in 1994 and lost to Angus King, now the junior senator. If Collins won, outgoing Republican Gov. LePage would get to appoint her successor for the two years that would remain in her term. But that'd make it much easier for Democrats to pick up the seat in 2020.

When these flight troubles arise, here are your rights as a passenger

UNITED'S P.R. NIGHTMARE CONTINUES:

-- Video footage of a man being violently dragged off a United Airlines flight dominated headlines for the second day in a row, spiraling into a full-blown public relations nightmare as consumers across the globe threatened to boycott the airline and lawmakers urged a federal investigation. The story occupied nearly every corner of the news industry, with Jimmy Kimmel dedicating a portion of his show to discussing it and White House press secretary Sean Spicer lamenting the "unfortunate" incident. "Clearly, when you watch the video, it is troubling to see how that was handled," he told reporters.

The company's damage control measures escalated in kind: United CEO Oscar Munoz issued a second apology Tuesday and launched an internal investigation into the incident, after his original response was widely lampooned as tone-deaf and insufficient. "No one should ever be mistreated this way," Munoz said Tuesday. He promised a public review of the company's partnerships with law enforcement, and its policies on giving seats to employees, by the end of the month. Meanwhile, dragged passenger David Dao remained in the hospital receiving treatment for his injuries. (He also retained a high-powered attorney.)

\*Chinese social media exploded with outrage over the incident, with many users suggesting the man's race may have been a factor in his treatment. By late afternoon on Tuesday, the topic had attracted 160 million readers -- prompting responses from public figures in the country and a number of widely-shared petitions urging a boycott of the airline. (This could prove to be a big headache for United, CNBC notes: the company is China's largest U.S. carrier and accounts for 20 percent of all flights between the two countries.)

\*The L.A. Times published the story of a California investment manager who says United employees threatened to handcuff him last week after he refused to vacate his first-class seat in order to make room for a "higher priority" passenger: "They said they have a priority list and this other person was higher on the list than me," Geoff Fearn recounted. "They said they'd put me in cuffs if they had to."

\*The Post's Abby Ohlheiser has a full timeline of how social media turned United into the biggest story in the country.

Residents in Brownsville, Tenn. (Michael S. Williamson/The Washington Post)

WAPO HIGHLIGHTS:

-- "In the Tennessee Delta, a poor community loses its hospital — and sense of security," by Amy Goldstein: "This town of the Tennessee Delta, seat of a county that once grew the most cotton east of the Mississippi, relied for decades on a little public hospital built during the Great Depression ... But these days, plywood boards are nailed up behind the hospital's sliding glass entrances ... [and] the nearest ER is more than a half-hour ambulance ride away. The demise of Haywood Park Community Hospital three years ago this summer added Brownsville to an epidemic of dying hospitals across rural America. Nearly 80 have closed since 2010 ... [and] many more are considered fragile — downstream



victims of federal health policies, shifts in medical practice and the limited tolerance of distant corporate owners for empty beds and financial losses. In every rural community, the ripple effects of a lost hospital are profound, reverberating beyond the inability of would-be patients to get immediate care. Many of the best jobs in town vanish. Local leaders trying to recruit new industry face an extra hurdle.”

-- “Starving to death,” by Max Bearak and Laris Karklis: “Our world produces enough food to feed all its inhabitants. When one region is suffering severe hunger, global humanitarian institutions, though often cash-strapped, are theoretically capable of transporting food and averting catastrophe. But this year, South Sudan slipped into famine, and Nigeria, Somalia and Yemen are each on the verge of their own. Famine now threatens 20 million people — more than at any time since World War II. Each of these four countries is in a protracted conflict. While humanitarian assistance can save lives in the immediate term, none of the food crises can be solved in the long term without a semblance of peace. [And] at this time of unprecedented need, the world’s biggest supplier of humanitarian relief is getting ready for a major cutback. Humanitarian aid makes up a tiny fraction of the U.S. government spending — less than 1 percent — but the Trump administration’s proposed budget would eliminate much of it.”

SOCIAL MEDIA SPEED READ:

If you missed it, here is the two-minute video of Spicer saying that Hitler did not gas his own people during World War II:

Spicer: Hitler ‘didn’t even sink to using chemical weapons’ like Assad

The moment may be better understood by watching our Ashley R. Parker's facial expression as Spicer talks (she's behind the ABC reporter asking the question):

The condemnation was swift:

The U.S. Holocaust Memorial Museum tweeted a graphic video showing footage taken when U.S. forces liberated a concentration camp in Germany in April 1945:

Spicer's gaffe was tailor-made for social media takedowns:

Many noted that Spicer's comment came during Passover:

Here are walking directions from Sean's office to the museum:

Wow:

Some pushed back on the breathlessness:

Maggie Haberman replied to the Time editor with a reminder:

One conservative (sort of) came to Spicer's defense:

Spicer talked to Wolf Blitzer on CNN after the presser to apologize. There were other issues:

Obama's deputy White House press secretary had other concerns about yesterday's briefing:

#NewUnitedAirlinesMottos became a thing:

Many people online were outraged after the Courier-Journal published a report detailing the booted passenger's "troubled" past:

George W. Bush went to Arizona for a Jeff Flake fundraiser last night:

California Gov. Jerry Brown's dog is adorable:

Colorado Gov. John Hickenlooper (D) is opening the door to running for president:

#### GOOD READS FROM ELSEWHERE:

-- New York Times Magazine, "I Thought I Understood the American Right. Trump Proved Me Wrong," by conservative historian Rick Perlstein: "The professional guardians of America's past ... had made a mistake. We advanced a narrative of the American right that was far too constricted to anticipate the rise of a man like Trump. Historians, of course, are not called upon to be seers. Our professional canons warn us against presentism — we are supposed to weigh the evidence of the past on its own terms — but at the same time, the questions we ask are conditioned by the present. That is, ultimately, what we are called upon to explain. Which poses a question: If [Trump] is the latest chapter of conservatism's story, might historians have been telling that story wrong?"

"I was one of the historians who helped forge this narrative. Writing about the movement that led to Goldwater's 1964 Republican nomination, for instance, it never occurred to me to pay much attention to McCarthyism, even though McCarthy helped Goldwater win his Senate seat in 1952, and Goldwater supported McCarthy to the end. (As did William F. Buckley.) I was writing about the modern conservative movement, the one that led to Reagan, not about the brutish relics of a more gothic, ill-formed and supposedly incoherent reactionary era that preceded it."

-- McClatchy DC, "Can Democrats cuss their way back to the White House?" by Alex Roarty: "An old political maxim holds that politicians campaign in poetry but govern in prose. But after voters rewarded [Trump] despite – or perhaps because of – his plain, often expletive-prone rhetoric, Democrats are suddenly quite eager to adopt the language of America's president. From the party's new chairman to a senator many believe will run for the White House in 2020, Democrats are letting loose four-letter words in public speeches and interviews, causing a small stir, at least in political circles, where swearing in public is usually off limits. But behind the rhetoric is a real struggle for a party still trying to find its way in the aftermath of last year's electoral catastrophe. In the age of Trump, party strategists wonder, do Democrats need to start talking in bolder, blunter terms to connect with voters – even if that means occasionally contributing to the swear jar?"

#### HOT ON THE LEFT:

"Did a Republican running for Va. governor really dress up like a Confederate gent?" from Laura Vozzella: "For a minute there, it looked like Corey Stewart's bid for Virginia governor had morphed him

from Confederate flag-waver to fully costumed Confederate reenactor. He turned up at the Old South Ball ... wearing a bow tie and dark bolero jacket bedecked with lots of shiny buttons. 'Over my dead body when I'm governor of Virginia are we ever going to take down the statue of Robert E. Lee or Stonewall Jackson ...' he roared in [a video filmed at the] dance hall, plastered with the Stars and Bars. He put in a good word for the flag, too. 'I'm proud to be next to the Confederate flag,' said Stewart ... 'It's time that we stop running away from our heritage. It's time that we embrace it.' So is it also time to dress up like Virginia is still the capital of the Confederacy? Apparently so for anyone attending the ball, an annual event that raises money for wounded veterans but has drawn criticism for glorifying the days of slavery."

#### HOT ON THE RIGHT:

"Notre Dame Students Complain: Mike Pence Makes Us 'Feel Unsafe,'" from The Federalist: "Students at the University of Notre Dame are not happy that Vice President Mike Pence is going to speak at their commencement ceremony. Some are even claiming that Pence's presence on campus makes them 'feel unsafe,' and have taken to social media to express their hurt feelings ... Two seniors encouraged their fellow students to share messages about why Pence makes them feel unsafe written out on white boards, photographed, and posted via Facebook and Twitter. Senior Jourdyhn Williams, another student involved in the protest, said she thinks it 'goes against certain Catholic Social Teaching,' to invite Pence, a conservative Christian, on campus." Seniors urged graduating students to share the hashtag, #NotMyCommencementSpeaker and #NotMyVicePresident ahead of his remarks.

#### DAYBOOK:

At the White House: Trump will hold meetings with House Judiciary Chairman Bob Goodlatte and Secretary General Jens Stoltenberg of NATO before leading an expanded bilateral meeting with General Stoltenberg. Later, the two will hold a joint press conference.

#### QUOTE OF THE DAY:

"We're not going into Syria." -- Trump to the New York Post

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- Bring your umbrella – today's pleasantly mild morning could be followed by some scattered showers. The Capital Weather Gang forecasts: "It's a mild start with morning temperatures mainly in the 60s. As a weak cold front moves through, a few scattered showers are possible through the morning hours under partly to mostly cloudy skies. Increasing afternoon sun should help highs to the mid-to-upper 70s."

-- The Nationals beat the Cardinals 8-3.

-- Democrat Daniel Helmer, an Army veteran and Rhodes Scholar who says he is "emboldened" by the election of Trump, launched a campaign to unseat Rep. Barbara Comstock in Virginia. He said he has raised \$120,000 so far — an amount he hopes will set him apart from an already-crowded field of contenders vying to represent the Northern Virginia district. (Jenna Portnoy)

-- Former congressman Tom Perriello gained a slight advantage in Virginia's gubernatorial race, according to a fresh Quinnipiac University poll of Democratic voters, giving him a 25 to 20 percent edge over Lt. Gov. Ralph Northam. Meanwhile, former political strategist Ed Gillespie continued to hold a strong 28 percent lead in the GOP primary field – with second-place contender Corey Stewart drawing 12 percent and state Sen. Frank Wagner netting 7 percent. (Fenit Nirappil)

## VIDEOS OF THE DAY:

Jimmy Kimmel talks about Spicer's "Hit-larious" statement:

Sean Spicer's Disturbing Hitler Statement

Conan talks to Chelsea Handler about Sean Spicer and Ivanka Trump. "It's just like he's so stupid...he can't possibly be that stupid naturally," Handler says:

Chelsea Handler On Sean Spicer & Ivanka Trump - CONAN on TBS

Stephen Colbert talks alter egos:

Late Show Presents: Alter-Egos, Vol. 2

Constituents yelled "YOU LIE" over and over again at Rep. Joe Wilson (R-S.C.) during a town hall:

Crowd shouts 'you lie' at Rep. Wilson, who shouted same words at Obama in 2009

Candidates never cease to surprise:

Va. governor candidate: 'I'm proud to be next to the Confederate flag'

See how one Muslim med school student deals with all the hate in America today:

'It's not the first time I've been scared as a Muslim in America': How one med student dealt with hate

Finally, watch Trump identify Carter Page as one of his advisers during a WaPo editorial board meeting last year:

Trump lists Carter Page among his foreign policy team in 2016

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From: Lewis, Brian <brian.lewis@iowa.gov> on behalf of Lewis, Brian <brian.lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: Mathew.Noble@iowa.gov <mathew.noble@iowa.gov>  
Subject: 2017 Second-Quarter Forecast  
Date: Mon Apr 10 2017 08:15:49 CDT  
Attachments:

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## 2017 Second-Quarter Forecast

Forecast  
APRIL 10, 2017 | 09:27 GMT  
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Text Size

(Stratfor)

Trade will be at the forefront of many leaders' minds this quarter as a new U.S. administration settles into the White House. Though U.S. President Donald Trump continues to be bogged down by congressional battles and allegations of inappropriate ties to Russia, his team will try to draw the public's attention back to its trade agenda. To that end, Washington will work to clarify its strategy for cracking down on currency manipulation abroad, tightening the enforcement of existing trade laws and preparing to renegotiate NAFTA. But the uncertainty surrounding the White House's intentions will linger, prompting the United States' biggest trade partners to look for new economic relationships elsewhere.

At the same time, some will leverage security cooperation and promises of investment to get on Washington's good side — or, at the very least, to try to fend off its punitive trade measures. China will be one of them as it uses its economic heft with Pyongyang, and the growing sense of urgency surrounding North Korea's nuclear program, to its advantage in tense trade talks with the United States. The White House will do what it can to push for secondary sanctions against China's stubborn neighbor, perhaps even threatening to step up its military aid to Taiwan to compel Beijing's buy-in. But even if Washington has its way, a heavier sanctions regime will do little to slow the progress of Pyongyang's nuclear program. The United States will have no choice, then, but to build a credible military deterrent against North Korea — a move that will only widen the rift between Washington and Beijing.

The Trump administration's attack on a Syrian air base was designed in large part to underscore to Beijing and Pyongyang that this White House is willing to take military action if so compelled. Though the attack sent a strong signal to U.S. adversaries, it also has created complications for the United States on the Syrian battlefield with Russia. Moscow will try to use the heightened risk of collisions on the Syrian battlefield and the fight against the Islamic State to bring Washington to the negotiating table, but the United States will be limited in any concessions it would give to Russia in return. The Kremlin will be even less inclined to trust in dialogue with the West as its problems pile up at home, though arms control may be one policy area in which the two can begin to negotiate without encountering much political blowback.

As the United States and Russia box Turkey in on the Syrian battlefield, Ankara will devote more attention to northern Iraq, where a conflict is brewing between Arab and Kurdish forces. The highly prized, oil-rich region of Kirkuk remains a key flashpoint in Turkey's competition with Iran for influence — and Iraq's rival Kurdish factions are caught in the middle. Washington will lend support to Sunni states, led by Saudi Arabia, seeking to balance against Shiite Iran as proxy battles throughout the Middle East escalate, though its nuclear deal with Tehran will remain intact.

In the meantime, Saudi Arabia and its Gulf Cooperation Council allies will shoulder most of the burden of maintaining OPEC's oil production cuts for another six months. Steady oil prices will buy Venezuela's cash-strapped government some time to get its finances in order, but not much. Caracas' risk of default will spike in the second half of the year, and the ruling party will have to spend the second quarter consolidating power in preparation for the turmoil that no doubt lies ahead.

Venezuela isn't the only state heading toward single-party rule. On the other side of the globe, Indian politics are swinging to the right — a trend Prime Minister Narendra Modi and his center-right Bharatiya Janata Party have been able to use to their advantage. This quarter, they will focus on passing a state-level version of a massive tax overhaul that cleared Parliament earlier in the year, a feat that will be more feasible as the growing power of the country's Hindu nationalists gives the ruling party the political capital to push through much-needed structural reforms.

Nigeria will have less luck passing its most pressing reforms as an intensifying power struggle in Abuja brings the government to a near-standstill. Concerns over President Muhammadu Buhari's health have raised questions about who his successor will be — a transition South Africa's own leader, Jacob Zuma, is making preparations for as well. Zuma is working quickly to consolidate power and cater to his ethnic Zulu base with a populist platform of black empowerment before he steps down, alienating investors in the process.

Europe's entrenched rulers face a growing threat to their power as well, albeit of a very different kind. France is preparing to hold elections that will pit the country's traditional political elite against an up-and-coming Euroskeptic contender, and Italy may not be far behind. Though the French electoral system is designed to keep fringe parties out of power, the possibility of a Euroskeptic win cannot be discounted — an outcome that could bring the eurozone to its knees and send shocks through global markets.

Top

Forecasts by Region

Europe

European Disintegration

The Fate of the Eurozone

Brexit and Beyond

Divided EU Foreign Policies

Crossing Borders

European Disintegration

This year will be the one in which political risk reaches the European Union's core members. During the second quarter, this will become evident as France — the bloc's second-largest economy — holds presidential and legislative elections, the results of which will resonate far beyond the country's borders. French voters will have to choose whether they want their country to reform the European Union or dismantle it to restore their state's full sovereignty.

Italy will also become a source of political risk as it moves closer to holding general elections. The current Italian government will probably stay in place this quarter, but the specter of an election in which Euroskeptic forces are expected to perform well will do little to ease concerns about the country's fragile banks and high debt levels. Germany, meanwhile, will try to keep the European Union together as it opens its own campaign season. The coming quarter will be eventful for Greece as well as Athens implements the reforms it promised to its creditors.

## The Fate of the Eurozone

French presidential and legislative elections will be the most important events to take place in Europe during the second quarter. A significant portion of France's political apparatus will be elected and appointed over the next three months. The presidential election will be held in two rounds on April 23 and May 7, while legislative elections (also split into two rounds) will follow on June 11 and June 18. French voters will have to decide whether they want to further liberalize and deregulate their economy or increase protectionism. They will also have to choose whether they want France to stay a member of a reformed European Union or leave the Continental bloc entirely.

The biggest contenders in the elections are the nationalist National Front, the centrist En Marche!, the center-right Republicans, the left-wing Unsubmissive France, and the center-left Socialists. Should any of the moderate parties win the presidency, they will focus primarily on economic and security issues. A moderate government (especially under En Marche! or the Republicans) would seek to make the economy more competitive through various combinations of spending cuts, public investment, labor reform and initiatives to reduce bureaucracy, cut down on regulation and attract foreign investment. A moderate government would probably also direct more resources toward security forces and defense spending, while at the international level it would work to reform the European Union and defend France's leading role in it. The possibility of different parties controlling the presidency and the National Assembly cannot be excluded. This would complicate policymaking.

France's two-round electoral system has historically made it difficult for extremist parties to win presidential and legislative races. Candidates have to receive more than 50 percent of the vote to gain the presidency or a seat in the National Assembly, a threshold that the National Front, for instance, has found tough to reach. If the National Front overcomes this hurdle and wins the presidency, it will set in motion a chain of events that could lead to severe crisis in the European Union.

For one, the National Front wants to introduce tariffs on French imports and tax companies that hire foreign workers, including EU nationals. Both ideas go against the basic principles of the EU single market, which emphasizes the free movement of people, goods, services and capital. Even more important, however, the party also intends to hold a referendum on France's membership in the eurozone. Many of the National Front's campaign promises would require a majority in Parliament, and in some cases the legal procedures to implement them would be arduous. National Front leader Marine Le Pen has also said the referendum on eurozone membership would be called only after six months of negotiations on reforming the European Union. But even the mere victory of the National Front in the presidential election could trigger a crisis in the eurozone. Savers in the eurozone's periphery states (such as Spain, Portugal and Greece) could, for example, withdraw their money from local banks or transfer it to safer havens abroad, forcing authorities to introduce capital controls at the national or



Continental level to stop a run on eurozone banks.

If France's moderates win, Germany will immediately invite the new president to shore up bilateral ties between Paris and Berlin and co-lead Europe. In global markets, the euro, along with riskier assets such as bonds from Europe's periphery, will strengthen rapidly. Should the National Front win, on the other hand, the German government will seek accommodation with the nationalist government in Paris, trying to dissuade it from fulfilling its most radical campaign promises. But many of the National Front's policies are simply incompatible with EU structures, limiting its room for compromise. And if serious trouble arises in the eurozone, Berlin will start making preparations for the most orderly dissolution of the currency area possible while planning its next steps with its closest partners in Central and Northern Europe. The market fallout of a potential eurozone collapse would be immediately felt in global markets as European investors flee riskier bonds and move their money to safer assets, such as German bonds.

Italy, meanwhile, is moving toward its own general elections, though it is unclear just how quickly they will arrive. The country does not have to hold elections until early 2018, but disputes within the ruling center-left Democratic Party could precipitate an early vote. The government in Rome, led by Prime Minister Paolo Gentiloni, will remain weak as Italy's main political parties prepare for the elections. Ahead of the vote, the Democratic Party will hold its primary to appoint a new leader in late April — a necessary step before the government resigns and parliamentary elections can be held.

Still, the elections will not take place during the second quarter. This means that Italy's vote will not coincide with France's, giving markets and EU governments time to digest the latter's results. But the lingering risk of elections in Italy, where Euroskeptic parties would probably make a strong showing, will add to the uncertainty clouding Italy's political and financial future. This will do little to ease market fears about the health of Italian banks and the country's high levels of public debt. But Italy could introduce some modest spending cuts to allay the European Commission's concerns about its deficit, and whatever frictions may arise, Rome and Brussels will find a compromise, allowing Italy to avoid EU sanctions.

Greece, another troubled eurozone country, will also be politically and financially fragile this quarter. Because Greece does not have any significant debt repayments to make until mid-July, negotiations between Athens and its creditors on the disbursement of the next tranche of bailout money could drag on for weeks, perhaps even extending beyond the end of the quarter. Nevertheless, the Greek bailout program will stay on track since Athens and its creditors are eager to avoid a default at all costs, though Athens will try to tone down some of the policies it has promised to implement, or announce spending increases in some areas, in hopes of avoiding a rebellion within the government.

In the meantime, Germany will continue to delay granting debt relief to Greece during its own election cycle. It could, however, make vague promises to discuss the issue in the future. Even if the International Monetary Fund does not announce a decision on its participation in the bailout program during the quarter, Greece and its creditors will work to keep it in place.

For an export-dependent economy such as Germany's, the prospect of a trade war brewing with the United States and Washington's threats to undermine the World Trade Organization are also major sources of concern. Consequently, Berlin will keep communication channels open with the new administration in the White House to defend Germany's stance on these issues, as well as on many other points of controversy between the two governments. Germany will also use its rotating presidency at the G-20 to defend free trade and the role of multilateral trade organizations.

Germany's strategy will include preserving the European Union's single market and expanding the bloc's trade relationships with other markets, primarily by supporting EU plans to resume stalled free trade talks. During the second quarter, for example, the European Union will revive negotiations with Mexico to update their free trade agreement. Brussels' efforts to sign free trade agreements with

countries such as Japan and India will likewise intensify. Germany will advocate the development of closer trade ties between the European Union and China as well, though the bloc will struggle to get European companies the same level of access to China that Chinese companies have to Europe, creating room for friction during any negotiations that are held. Berlin's aggressive stance against Chinese takeovers of German companies will lead to similar complications during the talks.

To curry favor with the United States, the German government is willing to make gestures of good faith in areas such as defense spending. But this will not go over well in Germany. After all, it is an election year and the German government will be forced to keep lines of communication open with Washington while also being critical of the new administration, especially since a large portion of the German public disapproves of U.S. President Donald Trump. The relationship between the ruling center-right Christian Democratic Union (CDU) and its coalition partners in the center-left Social Democratic Party (SPD) will encounter additional tension as the two try to differentiate themselves before the general elections.

Regional elections in the northwestern German states of Schleswig-Holstein (May 7) and North Rhine-Westphalia (May 14) will test the appeal of the SPD and CDU ahead of the September vote. They will also act as a gauge of the popularity of smaller parties, such as the environmentalist Green Party, the left-wing Die Linke and the center-right Free Democratic Party — all of which could become coalition partners to the SPD and CDU after the elections end. Moreover, the regional races will show whether the nationalist Alternative for Germany (AfD), whose popularity has declined in recent months, can make gains beyond its strongholds in the east and enter the legislatures of western regions. Regardless of the AfD's performance, other parties will refuse to cooperate with it. Yet the AfD's role in German politics is not necessarily to enter government, but to force moderate parties to incorporate elements of its nationalist agenda into their own.

## Brexit and Beyond

Brexit negotiations among the British government, EU institutions and EU members will begin in earnest in the second quarter. But the process will last at least two years. All sides will spend most of the next three months in exploratory discussions that aim to define the framework and terms of the negotiations, and no dramatic decisions are expected this early on. Before the talks can even begin, the European Union's remaining 27 members will have to agree to give the European Commission directives for its talks with London.

Some of the topics at the top of the Brexit agenda will include the legal status of British citizens living in the European Union and of EU citizens living in the United Kingdom. The parties are also likely to debate the Brexit's financial aspects, including the United Kingdom's contributions and payments to the European Union in the years ahead. This will create frictions, as the British government would try to keep its exit bill as small as possible. At the same time, the British government will be interested in starting conversations on the free trade agreement it hopes to sign with the European Union. But EU negotiators will insist on a sequential approach, starting with the country's exit and leaving the debate over the terms of its future relations for a later date.

British Prime Minister Theresa May's administration, meanwhile, will face the difficult task of reassuring the devolved governments in Scotland, Northern Ireland and Wales that their voices will be heard and their interests will be protected during the Brexit talks. London will also have to make sure that the central government remains in control of the Brexit process. London may promise subsidies, investment, tax breaks and even the transfer of powers currently in the hands of the European Union to regional governments to try to appease secessionist claims. It is unlikely, however, to give Scotland and Northern Ireland a decisive role in the negotiations. And as Northern Irish nationalist and unionist parties struggle to find common ground, the Good Friday Agreement that defines how the region's government operates will continue to show signs of fatigue.

## Divided EU Foreign Policies

The next three months will bring a flurry of debates about Russia to the Continent. As the July 31 expiration date for EU sanctions against Russia approaches, the bloc's internal discussions about its relations with Moscow will become more frequent. Since there have not been any notable changes on the ground in eastern Ukraine or in U.S.-Russia ties since the Trump administration took office, most EU members will support the continuation of existing sanctions. Though the bloc does not have to make its decision until late July, the possibility of it coming before the end of the quarter cannot be ruled out. Should the issue be put to a vote within the next three months, some countries will voice their criticism of the sanctions but are unlikely to veto the decision of the majority. (That said, an electoral victory by France's National Front, which has argued against new punitive measures toward Russia, would significantly threaten the Continent's sanctions regime.)

## Crossing Borders

As the weather starts to improve in the Mediterranean Sea, migration to the European Union's southern members will pick up. Along the migrant route traversing the eastern Mediterranean, the EU-Turkey immigration agreement still holds, but Ankara has the power to refuse to honor the deal and to stop policing migrant traffic. If it does, it would be in an effort to put pressure on the European Union, whose half-hearted compliance with the terms of the deal has rankled Ankara. The bloc, for example, has not lifted visa restrictions for Turkish citizens — one of the main promises it made to Ankara in exchange for its cooperation in preventing asylum seekers from entering the European Union. Several EU states will also continue to criticize the Turkish government's attempts to consolidate power following last year's failed coup attempt, giving Turkey added reason to threaten to renege on the deal.

Many migrants may, in fact, become emboldened by the Turkish government's threats and attempt the journey from Turkey to Greece. But Ankara will not give up on the migrant deal completely, since it still hopes to use the agreement — and Europe's fear of the political side effects that renewed waves of immigration could have in an election year — to negotiate and expand its customs union with the bloc in the near future. Maintaining these deep economic ties with Europe is especially important to Turkey as its economy continues to founder.

Regardless, EU members will try to protect themselves from a possible uptick in asylum seekers, keeping their borders closed along the biggest migration routes. This will pose a serious threat to Greece, as the country risks once again becoming a bottleneck for migrants who reach its shores but cannot keep moving northward.

There is also only so much the European Union can do to tamp down on the Central Mediterranean migrant route. In recent months the bloc has stepped up its political, economic and security cooperation with countries in sub-Saharan Africa, from which many migrants originate, as well as with Libya, the main transit state for migrants trying to reach Southern Europe. These policies will continue during the second quarter, but their impact will be modest. Italy and other southern EU members will see more migrants arrive on their doorsteps as weather conditions improve, creating tensions between them and their peers in Northern Europe. Rome will demand greater assistance to handle the influx of people, and if it allows some migrants to pass through its borders and into the rest of the Continent, frictions between it and its neighbors could worsen.

Top

Eurasia

Echoes of the Cold War

The Fight for Russia's Borderlands

Russia's Internal Struggle

Moscow Looks to the East

Instability in Central Asia

Echoes of the Cold War

The United States and Russia will see heightened frictions this quarter despite widespread speculation that the election of U.S. President Donald Trump would pave the way for a detente with Moscow. As scrutiny over Russia's meddling in U.S. politics builds, any engagement with Moscow will become politically problematic for Washington. And despite Trump's campaign rhetoric, it is in his best interest to keep pressure on Russia through sanctions and continued support for NATO. As a result, both countries will continue their military buildups along Russia's periphery this quarter, and each will test the other's sphere of influence.

Following a limited U.S. strike on a Syrian air base, Russia will position itself as a potential spoiler on the Syrian battlefield to try to draw the United States back to the negotiating table. The risk for collision between the powers is higher this quarter as Russia tries to leverage deconfliction in Syrian airspace to complicate ongoing U.S. military operations in Syria against the Islamic State. Russia's reliance on negative influence to try to bargain with Washington, however, will risk further souring the negotiating climate and limit potential collaboration. But there may still be room for restarting a dialogue in other areas, such as arms control. Both sides need to resolve several arms control issues, including their differences over violations of the Intermediate-Range Nuclear Forces Treaty, the question of whether to renew the New Strategic Arms Reduction Treaty (START), and a strategy for responding to the buildup of weapons arsenals by other powers, such as China.

Moscow, meanwhile, will be busy trying to expand its influence abroad, including in North Africa and the Balkans. In the coming quarter, it will gradually increase its involvement in the Libyan conflict by backing multiple factions while coordinating closely with Egypt. In the Balkans, Russia will also continue bolstering its support for Serbian nationalists, both in Serbia ahead of elections and in Northern Kosovo. Moscow will likewise back the separatist claims of Bosnia's Republika Srpska and will work to deepen the divides between Macedonia and the West over the political status of the country's Albanians. Russia does not expect these countries to become staunch allies; rather, it hopes to use the mounting tension to distract the West and gain political leverage.

Moscow will also work to widen rifts in Europe, particularly as the Continent prepares for French elections. Russian cyber, information and propaganda campaigns will continue to sow discord and increase uncertainty in France, especially if the Kremlin's preferred candidate, Marine Le Pen, does not win the presidency. Moscow will use the same tools to bolster Euroskepticism, particularly in Italy and Germany. Its efforts are likely to intensify in the lead-up to Europe's July deadline to extend sanctions on Russia. Even with sanctions in place, however, Moscow will work to bring European investment back to Russia when it hosts a major investment forum in June.

The Fight for Russia's Borderlands

In the meantime, the standoff between Russia and the West will continue to shape the strategic landscape of the European borderlands. The conflict in eastern Ukraine will maintain its intensity, since the security and political components of the Minsk protocols are unlikely to be implemented this quarter. Economic ties between Ukraine and its separatist territories will deteriorate because of a blockade instituted in the first quarter, forcing the rebel regions to rely on Russia and spurring long-term energy diversification efforts in Ukraine proper forward. As the European Union and United States continue to be distracted by issues elsewhere, Ukraine will build up its economic and security cooperation with Poland and the Baltic states to supplement its Western integration strategy. Meanwhile, the course of European politics (and, in particular, the outcome of France's presidential race) will be key to determining the future of EU sanctions against Russia, though they are unlikely to be lifted altogether this quarter.

Moldova and Georgia, for their part, will look to strengthen their economic ties with Russia while seeking to soften tactical elements of their policies toward breakaway territories out of pragmatism. Nevertheless, they will also continue cooperating with the European Union and NATO. (Moldova, for instance, is slated to open a NATO liaison office in April.) To the north, Belarus will come under greater domestic pressure as protests over a controversial tax policy persist, testing longtime President Aleksandr Lukashenko's undisputed grip on power. Though the unrest has so far remained a domestic issue, external powers — including the West and Russia, which have long competed for influence in Belarus — could become involved, potentially exacerbating the protests.

Armenia and Azerbaijan's dispute over the separatist region of Nagorno-Karabakh won't die down this quarter either. In fact, hostilities may intensify after Armenia's parliamentary elections are held in early April. Russia will continue to serve as the primary arbiter and power broker in the dispute as Turkey remains distracted (and, to an extent, dependent on Russia's cooperation) in the Middle East. But Moscow's attempts to build on its gains and increase its clout in the region through the Eurasian Economic Union and Collective Security Treaty Organization will be compromised by infighting within the blocs.

## Russia's Internal Struggle

Apart from its foreign interests, Russia will have to contend with a somewhat chaotic domestic environment this quarter. Though the Russian economy will continue to recover from recession, stagnation will linger through the rest of the year. Despite the sanctions against it, Moscow will court foreign investment from the West, the Asia-Pacific and South Asia at its annual St. Petersburg International Economic Forum in June, putting on hold many of its isolationist practices of the past three years.

Regardless of this relatively bright outlook, many Russian regions and citizens are in dire financial straits. Constant hardship will inflame protests over political, economic and social issues across the country. The Kremlin has tried to ensure that these demonstrations do not coalesce into a single movement against it, but if they do, security forces have been fortified and deployed nationwide to respond. Russia's heavy-handed crackdowns on opposition figures and dissent will continue, and it could start to squeeze social media channels as well.

Russian President Vladimir Putin will also work to contain the country's political elite as they continue to make grabs for power. At the same time, the Kremlin will struggle to answer tough questions about the ownership of assets, such as Chechnya's oil sector and defense companies, and whether to force energy giants such as Rosneft to cut production. All the while, Russia's security services and their cyber centers — prized portfolios for the country's elite — seem to be undergoing a reorganization behind

closed doors in the wake of accusations and arrests tied to the alleged hacking campaign targeting the U.S. presidential election. Such contests for power will further isolate Putin as he grows more authoritarian in order to preserve the stability of the political system beneath him.

## Moscow Looks to the East

Russia, meanwhile, will keep diversifying its ties away from the West in the second quarter. Putin will hold another much-touted summit, this time with Japanese Prime Minister Shinzo Abe, as Russia and Japan attempt to mend their relationship. The two countries have for some time been hung up on a territorial dispute over islands they both claim. Though they have made minor progress in settling the spat, including by establishing joint investment projects and agreeing to visa-free travel on the islands, neither is ready to make a grand bargain for them or reach a peace deal. Russia still sees the islands as an issue of national sovereignty and as a front line in its nuclear deterrence, while Japan has maintained sanctions on Russia and has been slow to release funds promised to projects in Russia's Far East. So, though both sides will promote better ties, actual steps toward achieving them will be few and far between.

Russia will work to expand its relationships elsewhere in Asia as well. Moscow will hold its annual economic forum in May, which key delegations from China, Japan and India will attend. Beijing is looking to extend its "One Belt, One Road" initiative through Russia, while Japan is still holding out hope of investing in the Far East. The summit will be co-hosted by India, since New Delhi has been pumping more money into Russia, and Moscow wants to rekindle its ties with the South Asian country to balance its other relationships in Asia. Russia and Vietnam will also hold a summit this quarter; Moscow is aiming to improve its foothold in the country with energy, military and metals investment deals to gain leverage in the wider region.

## Instability in Central Asia

Central Asia's troubles will not end in the second quarter as protests, militancy and political infighting persist. Kazakhstan and Kyrgyzstan will probably be the Central Asian states most vulnerable to unrest — the former because of its foundering economy and the latter because of an impending presidential election in November. (Kazakhstan will also begin the rocky process of transferring some powers from long-serving President Nursultan Nazarbayev to Parliament and the Cabinet.) But tension will build in Uzbekistan as well as the country's new president, Shavkat Mirziyoyev, and security chief Rustam Inoyatov spar over reforms. All the while, Russia will seek to steadily increase its sway over the region, particularly on matters of security.

Top

## Middle East and North Africa

The Syrian Civil War

The Fight Against the Islamic State

The Battle for Mosul

The Kurdish Struggle

Turkey's Resurgence

Iran's Arc of Influence

Israel's Survival Strategy

The Saudi Survival Strategy

The Yemeni Civil War

The Libyan Civil War

The Difficulties of North African Reform

The Syrian Civil War

The United States faces heightened risk on the Syrian battlefield this quarter at the same time it prepares to kick off a major offensive against Islamic State in Raqqa. A U.S. limited strike on a Syrian air base in response to a Syrian chemical weapons attack was designed to demonstrate the United States' decisiveness in military matters (a message not lost on North Korea,) but it also came with risks. Russia has long attempted to leverage the Syrian battlefield in its broader negotiations with the United States, but the United States is not leaving much room for a bargain with Moscow. Russia thus has to rely on negative influence to try and draw the United States into a dialogue and will try to play the role of spoiler on the Syrian battlefield to raise operational risks for the United States. There will be potential for the two sides to negotiate on deconfliction, but that will likely be the extent of their cooperation this quarter as Washington focuses on the fight against the Islamic State.

Russian forces will be active elsewhere in Syria, however, supporting the Syrian army's offensives against rebel forces as well as the Islamic State in theaters such as Deir el-Zour. After a few shaky months in place, the cease-fire that Russia, Turkey and Iran brokered between the rebels and loyalists in December 2016 has broken down completely. Its failure underscores the futility of the attempted peace talks that took place throughout the first quarter. In the second quarter, Syria's deepening economic woes, evident in the country's food shortages and collapsing currency, will threaten the government's hold on loyalist territory.

Syrian fighters backed by the United States will lead the charge in Raqqa. The United States' battle plan, which also includes deployments of U.S. troops, will rely on the most effective fighting force available in the short term: the multiethnic Syrian Democratic Forces (SDF). The SDF has made swift work of the fight so far, having nearly encircled the city. With help from the freshly deployed U.S. forces, artillery support has also been put in place.

But by emphasizing the SDF in the battle for Raqqa, the United States will further strain its already tense relations with Turkey. The forces include members of the Kurdish People's Protection Units (YPG), a militia Turkey considers a terrorist organization and an active threat to its national security. Still, Ankara's dismay will not discourage Washington from working with the force. And though Turkey will try to finagle a more prominent role for the forces it supports, including Turkish-trained Arab tribal forces, the United States will prioritize winning the fight against the Islamic State by the most expedient means available over appeasing Turkey. Turkey will nonetheless try to draw the United States deeper in a fight against the Syrian regime and push its proposals for establishing a no fly one and safe zones in in Syria.

Washington's battle plan for Raqqa is just one of many complications Ankara will have to contend with in Syria in the second quarter. By the time Turkey took al-Bab from the Islamic State during the last

quarter, it had already accomplished many of its objectives in northern Syria under Operation Euphrates Shield. But its efforts to keep Kurdish forces from establishing control over a contiguous swath of territory in the northern part of the country are still in progress. To achieve that objective, it will have to tread lightly so as not to step on Russia's toes. Ankara and Moscow's alliance of convenience has mostly run its course in Syria, especially since Russia foiled Turkey's plans to take the city of Manbij. Nevertheless, the two countries need to keep the lines of communication open to ensure that their troops don't end up in conflict. If their priorities in Syria continue diverging, Turkey may start looking for other ways to gain leverage over Russia — by joining in on negotiations over the Nagorno-Karabakh dispute, for instance, or increasing its coordination with fellow NATO members in the Black Sea. And even though Turkey will have less room to maneuver in Syria this quarter, it will still have some leeway to deepen its involvement in northern Iraq.

## The Fight Against the Islamic State

In the Middle East and North Africa, the primary focus of the second quarter will be the fight against the Islamic State. The battle to oust the extremist group from its strongholds in the region will reach milestones in multiple theaters in the months ahead. In Iraq, for instance, the battle for Mosul will come to a close, at least in the city itself. And in Syria, the operation to reclaim the city of Raqqa is about to get underway. These events, though notable, will hardly herald the demise of the Islamic State. In fact, the organization will redouble its terrorist activities, not only in its core area of operations in the Middle East but also internationally, in an attempt to maintain its relevance as it loses territory.

## The Battle for Mosul

Five months into the fighting, the end of the Mosul offensive is now in sight. Before the operation ends, though, Iraqi forces will deploy to other Islamic State strongholds such as Tal Afar and Hawija to sweep the extremist group out of those pockets. As the main battle comes to a close, the divisions among the Iraqi coalition's constituent groups will become clearer than ever. The risk of infighting among the alliance's Shiite, Kurdish and Sunni militias will be high throughout the quarter, particularly in the northern border regions of Nineveh province.

That Iraqi army forces are engaged in fighting in the city itself has improved the central government's reputation among Mosul residents; the boost will help Baghdad gain legitimacy and establish its authority over the city. But stabilizing the reclaimed territories around the city will be a tall order for Baghdad. Rifts within Shiite, Sunni and Kurdish groups will prevent them from reaching a coherent political settlement over Nineveh province's future this quarter. Iran and Turkey, meanwhile, will continue to vie for influence in Iraq, primarily through proxy battles in the disputed territories that will soon be reclaimed from the Islamic State. The Iraqi government and the Kurdistan Regional Government (KRG) each claim control of Tal Afar, Kirkuk and Sinjar, making these areas most susceptible to fighting and disputes over territory and resources.

As Iraq's political parties gear up for provincial elections in September, regional powers such as Turkey and Iran will have yet another opportunity to try to gain influence in the country. Tehran will use its sway among Iraq's Shiite political parties and militias to goad Baghdad to prioritize its ties with Iran and to block Ankara's attempts to get involved in the political settlement process through Sunni parties. Prime Minister Haider al-Abadi will face mounting political pressure from all sides, including Iraq's nationalist parties, as he tries to appease Turkey, Iran and the West simultaneously. Adding to the mix, Saudi Arabia will make economic and diplomatic gestures in an effort to strengthen its ties with Baghdad. (U. S. President Donald Trump's administration has been pressuring the kingdom to help loosen Iran's grip on Baghdad's political and security spheres.)



## The Kurdish Struggle

In Iraqi Kurdistan, disagreements will prevent the region's various political factions from forming a united front. In fact, the divisions are widening. The Patriotic Union of Kurdistan (PUK) has started pushing back more forcefully against its main political rival, the Kurdistan Democratic Party (KDP), to increase its share of oil revenues from Kirkuk and weaken the KDP's alliance with Baghdad. The dispute is good news for Baghdad, at least. Should the PUK make another attempt at disrupting the flow of oil from Kirkuk to win concessions from Baghdad or Arbil, the Iraqi government will feel less threatened than it would if the KDP were also in on the plan. But Kirkuk could become a flashpoint this quarter regardless, as the governments in Baghdad and the KRG, not to mention the rival Kurdish parties, fight over control of the province and its oil production.

Iraqi Kurdistan, similarly, will be a primary playing field in the competition between Turkey and Iran. Ankara will use the presence of the Kurdistan Workers' Party (PKK), which it considers a terrorist organization, in northern Iraq as a pretext to deploy proxy forces in the region to defend its interests there. Turkey might consider, for instance, dispatching the Rojava Peshmerga, a Kurdish militia aligned with the KDP, to fight on its behalf in the event that ethnic conflict flares up after the Mosul offensive winds down. To keep Ankara in check and support its own interests in northern Iraq, Tehran will rely on the mostly Shiite Popular Mobilization Forces positioned near Turkish-backed forces, as well as its ties with Baghdad.

## Turkey's Resurgence

In Turkey, voters will head to the polls in mid-April to decide whether to go ahead with proposed constitutional amendments that could change Turkey's political future. President Recep Tayyip Erdogan has a lot riding on the success of the reforms, which would increase the powers of the presidency and curtail those of other branches of government. But when voters cast their ballots on April 16, they will have other concerns on their minds, such as the country's flagging economy. Turkey's high dollar-denominated debt and weakening currency — set to further deteriorate as the dollar strengthens — have exacerbated its financial troubles recently. If the referendum falls short of the simple majority it needs to pass, the ruling Justice and Development Party (AKP) will still retain power, though the loss would be a blow for Erdogan's campaign to consolidate institutional control.

To try to improve its chances of success, the AKP has been using the country's security concerns to stoke nationalism and stir popular support for the referendum. The wave of nationalism sweeping Turkey will buoy the ruling party, win or lose. Nevertheless, the results of the referendum will reveal strong support for and opposition to the AKP, laying bare the country's sharp political divisions.

## Iran's Arc of Influence

Iran will also hold an important vote this quarter. Voters in the country will elect their next president May 19. As the election approaches, even the Islamic republic's hard-line politicians are trying to avoid instigating conflict with the United States. Washington, likewise, will be careful not to provoke hostilities with Tehran by changing the Joint Comprehensive Plan of Action nuclear deal — especially since the GCC countries support keeping the agreement in place rather than risking uncertainty by scrapping it. But that won't stop the Islamic Revolutionary Guard Corps from keeping up its usual defensive posturing and staging missile tests or military exercises in a bid to stay relevant. And as U.S. lawmakers have made clear, Congress will not hesitate to impose additional sanctions against Tehran in response to any perceived aggression.

The threat of new sanctions from the United States will compound Iranian President Hassan Rouhani's economic worries in the runup to the elections. When campaign season kicks off in April, the incumbent leader will face challenges from opponents in Iran's hard-line and conservative camps alike. And though Rouhani has experience, momentum and his role in Iran's economic recovery to date on his side, the country's lingering financial troubles will weigh heavy on voters' minds as they head for the ballot box. Inflation has fallen under Rouhani's administration, but unemployment is still high — a vulnerability his opponents may seize on during the campaign.

As the Islamic republic gears up for its election, one of its prized proxy forces, Hezbollah, could derail a vote in Lebanon. The militia's allies and enemies are still at odds over electoral reforms and a new budget, and their disagreements could postpone elections set for May. Notwithstanding the current dispute, the Lebanese government has come a long way over the past several months. A new prime minister and president have managed to reshuffle the country's military leadership and, more important, revive its stagnant energy sector. Their progress highlights the pragmatic approach Lebanon's main political parties have taken to try to find a viable compromise to solve the country's persistent problems. But as the lingering differences over electoral reform demonstrate, no solution is perfect.

Hezbollah will also be a source of growing concern for Israel during the second quarter. The group's military buildup in Syria over the course of the civil war there, combined with its growing presence in the Golan Heights, has put Israel on high alert and fueled fears of an impending war at the country's northern border. To prevent Hezbollah from getting any stronger, the Israeli government will continue attacking its arms shipments in southern Syria. Nevertheless, the conflict could escalate during the second quarter.

### Israel's Survival Strategy

If the Israeli government keeps pursuing its settlement policy in the West Bank without objection from the White House, moreover, the proliferating communities could provoke a violent response from Palestinians there. The risk of renewed conflict, sparked by competing Salafist groups or merely by chance events, will loom large in the Palestinian Authority, though its two main political parties, Fatah and Hamas, will each try to avoid confrontation with Israel this quarter. In addition, the political divides between the parties could further postpone legislative elections in the Palestinian territories, scheduled in the West Bank for May.

Hamas and Fatah will each be focused on their own internal objectives this quarter rather than on bridging the divide between them. Hamas is working to modify its political charter for the first time in decades, breaking with tradition to recognize the 1967 Palestinian borders. The party's turn toward moderation, however slight, is meant to curry favor with Arab partners such as Egypt, whose support Hamas needs more than ever now that the Islamic State's Sinai faction is threatening its supply routes and legitimacy. (Israel will put little stock in the group's efforts at change, though, and will continue its operations against Hamas.) Fatah's leaders, meanwhile, will be focused on establishing a succession plan for aging party leader and Palestinian President Mahmoud Abbas. The enduring rifts between the rival Palestinian parties will prompt Arab states in the region to get more involved to try to resolve the struggle.

### The Saudi Survival Strategy

For Saudi Arabia, the second quarter will hinge on OPEC's May 25 meeting. The summit, during which Riyadh will cajole its fellow members in the oil cartel to extend the production cut instated in November

2016, will be a turning point for the Saudi government's economic reform initiatives. Even though the production cap hasn't boosted oil prices as much as Riyadh hoped it would, the kingdom is in no position to risk oversaturating the market by scrapping the deal. Doing so, after all, would further destabilize the price of oil, jeopardizing Saudi Arabia's oil revenues in the process. Whether the country can persuade the rest of OPEC to stay the course with the production cut will determine every other economic action that the Saudi government takes for the rest of the year.

### The Yemeni Civil War

With all sides of the conflict locked in a stalemate, Yemen's civil war will enter the second quarter more or less stagnant. The rifts in the Gulf Cooperation Council (GCC) military coalition against Yemen's Houthi rebels are more pronounced than ever. The United Arab Emirates is focused on training and supporting its own forces in the south. Saudi Arabia, on the other hand, is looking to the United States for help negotiating a political resolution to end the fight. But until Riyadh compromises in its adamant support for Yemeni President Abd Rabboh Mansour Hadi, and the Houthi rebels agree to relinquish territory to the government, the prospects for peace will be slim. So though the United Nations will make another attempt at forging a peace plan for the country, it will make little headway in this endeavor.

Evidence of Iran's efforts to train and equip the Houthi rebels, meanwhile, has prompted the Pentagon to request more support for the Saudi- and Emirati-led coalition. If the White House approves, the United States will share more intelligence and boost its logistical coordination with the Gulf coalition to try to limit Iran's influence in war-torn Yemen and stabilize the strategic Bab al-Mandab Strait. At the same time, Washington will pursue a more aggressive strategy against al Qaeda in the second quarter since the group's slow and steady approach has enabled it to grow in Yemen as well as Syria.

### The Libyan Civil War

Oil production will also play an important role in Libya this quarter, as multiple conflicts rage on in the country. Libyan National Army chief Field Marshal Khalifa Hifter has reclaimed the critical As Sidra and Ras Lanuf oil export terminals in eastern Libya, after the Petroleum Facilities Guards and Benghazi Defense Brigades militias overran them in early March. Though the fighting stalled oil production in Libya, it will likely maintain export levels over 400,000 barrels per day throughout the quarter.

In western Libya, meanwhile, rivalries between the U.N.-backed Government of National Accord and the General National Congress, two of the country's three rival governments, will breed divisions in Misrata and Tripoli. Outbreaks of violence between the governments' corresponding militias will continue to be a constant this quarter, particularly in the capital. International support for Libya's governments will be less divided, by contrast. Egypt and the United Arab Emirates will continue to back Hifter, while Russia increases its support for his Libyan National Army. (Unless he can bring more ground forces under his control, however, Hifter will have trouble increasing his influence in eastern Libya, and his efforts to draw new recruits will run up against tribal divisions.) And although the European Union will push for political resolutions to the various battles in Libya, negotiations will stay at a standstill this quarter.

### The Difficulties of North African Reform

Elsewhere in North Africa, Algeria's government will fight a political battle of its own this quarter, albeit more quietly. The country's citizens are frustrated since the government passed a new budget that slashed public spending and raised taxes. The austerity measures, which sparked public protests, will be at the forefront of voters' minds as they head to the polls in May for legislative elections, and more

demonstrations are expected in the meantime. Whatever the vote's outcome, however, the Parliament lacks the political clout to bring change to Algeria's tightly controlled political system, even if opposition parties perform better than they have in years past. Many of President Abdel Aziz Bouteflika's close allies have ensconced themselves in important ministries and positions over the past few years, including, during the first quarter, the head of state oil and gas company Sonatrach. Infighting among the country's elite will be a strong undercurrent in Algerian politics for the rest of the quarter, though it will take place largely behind closed doors.

Top

East Asia

China in Transition

Globalization, Evolved

The New Silk Road

Coping With a Nuclear North Korea

Asia-Pacific: Among Great Powers

Southeast Asia: Burdened By Consensus

A Japanese Awakening

China in Transition

Chinese President Xi Jinping's push to consolidate his grip on power will enter a critical phase in the coming months amid preparations for October's 19th Party Congress, the quinquennial meeting where senior party officials select the next Politburo Standing Committee, the country's top governing body. With as many as five of the current seven committee members expected to step down this year, the plenum will offer Xi a momentous opportunity to stack the country's leadership with his supporters, fortifying his position as China's most powerful leader in decades. In the lead-up to the congress, Xi's core task will be to eliminate remaining checks on his influence, while reshuffling personnel to move allies into key posts. Broadly speaking, these efforts will be successful.

The stakes riding on the Party Congress will compel Chinese leaders this quarter to focus overwhelmingly on stabilizing the economy, sustaining low unemployment and avoiding social disruptions, meaning much-needed but risky reforms will take a back seat. Beijing will continue to push industrial restructuring and consolidation programs, environmental initiatives and limited financial reforms. Major new initiatives, however, that would threaten to erode business confidence or destabilize the economy are unlikely in the near future. And on existing issues that the government chooses to expand, such as corporate debt-equity swaps and bankruptcy tribunals and the introduction of a nationwide property tax, authorities will delay full implementation until after the congress. In the meantime, Beijing will maintain robust support for key industrial sectors such as home construction and manufacturing while introducing piecemeal measures to strengthen the economy's defenses against potential external shocks, especially those threatened by impending shifts in U.S. trade and currency policies.

Outside the mainland, Beijing will face a bigger challenge in managing persistent discontent in Hong Kong over China's interference in the city's political affairs, a situation that the recent election of its

preferred candidate, Carrie Lam, as Hong Kong's next chief executive will do little to alleviate. As the special administrative region prepares to mark the 20th anniversary of its reunification with China on July 1 (Lam's inauguration date), conditions will be ripe for an escalation of protests.

## Globalization, Evolved

The ongoing evolution in U.S. trade policy will continue to be felt across the Asia-Pacific and will pose the greatest potential threat to Chinese economic stability — and therefore to Xi's drive to consolidate power — in the second quarter. In the next three months, Washington may not impose new barriers to trade with China beyond anti-dumping and countervailing duties, but Beijing will gird itself for the possibility that the Trump administration follows through on the new president's promises to name China a currency manipulator or levy new controls on U.S. imports of Chinese goods such as steel or automobiles. Chinese authorities will work to build up buffers against U.S. threats or punitive measures while seeking to deter Washington by outlining the retaliatory measures Beijing can take. China may also introduce its own anti-dumping measures. Beijing's most likely course of action, however, will be to try to use its influence on regional security matters as leverage in economic discussions with Washington. Toward this end, China may offer to cooperate with Washington on issues such as cybersecurity, military affairs and even North Korea — a rare area where U.S. and Chinese interests overlap. At the same time, it will become more openly confrontational in the South China Sea or on other regional matters.

Though China has been the primary target in Asia of Washington's attacks on trade and currency manipulation, Japan and South Korea — the United States' two most important security allies in Asia — have by no means been exempt from prospective U.S. policy changes. This will compel both countries to explore other options, including expanded investment into and potentially imports from the United States, to hedge against pressure from Washington and prevent economic frictions from undermining their security partnerships. Nonetheless, even rhetorical pressure from Washington on trade will be painful for South Korea as Seoul attempts to move on from the fall of President Park Geun Hye while also facing Chinese economic retaliation over the deployment of the Terminal High-Altitude Area Defense (THAAD) missile defense system. China may ease pressure on Seoul in an effort to open diplomacy with the next South Korean administration after the upcoming election. But the new president's attention will be divided between a range of priorities: not only the perennial North Korean threat but also reform of South Korea's scandal-prone chaebols (giant, family-run conglomerates) and broader economic restructuring.

Elsewhere in the Asia-Pacific, moderate recoveries in the global economy — particularly in commodity prices — will continue to provide much-needed relief for regional exporters. Nonetheless, countries such as South Korea and Thailand will struggle to regain their growth momentum because of internal political constraints, increased regional competition and regional geopolitical pressures. Moreover, few countries in the region will be immune to the long-term impact of the surge of protectionism across the globe or the potential fallout from a prolonged Sino-U.S. trade or currency spat. As major powers reconfigure their trade strategies, smaller economies will seek to insulate themselves from potential shocks by more proactively pursuing regional cooperation and economic diversification. In addition to Asia-centric multilateral frameworks such as the 16-member Regional Comprehensive Economic Partnership (RCEP), trade-dependent economies such as those of Malaysia, Australia, Vietnam and South Korea will explore free trade options farther afield.

## The New Silk Road

Beijing will be well-positioned to exploit regionwide uncertainty over Washington's potential retrenchment to press Chinese interests elsewhere in its periphery this quarter. In response to the Trump administration's withdrawal from the Trans-Pacific Partnership trade pact, China will redouble its

efforts to draw regional economies further into its orbit by touting regional trade initiatives such as RCEP.

In addition to trade, expanded investment, particularly in infrastructure, will be core to China's diplomatic outreach throughout its periphery, with Beijing using its One Belt, One Road summit in May to portray itself as an economic anchor and promote its vision for the region as a favorable alternative to the Western-led order. But its efforts to build out vast road and rail networks will be constrained by localized unrest and suspicions in target countries, particularly Pakistan and Sri Lanka, as well as at home in Xinjiang. Domestic economic pressures will also complicate implementation of Beijing's grand plans.

### Coping With a Nuclear North Korea

The fraught efforts by China and the United States, as well as South Korea and Japan, to contain North Korea's nuclear weapons program will remain a singular driver of regional dynamics in the quarter. As North Korea nears the successful development of an effective nuclear deterrent against the United States, Pyongyang will continue to use every opportunity to demonstrate its expanding defense capabilities. Another North Korean nuclear test would undoubtedly elicit heated rhetoric and defense posturing by Seoul and Tokyo, including moves that Beijing views as antagonistic. This will reduce room for diplomacy between Washington and Northeast Asia's leading powers and intensify pressure on Washington to consider alternative measures to deter Pyongyang.

Direct, pre-emptive military action against Pyongyang — particularly its nuclear weapons infrastructure and arsenal — is possible but unlikely this quarter absent a complete breakdown of diplomatic efforts by the United States and China. Instead, Washington will most likely focus on pressuring Beijing to rein in Pyongyang. Beijing may use its economic pressure over North Korea to hedge against Washington's agenda on other fronts, particularly U.S. pressure on trade. But Beijing will avoid fully severing North Korea's economic lifelines in China or substantially undermining Kim Jong Un's rule in Pyongyang.

### Asia-Pacific: Among Great Powers

Where possible, Beijing will work to separate its tension with Washington over trade and the Korean Peninsula from other pivotal issues in China's periphery. Beijing will be particularly on guard against any moves by Washington to use Taiwan as a bargaining chip in other negotiations. Though the Trump administration reversed course and pledged in February to continue the "One China" policy, a long-standing diplomatic formula underpinning Washington's relations with Beijing and Taipei, the White House may still seek to boost arms sales or diplomatic contact with Taipei this quarter. Meanwhile, Taiwan will also expand its economic outreach to other countries, particularly Japan, India and Southeast Asian states, to lessen the impact of diplomatic isolation by Beijing. China would heartily protest any new U.S. arms sales to Taiwan and possibly reduce military cooperation with Washington, but it will avoid inflaming cross-strait tensions in any way that would threaten Xi's goals at the upcoming Party Congress.

Meanwhile, Beijing will further its evolving strategy for managing the backlash in Southeast Asia to expanding Chinese maritime activities in regional waters. Following last year's international tribunal ruling invalidating China's territorial claims in the South China Sea, Beijing has continued a carrot-and-stick strategy, paring maritime and economic concessions with coercive measures — all while continuing to build out its regional military presence. In recent months, this strategy has helped China and some South China Sea claimant states, particularly the Philippines, achieve a tentative conciliation, even as China's broader confrontation with the United States has threatened its capacity to manage

## South China Sea affairs.

But numerous potential flashpoints in the second quarter will put this reconciliation to the test. For example, the upcoming fishing season will create ample opportunities for flare-ups between Chinese fishing fleets and coast guard forces and their counterparts from littoral states such as Indonesia and Vietnam. Perhaps the biggest test will be the joint fishing arrangement between China and the Philippines in waters around the Scarborough Shoal, a long-standing flashpoint some 200 kilometers west of Luzon. Though large-scale, sustained conflict in the disputed waters is unlikely, the growing number of civilian and naval ships on the seas raises the risk of accidents and miscalculations capable of spawning an international crisis.

Landmark bilateral Sino-Philippine maritime consultations in May will not fundamentally alter the dynamic in the region. With Philippine President Rodrigo Duterte's erratic rhetoric and efforts to reorient the country's foreign policy toward China beginning to draw some pushback at home — and given China's unwavering goal of cementing its regional maritime dominance — Sino-Philippine relations will remain fraught, creating opportunities for a warming of ties between Manila and Washington. This, in turn, could affect how other states in the region deal with Chinese assertiveness. Ultimately, claimant states will continue to pursue omnidirectional foreign policies marked by greater ties with a range of outside powers, including Russia and Japan. And Beijing will work to maintain its current strategy of balancing coercion with concessions and cooperation (including on energy development in disputed waters) to temper the sharpest tensions and limit opposition to its maritime actions.

## Southeast Asia: Burdened By Consensus

China and the Association of Southeast Asian Nations (ASEAN) will likely make some progress in negotiations on a Code of Conduct for the South China Sea. But divisions within ASEAN over how to deal with Beijing, combined with deepening concerns over China's growing military power and perceived assertiveness, will limit the negotiations.

Moreover, across Southeast Asia, domestic political factors will continue to hinder pan-ASEAN cohesion and complicate broader regional issues. Even as the Philippines' temporary detente with China enters rough waters this quarter, for example, so will Duterte face new challenges to his initially unquestioned authority at home. As long as Duterte's domestic popularity is high, he will face no serious threats to his power. But the threat of power struggles within the government and political establishment will grow as he pushes forward with contentious initiatives such as his violent war on drugs, peace talks with Muslim Moro and Communist rebels, and a plan to shift the government to a federal system — all while seeking to limit domestic backlash to his reorientation away from the United States, which retains deep ties throughout the Philippine defense establishment. A Duterte administration bogged down by domestic pressures would have less room to sustain a politically risky outreach to China or, as this year's ASEAN chair, steer the body toward a semblance of consensus on the South China Sea.

Meanwhile, in Cambodia — under the current government, China's most stalwart supporter in ASEAN — upcoming commune elections will test the public's support for Prime Minister Hun Sen and the grip of his Cambodian People's Party on power ahead of 2018 general elections. Similarly, an April runoff election for Jakarta governor will serve as a barometer of the ruling party's ability to solidify support to the degree necessary to expand substantial fiscal, regulatory and economic reforms and play a more decisive role in regional trade and security affairs.

## A Japanese Awakening

Barring a significant change in U.S. policy toward the South China Sea, claimant states and U.S. allies

alike will remain cautious about undertaking bilateral naval patrols with Washington or taking other actions that might antagonize Beijing. Such concerns will be unlikely, however, to deter Japan from deepening its diplomatic outreach to and defense cooperation with South China Sea claimant states. Tokyo will use arms sales and military aid to ASEAN states, along with joint exercises with regional navies and a generally increased regional maritime presence, to bolster its position as an increasingly robust check on Chinese influence in Southeast Asia.

Japan's diplomatic, economic and security offensives in Southeast Asia are just one piece in its broader push to revive the country's standing and influence abroad. In the second quarter, Japanese Prime Minister Shinzo Abe will meet with Russian President Vladimir Putin as the two countries seek to improve ties and resolve a long-standing dispute over control of the South Kuril Islands. Even incremental progress here would help Tokyo hedge against Chinese influence in Northeast Asia. Meanwhile, Japan will continue with efforts to counter China's expanding presence in the East China Sea by increasing naval and coast guard patrols and research activities. But Tokyo's attention will be dominated by relations with Washington this quarter, with several meetings between senior Japanese and U.S. lawmakers on the docket, as the government seeks to build on the momentum generated by Abe's recent visit to Washington and Japan's promise to invest in the United States.

The Abe administration will use political capital gained from its diplomatic successes here to push for structural reform legislation at home, along with a constitutional revision allowing the emperor to abdicate. The quarter will likely see concrete progress on reform legislation in areas such as agriculture and labor. Meanwhile, the Abe administration will rely on aggressive monetary and fiscal policy to sustain overall economic stability at home.

[Top](#)

[Latin America](#)

[North America Unrivaled](#)

[The Importance of Mexico](#)

[Venezuela's Unraveling](#)

[Colombian Peace Process](#)

[Brazil's Economy Recovers While Its Leaders Founder](#)

[Argentina Undertakes Subtle Reforms](#)

[North America Unrivaled](#)

Now that the key members of U.S. President Donald Trump's trade team have been appointed and are likely to be confirmed this quarter, trade issues will move up on the White House's agenda. Washington will use the next three months to conduct an internal review on the United States' existing trade agreements and decide which aspects of the deals to amend in negotiations. At the top of the new administration's priorities will be the revision of the North American Free Trade Agreement (NAFTA).

NAFTA's members — Canada, Mexico and the United States — will open the discussion within a trilateral framework. Though the United States has said it would prefer to pursue trade talks on a bilateral basis, Canada and Mexico have made clear that they prefer to stick to three-way talks. But even if the United States is willing to kick off the negotiations in this format, differences between



Washington and its North American trade partners could eventually force the parties to move to one-on-one discussions instead. This cannot happen, however, until the negotiations formally begin in the second half of the year. (The White House has said it plans to use the Trade Promotion Authority law to renegotiate NAFTA, but doing so would require the administration to give 90 days' notice before entering into official talks — notice it will almost certainly issue in the second quarter.)

In the meantime, all parties will see a flurry of preparations and lobbying take place in the coming months, ahead of the talks. The United States will use its 90-day consultation period to draft specific negotiating points for congressional review. Chief among them will be NAFTA's rules of origin: Washington will argue that products imported from Mexico and Canada should be made up of more inputs sourced from NAFTA members in order to qualify for tariff exemptions. The White House will also probably seek to reshape the bloc's Chapter 19 dispute settlement mechanism, introduce more labor and environmental requirements, and expand the deal's purview to cover modern sectors such as the digital economy that were not included in the initial agreement.

Mexico's strategy going into the negotiations also began to take shape over the first quarter. Mexico City has already triggered its own 90-day consultation period and has begun reaching out to business leaders and groups at the state and municipal levels in Mexico and the United States to lobby against any substantial alterations of NAFTA. Mexico has also outlined the sectors most likely to be affected by a breakdown in negotiations or new U.S. tariffs on Mexican goods so that it may respond in kind if it must. But with few practical means of immediate leverage against the United States, Mexico is at a distinct disadvantage. As a result, it will have no opportunity to pressure Washington without jeopardizing the NAFTA talks as a whole. Threats of scaling back intelligence sharing, for example, will probably emerge from Mexico only if Washington attempts to impose unfavorable constraints on Mexican goods during the talks.

Though Trump's harshest criticism of NAFTA has so far centered on Mexico, Canada is taking no chances. Following Mexico City's lead, Ottawa has reached out to U.S. states that frequently trade with Canada, including in the Midwest, in an attempt to minimize disruptions to NAFTA. Several of those states voted for Trump in November, but Ottawa is hoping to make the case that preserving close trade ties with Canada is in their best interest. Its lobbying and outreach efforts will continue through the second quarter. Canada has also pointed out that its own free trade agreement with the United States, which predates NAFTA, has only been suspended and could easily be resurrected should Washington choose to replace the trilateral deal with two bilateral arrangements.

Beyond its immediate neighbors, the United States will seek to more tightly enforce its existing trade deals with other partners, particularly China. Washington, however, is unlikely to make much progress on larger trade issues during the coming quarter. Though the White House has threatened to ignore the rulings of the World Trade Organization (WTO) as it sees fit, the issue probably will not come to a head in the next three months. With its health care plan on ice, the Trump administration will instead shift gears toward trying to implement its proposed tax cuts and reforms. Congress will pass a budget resolution in the second quarter that will allow it to try to approve tax adjustments through budget reconciliation before the end of the 2018 fiscal year. Meanwhile, the Trump administration will unveil its own proposed changes to the tax code this quarter, though its plan will face an uphill battle in Congress. Among the most controversial amendments that Republicans in the House of Representatives have proposed is a border tax adjustment. Many are concerned that the measure may violate the United States' obligations under the WTO by rebating "direct taxes" on exporters (potentially constituting an export subsidy) and by taxing imported goods differently than domestically produced products. EU members and other countries have expressed concern about these issues and have promised to challenge the changes if they are approved by Congress. That said, it is unclear whether these aspects of the tax reform will be eliminated, adjusted or kept before the bill is presented to lawmakers. Moreover, though Washington will kick off the process of overhauling the U.S. tax code this quarter, Congress will not face as tight a deadline to complete it as it did with health care reform earlier this year. The tax proposals' actual passage, then, will not occur until at least the second half of 2017.

## The Importance of Mexico

Mexico's relationship with the United States — its most important in terms of trade, security and diplomacy — will take center stage in Mexico City this quarter. Though the Mexican government will take small steps to try to limit any alterations to its ties with Washington, it will also hedge its bets by searching for ways to diversify its economy away from its northern neighbor. Mexico will explore its options for expanding trade with the European Union and Asian partners, including Japan, China, New Zealand and Thailand, while seeking to partially substitute U.S. food imports with goods from South America. To that end, it will try to lay the groundwork for deals to purchase more soybean, beef, pork and corn imports from Brazil and Argentina.

The White House's plans to renegotiate NAFTA and insistence that Mexico do more to restrict immigration could translate into political gains for populist politicians south of the border. The campaign season for Mexico state's gubernatorial election on June 4 will heat up during the second quarter, and given the state's size and political diversity, it is widely regarded as a bellwether for the country's presidential race, which will be held in 2018. At the moment, populist figure Andres Manuel Lopez Obrador's National Regeneration Movement (Morena) appears ready to give the country's traditional political heavyweights — the Institutional Revolutionary Party (PRI) and National Action Party (PAN) — a run for their money in this year's election. As Morena squares off against the PRI and PAN for control of Mexico state's governorship, its performance will give some indication as to whether the PRI's numerous corruption scandals and Mexico City's deteriorating relationship with Washington will result in populist backlash during next year's presidential race. Lopez Obrador will no doubt capitalize on Mexican voters' dissatisfaction with the ruling PRI and U.S. antagonism to further his own campaign for the presidency over the next few months.

## Venezuela's Unraveling

This year will be the toughest the ruling United Socialist Party of Venezuela (PSUV) has ever encountered. Chief among the government's concerns will be its high risk of defaulting on debt owed by state oil and natural gas firm Petroleos de Venezuela (PDVSA). PDVSA is counting on a \$600 million loan from Russian oil giant Rosneft a stake in a joint venture to make its \$3.1 billion in debt payments due in April and May. If the loan falls through, Venezuela will be in dire financial straits. Should the company default on its upcoming bills, the threat of unrest spreading throughout the country will rise. But even if PDVSA successfully makes its payments in the second quarter, it will owe another \$3 billion in October and November — bills it will probably fail to pay without additional foreign assistance.

If Venezuela proves unable to avoid default, whether in April or November, its full impact will not be felt for several months. But eventually imports, including food supplies, will plunge and the country's already high inflation will soar. Each of these effects would pose a significant threat to the PSUV's continued rule. Political elites would likely close ranks and crack down on signs of dissent from within their own party and from the opposition in hopes of fending off potential challenges to the state.

Faced with mounting discontent, the Venezuelan government will also maintain — and perhaps increase — its surveillance of the country's armed forces. The ruling party fears that military officers in Venezuela's regional commands may someday rise up against the central government. Though no coup seems to be in the making at present, Caracas will use human intelligence sources and electronic surveillance to keep a close eye on its troops to ensure that does not change.

In addition to its predicament at home, the Venezuelan government will have to grapple with the uncertainty surrounding the new U.S. administration's foreign policy. The White House began to adopt a tougher stance toward Venezuela in the first quarter, and it may choose to build on that pressure by

slapping new sanctions on Caracas, through the U.S. Treasury Department, in the second quarter. If the sanctions target Venezuelan officials, their impact on the country as a whole will be minimal. But if they are leveled against PDVSA — the government's primary source of revenue — the punitive measures will do considerable damage to Caracas' finances and the ruling party's position in power. Such sanctions (or the mere threat of them) will therefore give the United States substantial leverage over Venezuela in any future negotiations.

### Colombian Peace Process

Colombia, meanwhile, will continue the process of winding down its longest-running insurgency. Rebels belonging to the Revolutionary Armed Forces of Colombia (FARC) will stay in their demobilization zones awaiting commanders' orders to surrender their weapons. At the same time, the Colombian Congress will pass legislation that will permit the FARC to continue laying down arms. Though the group originally agreed to give up all of its weapons by June 1, this deadline may be delayed since FARC members have been slow to gather at the country's predetermined demobilization zones.

The disbandment of Colombia's largest guerrilla group, coupled with rising demand for cocaine in the United States, Europe and Asia, will fuel violent competitions among smaller rebel and criminal organizations for the FARC's former coca-producing territories in the months ahead. Now that most FARC rebels are preparing to reintegrate into society, the National Liberation Army (Colombia's second-largest insurgency) and the Clan del Golfo crime syndicate will vie with each other for control over key drug trafficking routes and resources, bringing greater violence to the Colombian hinterlands in the Choco, Cauca and Meta departments.

### Brazil's Economy Recovers While Its Leaders Founder

The second quarter will bring new promise for the Brazilian economy. Buoyed by higher oil and iron ore export revenue as well as rising domestic consumption, the country will continue to pull itself out of recession in the months ahead. But Brazil's politicians will not fare as well. President Michel Temer's tenure may be cut short in the second half of the year by an ongoing Supreme Electoral Court investigation into charges that he knowingly accepted campaign funds in 2014 that were obtained through acts of corruption. Though the court is unlikely to issue its ruling during the second quarter, the accusations will continue to hang over the president in the coming months.

Several other leading figures from Brazil's major political parties have been swept up in the scandal as well. Politicians who would have otherwise been obvious candidates for the country's presidential election in 2018, such as Aécio Neves, José Serra and former President Luiz Inácio Lula da Silva, have been plagued by allegations of corruption. As the popularity of Brazil's established elite has fallen, political outsiders have seized the chance to make their own gains. Chief among them is a highly conservative former military officer, Jair Bolsonaro, who came in third place in recent polls. Bolsonaro's rise is troubling to Brazil's traditional parties, such as the Workers' Party and the Social Democracy Party of Brazil, which may have a hard time defeating him if they cannot carve out a clear majority in the first round of the presidential race. (Even da Silva, who is popular among voters, would run the risk of losing to Bolsonaro in the event of a runoff.) Still, the campaign season has only just begun, and Bolsonaro's chances of proceeding to a runoff are remote — especially if new candidates enter the race on behalf of Brazil's entrenched leaders.

For now, Temer will focus on bringing his pension reform — a key part of his austerity agenda — to a vote in the lower house of the National Congress. But protests against the proposal and government corruption could stall the vote, particularly as Eliseu Padilha (Temer's chief of staff and lead negotiator

with the National Congress on the reforms) comes under scrutiny for graft. The threat of an investigation into and indictment of Padilha, or of Brazilian lawmakers, may sideline Temer's effort to rally the fractured National Congress' support for his policies.

## Argentina Undertakes Subtle Reforms

Argentina's leaders will be in a no less precarious situation this quarter. President Mauricio Macri will have to balance between satisfying the demands of organized labor and attracting foreign investors as he continues to steadily make fiscal adjustments over the next few months. These measures will include hikes in the price of natural gas and likely water for consumers across the country.

There are limits, however, to how heavy a burden the government in Buenos Aires can place on taxpayers. The country will hold legislative elections <LINK: The Costs of Promoting Business in Argentina> in October that are considered a prelude to the presidential race in 2019. Determined to remain in power, the ruling party will shy away from implementing heavier austerity measures or spending cuts ahead of this year's vote that would directly harm labor unions or provincial governments.

Top

## South Asia

India's Own Worst Enemy

The India-Pakistan Rivalry

South Asian Militancy

India's Own Worst Enemy

The second quarter will be a benchmark for India's ambitious tax reforms. The Goods and Services Tax (GST) bill has weathered a halting journey in the 17 years since it was first proposed, spurring debate and disagreement as it wound its way through India's democratic system. Thanks to Finance Minister Arun Jaitley's "cooperative federalism" strategy, however, the dual value-added tax legislation clinched a major victory during the Parliament's recent budgetary session when the lower house passed all four of its component bills. The bills' passage marked a big step toward simplifying India's convoluted tax system and unifying its fragmented market — two key components of Prime Minister Narendra Modi's plan to boost economic growth.

Having passed the measures at the federal level, the ruling Bharatiya Janata Party (BJP) will now shift its attention to India's 29 state legislatures, each of which must pass a local version of the GST. This will be a lengthy undertaking, of course, especially considering that the BJP is in the minority in 14 state assemblies. Consequently, Modi's government probably won't meet its July 1 implementation deadline. But that doesn't mean the measures will fail. Through concession and compromise, Jaitley and his state counterparts in the GST Council have addressed local governments' major grievances, including the issue of compensation for lost tax revenues in manufacturing-heavy states. Ever since Parliament passed the GST constitutional amendment in August 2016, moreover, India's state and federal governments have become more aligned on the issue of tax reform. And so, notwithstanding the usual politicking, each state will pass its version of the GST eventually — though not necessarily in the second quarter.

In fact, India's economic reform project as a whole is entering the new quarter with renewed momentum after the recent state elections in the country. The BJP achieved a resounding victory in the all-important state of Uttar Pradesh, and it also formed governments in the states of Goa, Manipur and Uttarakhand. This string of successes is good news for the BJP for a couple of reasons. The ruling party, for instance, will get to send more representatives to the upper house of Parliament, easing the way for economic reforms — though this is a benefit that will take some time to pay off. More immediately, the party's strong electoral performance is a vote of confidence for Modi's demonetization campaign, despite the many inconveniences it caused.

Now that the Reserve Bank of India has removed ATM cash withdrawal limits, the demonetization process has ended, and "remonetization" is in full swing. As Indians regain access to cash, their country's economic growth should pick up a bit. At the same time, however, digital transactions — something demonetization tried to encourage — will keep falling, albeit not necessarily to pre-demonetization levels. New Delhi has yet to address the underlying reasons that have kept cash king in the Indian economy. The country's financial infrastructure remains inadequate, the cost of credit card transactions still exceeds that of cash payments, and the legal protections against credit card fraud are lacking. Until New Delhi fixes these issues, cash will continue to reign supreme.

The quarter also promises several important foreign policy visits for India covering defense, energy and investment. In April alone, Modi will host the prime ministers of Bangladesh and Australia, as well as the president of Nepal and Singapore's foreign minister. The Indian prime minister will chalk up a success in his country's quest to join multilateral institutions in June at the Shanghai Cooperation Organization summit in Astana, Kazakhstan, where India will receive full membership in the bloc. Pakistani Prime Minister Nawaz Sharif will also be in attendance to represent his country, which is also being admitted to the alliance. Their meeting will mark the first exchange between the two leaders since 2015 and offer a chance to gauge the state of South Asia's most consequential bilateral relationship.

### The India-Pakistan Rivalry

With state election season behind it, the BJP has less political incentive to lambaste Pakistan, and relations between the two will stabilize during the second quarter. The two nuclear rivals will continue to bicker over a host of issues, of course, including the disputed territory of Kashmir. But since the fourth quarter of 2016, the number of cease-fire violations along the Line of Control in the region has fallen. The drop coincided with Gen. Qamar Javed Bajwa's ascension to the powerful post of Pakistan's army chief. Bajwa is redirecting his country's strategic attention away from India and toward Afghanistan (though securing the eastern border will still be a priority for Pakistan). Consequently, Islamabad will take pains to avoid antagonizing New Delhi. And as Pakistan's next general elections approach in 2018, a Supreme Court decision on Sharif and his family's involvement in the Panama Papers scandal could give the opposition useful campaign fodder.

India, likewise, will shift some of its attention from Pakistan — which will remain its biggest regional foreign policy challenge nonetheless — to another country in its periphery, Nepal. The Madhesi, an ethnic group of Indian origin living along the Terai plains near the Nepalese border with India, have renewed their demands for greater autonomy, including the creation of two Madhesi-majority provinces in the area. What's more, they have promised to boycott Nepal's May 14 local elections, the first such vote in 20 years and a milestone for the country's democracy. The opposition Communist Party of Nepal (Unified Marxist-Leninist), meanwhile, has vowed to counter the Madhesi's demands for fear that the two new provinces would give the ethnic group control over the Nepal-India border. The party's stance alone will cause greater discord as the election approaches.

Unless Nepalese Prime Minister Pushpa Kamal Dahal's Maoist Centre party concedes to negotiations over the Madhesi's requests, the local elections will hit a snag. Either the vote will be delayed, or its legitimacy will come into question, sparking protests along the Terai. Each scenario will increase the probability that India and China stage a diplomatic intervention, as they did in 2016 to try to keep former

Prime Minister Khadga Prasad Oli's administration from toppling. (New Delhi will be careful not to intervene too directly, though, lest it push Kathmandu closer to Beijing.) Even so, given that Dahal's alliance holds a majority in Nepal's legislature — even without the Madhesi parties' support — his administration will survive through the quarter.

## South Asian Militancy

Back in Pakistan, the army will continue its efforts to vanquish anti-state militancy, particularly in the restive Federally Administered Tribal Areas along the border with Afghanistan. Bajwa, the new army chief, is currently overseeing Operation Radd-ul-Fasaad as part of that initiative, which has already contributed to a decline in the number of militant-related civilian deaths in Pakistan. Though the campaign will help further reduce the casualty rate, progress will come at the cost of high-profile retaliatory attacks by the Islamic State's Khorasan chapter and the Jamaat-ul-Ahrar, a breakaway faction of the Tehrik-i-Taliban Pakistan. The threat of militant attacks in South Asia, in fact, will rise during the second quarter because warmer weather heralds the start of the annual spring offensive. The Taliban will ramp up their attacks across Afghanistan — not just in their strongholds of Helmand and Kandahar provinces in the country's south. The Islamic State's Khorasan chapter may also increase its activities. The uptick in attacks, in turn, will encourage more militants to seek refuge across the border in Pakistan, complicating Operation Radd-ul-Fasaad and perpetuating a cycle of militant violence and military crackdowns in the region.

In addition, the second quarter will test Afghanistan's peacemaking skills. Notorious warlord Gulbuddin Hekmatyar is expected to end his 20-year exile from public life in the next few months as part of a deal that Kabul struck with his party, Hizb-e-Islami Gulbuddin, in fall 2016. Should he return to Kabul as anticipated, Hekmatyar will reintegrate himself into the political wing of his party to begin laying the foundation for a return to politics. This quarter, moreover, Russia will continue to increase its efforts to jump-start the peace process in Afghanistan as it joins with Pakistan and China to mediate in prospective negotiations between the Afghan government and the Taliban. Despite its bloody history with Russia, Kabul is cautiously optimistic about Moscow's involvement.

Top

## Sub-Saharan Africa

Nigeria: Obstacles to Prosperity

The Post-Apartheid Era Ends

Old Leaders in New Africa

Mozambique's Financial Mess

Ethiopian Instability

East African Integration

Nigeria: Obstacles to Prosperity

Nigerian President Muhammadu Buhari has had a tough year so far, made all the more complicated by lingering concerns over his health. The public's fears were significantly heightened after what was

supposed to be a 10-day medical trip to London turned into a nearly two-month convalescence abroad. Should the president be unable to finish his term, which ends in 2019, the center of Nigeria's political power and patronage would shift southwestward toward the base of Vice President Yemi Osinbajo, who would assume the presidency. Aggrieved northern politicians may respond by boosting their support for the country's militant groups, while the oil-rich and restive Niger Delta's expectations of concessions from the federal government may rise. (In its negotiations with Abuja, the southern region has demanded money and other perks.) Even if Buhari's rule continues, opposition from within and outside of his ruling All Progressives Congress party will mount in the face of the country's persistent financial difficulties. This will be especially true if the president fails to allay fears over his health before potential successors begin jockeying for a place in Nigeria's 2019 election — now less than two years away — in earnest.

Regardless of who rules the country, Nigeria's numerous economic challenges will not lessen in intensity in the second quarter. Weak oil prices, high inflation and the possibility of a stronger U.S. dollar will be a difficult combination for the Nigerian state and its citizens to weather. After all, a stronger dollar relative to the naira, Nigeria's currency, would hike up the costs of food and other imports, sparking protests and other forms of unrest. Meanwhile, international financial institutions such as the International Monetary Fund will continue to pressure Nigeria to lift its foreign exchange restrictions, which have proved costly for the country's currency reserves. But the government will likely limit its actions to small steps, avoiding a completely free-floating naira in the name of price stability. Nevertheless, Abuja will make minor progress in reforming the country's business environment as it pursues its 2017-2020 Economic Growth and Recovery Plan. This progress will likely include increasing transparency in service-level agreements (such as permits) and improving efficiency in the entry and exit of people and goods, which Nigeria's plan is slated to target first. More ambitious reforms, however, will suffer if Buhari — who has reportedly reduced his working day to only a few hours — remains in ill health.

As government coffers come under increasing strain, the president will have to forgo expensive projects that could win over new allies and prevent the fissures within his party from widening. Deals intended to placate militants and stakeholders in the Niger Delta will likewise be modest, thus lacking the broad appeal needed to please the region's fractious groups and keep them from resorting to politically motivated violence. The possibility that Niger Delta militants will try to increase pressure on the federal government in the second quarter by holding protests and conducting attacks as Abuja builds a peace package for the region cannot be ruled out.

## The Post-Apartheid Era Ends

The contest over who will succeed South African President Jacob Zuma as the head of the African National Congress (ANC) will continue to heat up this quarter. Finance Minister Pravin Gordhan and other Zuma detractors were dismissed in a March 30 Cabinet reshuffle that removed several ministerial roadblocks constraining the president's actions. Zuma has since appointed his close allies as replacements. Over the next three months, opposing factions within the country's ruling party will press for their favored styles of reform as Zuma further emphasizes the need for radical economic change, including greater black economic empowerment, to energize his base and improve the odds that his successor will emerge from his ethnic Zulu and pro-labor circle. One possible candidate is his political ally and former wife, Nkosazana Dlamini-Zuma, who returned to the country in March after serving at the African Union for four years. She has since begun campaigning for the ANC's top position.

Meanwhile, the president's dismissal of Gordhan, whom the international community views as a steady hand over the economy, prompted S&P Global to downgrade South Africa's credit rating on April 3. The move will only further weaken the country's fragile financial position. Judicial proceedings related to corruption allegations and other cases that involve Zuma and his inner circle may prove an additional distraction as revelations of politically damaging information threaten to complicate matters for the president.

Zuma's options will be further constrained by the countermoves of the ANC's more market-oriented faction as it seeks to strengthen its own candidate ahead of the party's December leadership congress. This wing will continue to push for restrained spending measures and budget cuts that are anathema to Zuma's need to shore up support among his followers. Its ability to hamstring the president, however, was weakened by the March 30 Cabinet reshuffle. As the country's ongoing leadership struggle intensifies, the government will have a harder time pushing through difficult reforms in the months ahead, and rifts within the ANC will widen.

For the most part, labor relations will remain calm in the second quarter — at least compared with previous years — as numerous agreements remain active until the end of the year and as the government seeks to avoid a credit downgrade. Nevertheless, tensions within the coal industry will continue to mount as the opposing sides debating the structure of wage negotiations struggle to find common ground. (In January, the previous policy of holding negotiations at a centralized level will be replaced by negotiations at the company level.) Tense labor relations in the coal sector could worsen if Zuma and his camp politicize the talks in order to energize their base for the brewing leadership battle.

### Old Leaders in New Africa

In the Democratic Republic of the Congo, President Joseph Kabila's political alliance will continue seek a successor who can protect the well-entrenched system of patronage it depends on to maintain power. As it stands, a 2017 election is still a possibility, even as the ruling party and portions of the opposition struggle to implement a Dec. 31 deal to transition power away from Kabila. With the president still in office despite finishing his constitutionally mandated final term in 2016, the deal's collapse looks increasingly likely. Progress on voter registration in some provinces has been made, yet millions of Congolese citizens have yet to be registered, and it is unclear how a presidential contest would be paid for, given its hefty price tag.

The political obstacles that arose after the Dec. 31 deal was signed will endure in the second quarter, causing little progress to be made between the ruling party and the opposition. This means that the time available for Kabila, who oversees a weak and fractious political order, to find a successor before 2017 ends is running out. And in the absence of an acceptable successor, the president will be more likely to resort to additional delaying tactics — such as citing election costs — to push the election (and by extension, his rule) until 2018, risking sustained unrest in the process.

### Mozambique's Financial Mess

Within the next three months, the government in Maputo will be forced to strike a deal with bondholders to restructure its debts. Negotiations became necessary when it was revealed in 2016 that bond proceedings were misused to buy military equipment and large amounts of debt were hidden. The ultimate success and timing of the negotiations will be crucial since the country, hoping to secure a bailout before the year ends, seeks to open talks with the International Monetary Fund in a bid to restore its support. A bailout would help ease the burden on the cash-strapped state, where patronage networks are strained (which could open splits within the ruling Mozambique Liberation Front) and investment in its oil and natural gas sector has stalled. Should Mozambique fail to reach a bailout deal, suspended energy industry investments could hamper development over the next few years and increase the risk that its burgeoning natural gas sector won't get off the ground amid the pending glut in the liquefied natural gas market.



## Ethiopian Instability

Last year, social unrest directed against the Tigray minority-led government in Addis Ababa spread, challenging its control of the country. But Addis Ababa's use of heavy-handed security measures in the latter half of 2016 and into 2017 has blunted the opposition movement's ability to unite, grow and intensify its pressure on the government. In the second quarter, the crackdown will continue to constrain the opposition, keeping the conflict to a low boil even as flare-ups posing significant risks to foreign businesses operating in Ethiopia persist. Ethiopia's waning internal security concerns will give it additional maneuverability in neighboring Somalia, where Addis Ababa is currently reshaping its presence.

## East African Integration

East Africa will continue to see crucial infrastructure projects come online this quarter. Following the inauguration of the Addis Ababa-Djibouti Railway in early 2017, another Chinese-funded project — the standard-gauge railway connecting Mombasa and Nairobi — is on track to be completed around June or July. The railway, which is Kenya's largest infrastructure project since independence, will provide the country with greater transport efficiency and supply-chain redundancy from its biggest port to the capital city.

Meanwhile, the European Union's proposed economic partnership agreement with the East African Community remains troubled. The deal, which has been in the works since 2007, would give member states duty-free and quota-free access to the European Union's market. In exchange, the community would remove tariffs on 80 percent of its imports from the bloc by 2033. But Tanzania and Uganda have serious reservations about the deal, and Burundi continues to be isolated diplomatically, leaving only Kenya and Rwanda to have signed onto the agreement. During the second quarter, the European Union and Kenya will keep lobbying the community's dissenting members for their support, but Tanzania will continue employing delaying tactics in hopes of killing the deal.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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From: Lewis, Brian <brian.lewis@iowa.gov> on behalf of Lewis, Brian <brian.lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: 'David E Broomhall <david.e.broomhall.mil@mail.mil>; Adams, Mike <mjadams75@yahoo.com>; Brady, Jeff <jeffbrady@alliantenergy.com>; Charles Mc Cardle <cmccard@dhs.state.ia.us>; Credidio, Mike <michael.credidio@dhs.gov>; Elliot, M. (pers) <mkelliott@iabar.org>; Estep Craig <craigestep194@gmail.com>; Fulca M <mikekimjoe@yahoo.com>; Gendler, Michael CSM <mgendler@csm.edu>; German, Dave <dagerman@mchsi.com>; Goodale, Regi <rgoodale@iowarec.org>; Grandgeorge, Pete <pagrandgeorge@midamerican.com>; Hoffman, Kurt <kmhoffmann@midamerican.com>; James Nollet <jnollet@interia.pl>; Jerry Mcninch <jerry.mcninch@hq.dhs.gov>; John Halbrook <jhalbrook@safeguardiowa.org>; Landa, Mark <mlanda@sullivan-ward.com>; Libowsky, Joseph H. <libowskyjh@doj.state.wi.us>; Lohmann, Jay <jlohman@shazam.net>; Marasco, Adam <adam.marasco@ice.dhs.gov>; Marckmann, M. <matthew.marckmann@mssb.com>; Matthes Michelle <michelle.matthes@iowa.gov>; McDermott, J. <john.mcdermott@nebraska.gov>; Mike Elliott <mike.elliott@comcast.net>; Mortenson, Wil <wmort178@gmail.com>; Noble, Mathew <mathew.noble@iowa.gov>; Nollet Mike <mfnollet@windstream.net>; O'Brian Rob <robrian@joplinc.com>; Peterson, Michael <michael.peterson@theconleygroup.com>; Riggs, T. <thomas.riggs@hq.dhs.gov>; Robert Felderman <robertfelderman@gmail.com>; Schmidt Brian LTC <brian.m.schmidt.mil@mail.mil>; Shearer Mark <mark.shearer@iowa.gov>; Simons, John <john.simons@tsa.dhs.gov>; Sroka Jeremy <jeremy.sroka@iowa.gov>; Stine Deborah <deborah.stine@iowa.gov>; Stock, Melissa <stock@dps.state.ia.us>; Stu Turner <stuart.turner@dot.iowa.gov>; Thomas K Brian <briandesert0027@gmail.com>; Zegers, Brian <brian.zegers@srigsolutions.com>  
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## Text Size

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Trade will be at the forefront of many leaders' minds this quarter as a new U.S. administration settles into the White House. Though U.S. President Donald Trump continues to be bogged down by congressional battles and allegations of inappropriate ties to Russia, his team will try to draw the public's attention back to its trade agenda. To that end, Washington will work to clarify its strategy for cracking down on currency manipulation abroad, tightening the enforcement of existing trade laws and preparing to renegotiate NAFTA. But the uncertainty surrounding the White House's intentions will linger, prompting the United States' biggest trade partners to look for new economic relationships elsewhere.

At the same time, some will leverage security cooperation and promises of investment to get on Washington's good side — or, at the very least, to try to fend off its punitive trade measures. China will be one of them as it uses its economic heft with Pyongyang, and the growing sense of urgency surrounding North Korea's nuclear program, to its advantage in tense trade talks with the United States. The White House will do what it can to push for secondary sanctions against China's stubborn neighbor, perhaps even threatening to step up its military aid to Taiwan to compel Beijing's buy-in. But even if Washington has its way, a heavier sanctions regime will do little to slow the progress of Pyongyang's nuclear program. The United States will have no choice, then, but to build a credible military deterrent against North Korea — a move that will only widen the rift between Washington and Beijing.

The Trump administration's attack on a Syrian air base was designed in large part to underscore to Beijing and Pyongyang that this White House is willing to take military action if so compelled. Though the attack sent a strong signal to U.S. adversaries, it also has created complications for the United States on the Syrian battlefield with Russia. Moscow will try to use the heightened risk of collisions on the Syrian battlefield and the fight against the Islamic State to bring Washington to the negotiating table, but the United States will be limited in any concessions it would give to Russia in return. The Kremlin will be even less inclined to trust in dialogue with the West as its problems pile up at home, though arms control may be one policy area in which the two can begin to negotiate without encountering much political blowback.

As the United States and Russia box Turkey in on the Syrian battlefield, Ankara will devote more attention to northern Iraq, where a conflict is brewing between Arab and Kurdish forces. The highly prized, oil-rich region of Kirkuk remains a key flashpoint in Turkey's competition with Iran for influence — and Iraq's rival Kurdish factions are caught in the middle. Washington will lend support to Sunni states, led by Saudi Arabia, seeking to balance against Shiite Iran as proxy battles throughout the Middle East escalate, though its nuclear deal with Tehran will remain intact.

In the meantime, Saudi Arabia and its Gulf Cooperation Council allies will shoulder most of the burden of maintaining OPEC's oil production cuts for another six months. Steady oil prices will buy Venezuela's cash-strapped government some time to get its finances in order, but not much. Caracas' risk of default will spike in the second half of the year, and the ruling party will have to spend the second quarter consolidating power in preparation for the turmoil that no doubt lies ahead.

Venezuela isn't the only state heading toward single-party rule. On the other side of the globe, Indian politics are swinging to the right — a trend Prime Minister Narendra Modi and his center-right Bharatiya Janata Party have been able to use to their advantage. This quarter, they will focus on passing a state-level version of a massive tax overhaul that cleared Parliament earlier in the year, a feat that will be more feasible as the growing power of the country's Hindu nationalists gives the ruling party the political capital to push through much-needed structural reforms.

Nigeria will have less luck passing its most pressing reforms as an intensifying power struggle in Abuja brings the government to a near-standstill. Concerns over President Muhammadu Buhari's health have

raised questions about who his successor will be — a transition South Africa's own leader, Jacob Zuma, is making preparations for as well. Zuma is working quickly to consolidate power and cater to his ethnic Zulu base with a populist platform of black empowerment before he steps down, alienating investors in the process.

Europe's entrenched rulers face a growing threat to their power as well, albeit of a very different kind. France is preparing to hold elections that will pit the country's traditional political elite against an up-and-coming Euroskeptic contender, and Italy may not be far behind. Though the French electoral system is designed to keep fringe parties out of power, the possibility of a Euroskeptic win cannot be discounted — an outcome that could bring the eurozone to its knees and send shocks through global markets.

Top

Forecasts by Region

Europe

European Disintegration

The Fate of the Eurozone

Brexit and Beyond

Divided EU Foreign Policies

Crossing Borders

European Disintegration

This year will be the one in which political risk reaches the European Union's core members. During the second quarter, this will become evident as France — the bloc's second-largest economy — holds presidential and legislative elections, the results of which will resonate far beyond the country's borders. French voters will have to choose whether they want their country to reform the European Union or dismantle it to restore their state's full sovereignty.

Italy will also become a source of political risk as it moves closer to holding general elections. The current Italian government will probably stay in place this quarter, but the specter of an election in which Euroskeptic forces are expected to perform well will do little to ease concerns about the country's fragile banks and high debt levels. Germany, meanwhile, will try to keep the European Union together as it opens its own campaign season. The coming quarter will be eventful for Greece as well as Athens implements the reforms it promised to its creditors.

The Fate of the Eurozone

French presidential and legislative elections will be the most important events to take place in Europe during the second quarter. A significant portion of France's political apparatus will be elected and appointed over the next three months. The presidential election will be held in two rounds on April 23 and May 7, while legislative elections (also split into two rounds) will follow on June 11 and June 18.

French voters will have to decide whether they want to further liberalize and deregulate their economy or increase protectionism. They will also have to choose whether they want France to stay a member of a reformed European Union or leave the Continental bloc entirely.

The biggest contenders in the elections are the nationalist National Front, the centrist En Marche!, the center-right Republicans, the left-wing Unsubmissive France, and the center-left Socialists. Should any of the moderate parties win the presidency, they will focus primarily on economic and security issues. A moderate government (especially under En Marche! or the Republicans) would seek to make the economy more competitive through various combinations of spending cuts, public investment, labor reform and initiatives to reduce bureaucracy, cut down on regulation and attract foreign investment. A moderate government would probably also direct more resources toward security forces and defense spending, while at the international level it would work to reform the European Union and defend France's leading role in it. The possibility of different parties controlling the presidency and the National Assembly cannot be excluded. This would complicate policymaking.

France's two-round electoral system has historically made it difficult for extremist parties to win presidential and legislative races. Candidates have to receive more than 50 percent of the vote to gain the presidency or a seat in the National Assembly, a threshold that the National Front, for instance, has found tough to reach. If the National Front overcomes this hurdle and wins the presidency, it will set in motion a chain of events that could lead to severe crisis in the European Union.

For one, the National Front wants to introduce tariffs on French imports and tax companies that hire foreign workers, including EU nationals. Both ideas go against the basic principles of the EU single market, which emphasizes the free movement of people, goods, services and capital. Even more important, however, the party also intends to hold a referendum on France's membership in the eurozone. Many of the National Front's campaign promises would require a majority in Parliament, and in some cases the legal procedures to implement them would be arduous. National Front leader Marine Le Pen has also said the referendum on eurozone membership would be called only after six months of negotiations on reforming the European Union. But even the mere victory of the National Front in the presidential election could trigger a crisis in the eurozone. Savers in the eurozone's periphery states (such as Spain, Portugal and Greece) could, for example, withdraw their money from local banks or transfer it to safer havens abroad, forcing authorities to introduce capital controls at the national or Continental level to stop a run on eurozone banks.

If France's moderates win, Germany will immediately invite the new president to shore up bilateral ties between Paris and Berlin and co-lead Europe. In global markets, the euro, along with riskier assets such as bonds from Europe's periphery, will strengthen rapidly. Should the National Front win, on the other hand, the German government will seek accommodation with the nationalist government in Paris, trying to dissuade it from fulfilling its most radical campaign promises. But many of the National Front's policies are simply incompatible with EU structures, limiting its room for compromise. And if serious trouble arises in the eurozone, Berlin will start making preparations for the most orderly dissolution of the currency area possible while planning its next steps with its closest partners in Central and Northern Europe. The market fallout of a potential eurozone collapse would be immediately felt in global markets as European investors flee riskier bonds and move their money to safer assets, such as German bonds.

Italy, meanwhile, is moving toward its own general elections, though it is unclear just how quickly they will arrive. The country does not have to hold elections until early 2018, but disputes within the ruling center-left Democratic Party could precipitate an early vote. The government in Rome, led by Prime Minister Paolo Gentiloni, will remain weak as Italy's main political parties prepare for the elections. Ahead of the vote, the Democratic Party will hold its primary to appoint a new leader in late April — a necessary step before the government resigns and parliamentary elections can be held.

Still, the elections will not take place during the second quarter. This means that Italy's vote will not

coincide with France's, giving markets and EU governments time to digest the latter's results. But the lingering risk of elections in Italy, where Euroskeptic parties would probably make a strong showing, will add to the uncertainty clouding Italy's political and financial future. This will do little to ease market fears about the health of Italian banks and the country's high levels of public debt. But Italy could introduce some modest spending cuts to allay the European Commission's concerns about its deficit, and whatever frictions may arise, Rome and Brussels will find a compromise, allowing Italy to avoid EU sanctions.

Greece, another troubled eurozone country, will also be politically and financially fragile this quarter. Because Greece does not have any significant debt repayments to make until mid-July, negotiations between Athens and its creditors on the disbursement of the next tranche of bailout money could drag on for weeks, perhaps even extending beyond the end of the quarter. Nevertheless, the Greek bailout program will stay on track since Athens and its creditors are eager to avoid a default at all costs, though Athens will try to tone down some of the policies it has promised to implement, or announce spending increases in some areas, in hopes of avoiding a rebellion within the government.

In the meantime, Germany will continue to delay granting debt relief to Greece during its own election cycle. It could, however, make vague promises to discuss the issue in the future. Even if the International Monetary Fund does not announce a decision on its participation in the bailout program during the quarter, Greece and its creditors will work to keep it in place.

For an export-dependent economy such as Germany's, the prospect of a trade war brewing with the United States and Washington's threats to undermine the World Trade Organization are also major sources of concern. Consequently, Berlin will keep communication channels open with the new administration in the White House to defend Germany's stance on these issues, as well as on many other points of controversy between the two governments. Germany will also use its rotating presidency at the G-20 to defend free trade and the role of multilateral trade organizations.

Germany's strategy will include preserving the European Union's single market and expanding the bloc's trade relationships with other markets, primarily by supporting EU plans to resume stalled free trade talks. During the second quarter, for example, the European Union will revive negotiations with Mexico to update their free trade agreement. Brussels' efforts to sign free trade agreements with countries such as Japan and India will likewise intensify. Germany will advocate the development of closer trade ties between the European Union and China as well, though the bloc will struggle to get European companies the same level of access to China that Chinese companies have to Europe, creating room for friction during any negotiations that are held. Berlin's aggressive stance against Chinese takeovers of German companies will lead to similar complications during the talks.

To curry favor with the United States, the German government is willing to make gestures of good faith in areas such as defense spending. But this will not go over well in Germany. After all, it is an election year and the German government will be forced to keep lines of communication open with Washington while also being critical of the new administration, especially since a large portion of the German public disapproves of U.S. President Donald Trump. The relationship between the ruling center-right Christian Democratic Union (CDU) and its coalition partners in the center-left Social Democratic Party (SPD) will encounter additional tension as the two try to differentiate themselves before the general elections.

Regional elections in the northwestern German states of Schleswig-Holstein (May 7) and North Rhine-Westphalia (May 14) will test the appeal of the SPD and CDU ahead of the September vote. They will also act as a gauge of the popularity of smaller parties, such as the environmentalist Green Party, the left-wing Die Linke and the center-right Free Democratic Party — all of which could become coalition partners to the SPD and CDU after the elections end. Moreover, the regional races will show whether the nationalist Alternative for Germany (AfD), whose popularity has declined in recent months, can make gains beyond its strongholds in the east and enter the legislatures of western regions. Regardless of the AfD's performance, other parties will refuse to cooperate with it. Yet the AfD's role in German

politics is not necessarily to enter government, but to force moderate parties to incorporate elements of its nationalist agenda into their own.

## Brexit and Beyond

Brexit negotiations among the British government, EU institutions and EU members will begin in earnest in the second quarter. But the process will last at least two years. All sides will spend most of the next three months in exploratory discussions that aim to define the framework and terms of the negotiations, and no dramatic decisions are expected this early on. Before the talks can even begin, the European Union's remaining 27 members will have to agree to give the European Commission directives for its talks with London.

Some of the topics at the top of the Brexit agenda will include the legal status of British citizens living in the European Union and of EU citizens living in the United Kingdom. The parties are also likely to debate the Brexit's financial aspects, including the United Kingdom's contributions and payments to the European Union in the years ahead. This will create frictions, as the British government would try to keep its exit bill as small as possible. At the same time, the British government will be interested in starting conversations on the free trade agreement it hopes to sign with the European Union. But EU negotiators will insist on a sequential approach, starting with the country's exit and leaving the debate over the terms of its future relations for a later date.

British Prime Minister Theresa May's administration, meanwhile, will face the difficult task of reassuring the devolved governments in Scotland, Northern Ireland and Wales that their voices will be heard and their interests will be protected during the Brexit talks. London will also have to make sure that the central government remains in control of the Brexit process. London may promise subsidies, investment, tax breaks and even the transfer of powers currently in the hands of the European Union to regional governments to try to appease secessionist claims. It is unlikely, however, to give Scotland and Northern Ireland a decisive role in the negotiations. And as Northern Irish nationalist and unionist parties struggle to find common ground, the Good Friday Agreement that defines how the region's government operates will continue to show signs of fatigue.

## Divided EU Foreign Policies

The next three months will bring a flurry of debates about Russia to the Continent. As the July 31 expiration date for EU sanctions against Russia approaches, the bloc's internal discussions about its relations with Moscow will become more frequent. Since there have not been any notable changes on the ground in eastern Ukraine or in U.S.-Russia ties since the Trump administration took office, most EU members will support the continuation of existing sanctions. Though the bloc does not have to make its decision until late July, the possibility of it coming before the end of the quarter cannot be ruled out. Should the issue be put to a vote within the next three months, some countries will voice their criticism of the sanctions but are unlikely to veto the decision of the majority. (That said, an electoral victory by France's National Front, which has argued against new punitive measures toward Russia, would significantly threaten the Continent's sanctions regime.)

## Crossing Borders

As the weather starts to improve in the Mediterranean Sea, migration to the European Union's southern members will pick up. Along the migrant route traversing the eastern Mediterranean, the EU-Turkey immigration agreement still holds, but Ankara has the power to refuse to honor the deal and to stop policing migrant traffic. If it does, it would be in an effort to put pressure on the European Union, whose



half-hearted compliance with the terms of the deal has rankled Ankara. The bloc, for example, has not lifted visa restrictions for Turkish citizens — one of the main promises it made to Ankara in exchange for its cooperation in preventing asylum seekers from entering the European Union. Several EU states will also continue to criticize the Turkish government's attempts to consolidate power following last year's failed coup attempt, giving Turkey added reason to threaten to renege on the deal.

Many migrants may, in fact, become emboldened by the Turkish government's threats and attempt the journey from Turkey to Greece. But Ankara will not give up on the migrant deal completely, since it still hopes to use the agreement — and Europe's fear of the political side effects that renewed waves of immigration could have in an election year — to negotiate and expand its customs union with the bloc in the near future. Maintaining these deep economic ties with Europe is especially important to Turkey as its economy continues to founder.

Regardless, EU members will try to protect themselves from a possible uptick in asylum seekers, keeping their borders closed along the biggest migration routes. This will pose a serious threat to Greece, as the country risks once again becoming a bottleneck for migrants who reach its shores but cannot keep moving northward.

There is also only so much the European Union can do to tamp down on the Central Mediterranean migrant route. In recent months the bloc has stepped up its political, economic and security cooperation with countries in sub-Saharan Africa, from which many migrants originate, as well as with Libya, the main transit state for migrants trying to reach Southern Europe. These policies will continue during the second quarter, but their impact will be modest. Italy and other southern EU members will see more migrants arrive on their doorsteps as weather conditions improve, creating tensions between them and their peers in Northern Europe. Rome will demand greater assistance to handle the influx of people, and if it allows some migrants to pass through its borders and into the rest of the Continent, frictions between it and its neighbors could worsen.

Top

Eurasia

Echoes of the Cold War

The Fight for Russia's Borderlands

Russia's Internal Struggle

Moscow Looks to the East

Instability in Central Asia

Echoes of the Cold War

The United States and Russia will see heightened frictions this quarter despite widespread speculation that the election of U.S. President Donald Trump would pave the way for a detente with Moscow. As scrutiny over Russia's meddling in U.S. politics builds, any engagement with Moscow will become politically problematic for Washington. And despite Trump's campaign rhetoric, it is in his best interest to keep pressure on Russia through sanctions and continued support for NATO. As a result, both countries will continue their military buildups along Russia's periphery this quarter, and each will test the

other's sphere of influence.

Following a limited U.S. strike on a Syrian air base, Russia will position itself as a potential spoiler on the Syrian battlefield to try to draw the United States back to the negotiating table. The risk for collision between the powers is higher this quarter as Russia tries to leverage deconfliction in Syrian airspace to complicate ongoing U.S. military operations in Syria against the Islamic State. Russia's reliance on negative influence to try to bargain with Washington, however, will risk further souring the negotiating climate and limit potential collaboration. But there may still be room for restarting a dialogue in other areas, such as arms control. Both sides need to resolve several arms control issues, including their differences over violations of the Intermediate-Range Nuclear Forces Treaty, the question of whether to renew the New Strategic Arms Reduction Treaty (START), and a strategy for responding to the buildup of weapons arsenals by other powers, such as China.

Moscow, meanwhile, will be busy trying to expand its influence abroad, including in North Africa and the Balkans. In the coming quarter, it will gradually increase its involvement in the Libyan conflict by backing multiple factions while coordinating closely with Egypt. In the Balkans, Russia will also continue bolstering its support for Serbian nationalists, both in Serbia ahead of elections and in Northern Kosovo. Moscow will likewise back the separatist claims of Bosnia's Republika Srpska and will work to deepen the divides between Macedonia and the West over the political status of the country's Albanians. Russia does not expect these countries to become staunch allies; rather, it hopes to use the mounting tension to distract the West and gain political leverage.

Moscow will also work to widen rifts in Europe, particularly as the Continent prepares for French elections. Russian cyber, information and propaganda campaigns will continue to sow discord and increase uncertainty in France, especially if the Kremlin's preferred candidate, Marine Le Pen, does not win the presidency. Moscow will use the same tools to bolster Euroskepticism, particularly in Italy and Germany. Its efforts are likely to intensify in the lead-up to Europe's July deadline to extend sanctions on Russia. Even with sanctions in place, however, Moscow will work to bring European investment back to Russia when it hosts a major investment forum in June.

### The Fight for Russia's Borderlands

In the meantime, the standoff between Russia and the West will continue to shape the strategic landscape of the European borderlands. The conflict in eastern Ukraine will maintain its intensity, since the security and political components of the Minsk protocols are unlikely to be implemented this quarter. Economic ties between Ukraine and its separatist territories will deteriorate because of a blockade instituted in the first quarter, forcing the rebel regions to rely on Russia and spurring long-term energy diversification efforts in Ukraine proper forward. As the European Union and United States continue to be distracted by issues elsewhere, Ukraine will build up its economic and security cooperation with Poland and the Baltic states to supplement its Western integration strategy. Meanwhile, the course of European politics (and, in particular, the outcome of France's presidential race) will be key to determining the future of EU sanctions against Russia, though they are unlikely to be lifted altogether this quarter.

Moldova and Georgia, for their part, will look to strengthen their economic ties with Russia while seeking to soften tactical elements of their policies toward breakaway territories out of pragmatism. Nevertheless, they will also continue cooperating with the European Union and NATO. (Moldova, for instance, is slated to open a NATO liaison office in April.) To the north, Belarus will come under greater domestic pressure as protests over a controversial tax policy persist, testing longtime President Aleksandr Lukashenko's undisputed grip on power. Though the unrest has so far remained a domestic issue, external powers — including the West and Russia, which have long competed for influence in Belarus — could become involved, potentially exacerbating the protests.

Armenia and Azerbaijan's dispute over the separatist region of Nagorno-Karabakh won't die down this quarter either. In fact, hostilities may intensify after Armenia's parliamentary elections are held in early April. Russia will continue to serve as the primary arbiter and power broker in the dispute as Turkey remains distracted (and, to an extent, dependent on Russia's cooperation) in the Middle East. But Moscow's attempts to build on its gains and increase its clout in the region through the Eurasian Economic Union and Collective Security Treaty Organization will be compromised by infighting within the blocs.

## Russia's Internal Struggle

Apart from its foreign interests, Russia will have to contend with a somewhat chaotic domestic environment this quarter. Though the Russian economy will continue to recover from recession, stagnation will linger through the rest of the year. Despite the sanctions against it, Moscow will court foreign investment from the West, the Asia-Pacific and South Asia at its annual St. Petersburg International Economic Forum in June, putting on hold many of its isolationist practices of the past three years.

Regardless of this relatively bright outlook, many Russian regions and citizens are in dire financial straits. Constant hardship will inflame protests over political, economic and social issues across the country. The Kremlin has tried to ensure that these demonstrations do not coalesce into a single movement against it, but if they do, security forces have been fortified and deployed nationwide to respond. Russia's heavy-handed crackdowns on opposition figures and dissent will continue, and it could start to squeeze social media channels as well.

Russian President Vladimir Putin will also work to contain the country's political elite as they continue to make grabs for power. At the same time, the Kremlin will struggle to answer tough questions about the ownership of assets, such as Chechnya's oil sector and defense companies, and whether to force energy giants such as Rosneft to cut production. All the while, Russia's security services and their cyber centers — prized portfolios for the country's elite — seem to be undergoing a reorganization behind closed doors in the wake of accusations and arrests tied to the alleged hacking campaign targeting the U.S. presidential election. Such contests for power will further isolate Putin as he grows more authoritarian in order to preserve the stability of the political system beneath him.

## Moscow Looks to the East

Russia, meanwhile, will keep diversifying its ties away from the West in the second quarter. Putin will hold another much-touted summit, this time with Japanese Prime Minister Shinzo Abe, as Russia and Japan attempt to mend their relationship. The two countries have for some time been hung up on a territorial dispute over islands they both claim. Though they have made minor progress in settling the spat, including by establishing joint investment projects and agreeing to visa-free travel on the islands, neither is ready to make a grand bargain for them or reach a peace deal. Russia still sees the islands as an issue of national sovereignty and as a front line in its nuclear deterrence, while Japan has maintained sanctions on Russia and has been slow to release funds promised to projects in Russia's Far East. So, though both sides will promote better ties, actual steps toward achieving them will be few and far between.

Russia will work to expand its relationships elsewhere in Asia as well. Moscow will hold its annual economic forum in May, which key delegations from China, Japan and India will attend. Beijing is looking to extend its "One Belt, One Road" initiative through Russia, while Japan is still holding out

hope of investing in the Far East. The summit will be co-hosted by India, since New Delhi has been pumping more money into Russia, and Moscow wants to rekindle its ties with the South Asian country to balance its other relationships in Asia. Russia and Vietnam will also hold a summit this quarter; Moscow is aiming to improve its foothold in the country with energy, military and metals investment deals to gain leverage in the wider region.

## Instability in Central Asia

Central Asia's troubles will not end in the second quarter as protests, militancy and political infighting persist. Kazakhstan and Kyrgyzstan will probably be the Central Asian states most vulnerable to unrest — the former because of its foundering economy and the latter because of an impending presidential election in November. (Kazakhstan will also begin the rocky process of transferring some powers from long-serving President Nursultan Nazarbayev to Parliament and the Cabinet.) But tension will build in Uzbekistan as well as the country's new president, Shavkat Mirziyoyev, and security chief Rustam Inoyatov spar over reforms. All the while, Russia will seek to steadily increase its sway over the region, particularly on matters of security.

Top

## Middle East and North Africa

The Syrian Civil War

The Fight Against the Islamic State

The Battle for Mosul

The Kurdish Struggle

Turkey's Resurgence

Iran's Arc of Influence

Israel's Survival Strategy

The Saudi Survival Strategy

The Yemeni Civil War

The Libyan Civil War

The Difficulties of North African Reform

The Syrian Civil War

The United States faces heightened risk on the Syrian battlefield this quarter at the same time it prepares to kick off a major offensive against Islamic State in Raqqa. A U.S. limited strike on a Syrian air base in response to a Syrian chemical weapons attack was designed to demonstrate the United States' decisiveness in military matters (a message not lost on North Korea,) but it also came with risks. Russia has long attempted to leverage the Syrian battlefield in its broader negotiations with the United

States, but the United States is not leaving much room for a bargain with Moscow. Russia thus has to rely on negative influence to try and draw the United States into a dialogue and will try to play the role of spoiler on the Syrian battlefield to raise operational risks for the United States. There will be potential for the two sides to negotiate on deconfliction, but that will likely be the extent of their cooperation this quarter as Washington focuses on the fight against the Islamic State.

Russian forces will be active elsewhere in Syria, however, supporting the Syrian army's offensives against rebel forces as well as the Islamic State in theaters such as Deir el-Zour. After a few shaky months in place, the cease-fire that Russia, Turkey and Iran brokered between the rebels and loyalists in December 2016 has broken down completely. Its failure underscores the futility of the attempted peace talks that took place throughout the first quarter. In the second quarter, Syria's deepening economic woes, evident in the country's food shortages and collapsing currency, will threaten the government's hold on loyalist territory.

Syrian fighters backed by the United States will lead the charge in Raqqa. The United States' battle plan, which also includes deployments of U.S. troops, will rely on the most effective fighting force available in the short term: the multiethnic Syrian Democratic Forces (SDF). The SDF has made swift work of the fight so far, having nearly encircled the city. With help from the freshly deployed U.S. forces, artillery support has also been put in place.

But by emphasizing the SDF in the battle for Raqqa, the United States will further strain its already tense relations with Turkey. The forces include members of the Kurdish People's Protection Units (YPG), a militia Turkey considers a terrorist organization and an active threat to its national security. Still, Ankara's dismay will not discourage Washington from working with the force. And though Turkey will try to finagle a more prominent role for the forces it supports, including Turkish-trained Arab tribal forces, the United States will prioritize winning the fight against the Islamic State by the most expedient means available over appeasing Turkey. Turkey will nonetheless try to draw the United States deeper in a fight against the Syrian regime and push its proposals for establishing a no fly one and safe zones in in Syria.

Washington's battle plan for Raqqa is just one of many complications Ankara will have to contend with in Syria in the second quarter. By the time Turkey took al-Bab from the Islamic State during the last quarter, it had already accomplished many of its objectives in northern Syria under Operation Euphrates Shield. But its efforts to keep Kurdish forces from establishing control over a contiguous swath of territory in the northern part of the country are still in progress. To achieve that objective, it will have to tread lightly so as not to step on Russia's toes. Ankara and Moscow's alliance of convenience has mostly run its course in Syria, especially since Russia foiled Turkey's plans to take the city of Manbij. Nevertheless, the two countries need to keep the lines of communication open to ensure that their troops don't end up in conflict. If their priorities in Syria continue diverging, Turkey may start looking for other ways to gain leverage over Russia — by joining in on negotiations over the Nagorno-Karabakh dispute, for instance, or increasing its coordination with fellow NATO members in the Black Sea. And even though Turkey will have less room to maneuver in Syria this quarter, it will still have some leeway to deepen its involvement in northern Iraq.

## The Fight Against the Islamic State

In the Middle East and North Africa, the primary focus of the second quarter will be the fight against the Islamic State. The battle to oust the extremist group from its strongholds in the region will reach milestones in multiple theaters in the months ahead. In Iraq, for instance, the battle for Mosul will come to a close, at least in the city itself. And in Syria, the operation to reclaim the city of Raqqa is about to get underway. These events, though notable, will hardly herald the demise of the Islamic State. In fact, the organization will redouble its terrorist activities, not only in its core area of operations in the Middle

East but also internationally, in an attempt to maintain its relevance as it loses territory.

## The Battle for Mosul

Five months into the fighting, the end of the Mosul offensive is now in sight. Before the operation ends, though, Iraqi forces will deploy to other Islamic State strongholds such as Tal Afar and Hawija to sweep the extremist group out of those pockets. As the main battle comes to a close, the divisions among the Iraqi coalition's constituent groups will become clearer than ever. The risk of infighting among the alliance's Shiite, Kurdish and Sunni militias will be high throughout the quarter, particularly in the northern border regions of Nineveh province.

That Iraqi army forces are engaged in fighting in the city itself has improved the central government's reputation among Mosul residents; the boost will help Baghdad gain legitimacy and establish its authority over the city. But stabilizing the reclaimed territories around the city will be a tall order for Baghdad. Rifts within Shiite, Sunni and Kurdish groups will prevent them from reaching a coherent political settlement over Nineveh province's future this quarter. Iran and Turkey, meanwhile, will continue to vie for influence in Iraq, primarily through proxy battles in the disputed territories that will soon be reclaimed from the Islamic State. The Iraqi government and the Kurdistan Regional Government (KRG) each claim control of Tal Afar, Kirkuk and Sinjar, making these areas most susceptible to fighting and disputes over territory and resources.

As Iraq's political parties gear up for provincial elections in September, regional powers such as Turkey and Iran will have yet another opportunity to try to gain influence in the country. Tehran will use its sway among Iraq's Shiite political parties and militias to goad Baghdad to prioritize its ties with Iran and to block Ankara's attempts to get involved in the political settlement process through Sunni parties. Prime Minister Haider al-Abadi will face mounting political pressure from all sides, including Iraq's nationalist parties, as he tries to appease Turkey, Iran and the West simultaneously. Adding to the mix, Saudi Arabia will make economic and diplomatic gestures in an effort to strengthen its ties with Baghdad. (U. S. President Donald Trump's administration has been pressuring the kingdom to help loosen Iran's grip on Baghdad's political and security spheres.)

## The Kurdish Struggle

In Iraqi Kurdistan, disagreements will prevent the region's various political factions from forming a united front. In fact, the divisions are widening. The Patriotic Union of Kurdistan (PUK) has started pushing back more forcefully against its main political rival, the Kurdistan Democratic Party (KDP), to increase its share of oil revenues from Kirkuk and weaken the KDP's alliance with Baghdad. The dispute is good news for Baghdad, at least. Should the PUK make another attempt at disrupting the flow of oil from Kirkuk to win concessions from Baghdad or Arbil, the Iraqi government will feel less threatened than it would if the KDP were also in on the plan. But Kirkuk could become a flashpoint this quarter regardless, as the governments in Baghdad and the KRG, not to mention the rival Kurdish parties, fight over control of the province and its oil production.

Iraqi Kurdistan, similarly, will be a primary playing field in the competition between Turkey and Iran. Ankara will use the presence of the Kurdistan Workers' Party (PKK), which it considers a terrorist organization, in northern Iraq as a pretext to deploy proxy forces in the region to defend its interests there. Turkey might consider, for instance, dispatching the Rojava Peshmerga, a Kurdish militia aligned with the KDP, to fight on its behalf in the event that ethnic conflict flares up after the Mosul offensive winds down. To keep Ankara in check and support its own interests in northern Iraq, Tehran will rely on the mostly Shiite Popular Mobilization Forces positioned near Turkish-backed forces, as well as its ties with Baghdad.

## Turkey's Resurgence

In Turkey, voters will head to the polls in mid-April to decide whether to go ahead with proposed constitutional amendments that could change Turkey's political future. President Recep Tayyip Erdogan has a lot riding on the success of the reforms, which would increase the powers of the presidency and curtail those of other branches of government. But when voters cast their ballots on April 16, they will have other concerns on their minds, such as the country's flagging economy. Turkey's high dollar-denominated debt and weakening currency — set to further deteriorate as the dollar strengthens — have exacerbated its financial troubles recently. If the referendum falls short of the simple majority it needs to pass, the ruling Justice and Development Party (AKP) will still retain power, though the loss would be a blow for Erdogan's campaign to consolidate institutional control.

To try to improve its chances of success, the AKP has been using the country's security concerns to stoke nationalism and stir popular support for the referendum. The wave of nationalism sweeping Turkey will buoy the ruling party, win or lose. Nevertheless, the results of the referendum will reveal strong support for and opposition to the AKP, laying bare the country's sharp political divisions.

## Iran's Arc of Influence

Iran will also hold an important vote this quarter. Voters in the country will elect their next president May 19. As the election approaches, even the Islamic republic's hard-line politicians are trying to avoid instigating conflict with the United States. Washington, likewise, will be careful not to provoke hostilities with Tehran by changing the Joint Comprehensive Plan of Action nuclear deal — especially since the GCC countries support keeping the agreement in place rather than risking uncertainty by scrapping it. But that won't stop the Islamic Revolutionary Guard Corps from keeping up its usual defensive posturing and staging missile tests or military exercises in a bid to stay relevant. And as U.S. lawmakers have made clear, Congress will not hesitate to impose additional sanctions against Tehran in response to any perceived aggression.

The threat of new sanctions from the United States will compound Iranian President Hassan Rouhani's economic worries in the runup to the elections. When campaign season kicks off in April, the incumbent leader will face challenges from opponents in Iran's hard-line and conservative camps alike. And though Rouhani has experience, momentum and his role in Iran's economic recovery to date on his side, the country's lingering financial troubles will weigh heavy on voters' minds as they head for the ballot box. Inflation has fallen under Rouhani's administration, but unemployment is still high — a vulnerability his opponents may seize on during the campaign.

As the Islamic republic gears up for its election, one of its prized proxy forces, Hezbollah, could derail a vote in Lebanon. The militia's allies and enemies are still at odds over electoral reforms and a new budget, and their disagreements could postpone elections set for May. Notwithstanding the current dispute, the Lebanese government has come a long way over the past several months. A new prime minister and president have managed to reshuffle the country's military leadership and, more important, revive its stagnant energy sector. Their progress highlights the pragmatic approach Lebanon's main political parties have taken to try to find a viable compromise to solve the country's persistent problems. But as the lingering differences over electoral reform demonstrate, no solution is perfect.

Hezbollah will also be a source of growing concern for Israel during the second quarter. The group's military buildup in Syria over the course of the civil war there, combined with its growing presence in the

Golan Heights, has put Israel on high alert and fueled fears of an impending war at the country's northern border. To prevent Hezbollah from getting any stronger, the Israeli government will continue attacking its arms shipments in southern Syria. Nevertheless, the conflict could escalate during the second quarter.

### Israel's Survival Strategy

If the Israeli government keeps pursuing its settlement policy in the West Bank without objection from the White House, moreover, the proliferating communities could provoke a violent response from Palestinians there. The risk of renewed conflict, sparked by competing Salafist groups or merely by chance events, will loom large in the Palestinian Authority, though its two main political parties, Fatah and Hamas, will each try to avoid confrontation with Israel this quarter. In addition, the political divides between the parties could further postpone legislative elections in the Palestinian territories, scheduled in the West Bank for May.

Hamas and Fatah will each be focused on their own internal objectives this quarter rather than on bridging the divide between them. Hamas is working to modify its political charter for the first time in decades, breaking with tradition to recognize the 1967 Palestinian borders. The party's turn toward moderation, however slight, is meant to curry favor with Arab partners such as Egypt, whose support Hamas needs more than ever now that the Islamic State's Sinai faction is threatening its supply routes and legitimacy. (Israel will put little stock in the group's efforts at change, though, and will continue its operations against Hamas.) Fatah's leaders, meanwhile, will be focused on establishing a succession plan for aging party leader and Palestinian President Mahmoud Abbas. The enduring rifts between the rival Palestinian parties will prompt Arab states in the region to get more involved to try to resolve the struggle.

### The Saudi Survival Strategy

For Saudi Arabia, the second quarter will hinge on OPEC's May 25 meeting. The summit, during which Riyadh will cajole its fellow members in the oil cartel to extend the production cut instated in November 2016, will be a turning point for the Saudi government's economic reform initiatives. Even though the production cap hasn't boosted oil prices as much as Riyadh hoped it would, the kingdom is in no position to risk oversaturating the market by scrapping the deal. Doing so, after all, would further destabilize the price of oil, jeopardizing Saudi Arabia's oil revenues in the process. Whether the country can persuade the rest of OPEC to stay the course with the production cut will determine every other economic action that the Saudi government takes for the rest of the year.

### The Yemeni Civil War

With all sides of the conflict locked in a stalemate, Yemen's civil war will enter the second quarter more or less stagnant. The rifts in the Gulf Cooperation Council (GCC) military coalition against Yemen's Houthi rebels are more pronounced than ever. The United Arab Emirates is focused on training and supporting its own forces in the south. Saudi Arabia, on the other hand, is looking to the United States for help negotiating a political resolution to end the fight. But until Riyadh compromises in its adamant support for Yemeni President Abd Rabboh Mansour Hadi, and the Houthi rebels agree to relinquish territory to the government, the prospects for peace will be slim. So though the United Nations will make another attempt at forging a peace plan for the country, it will make little headway in this endeavor.

Evidence of Iran's efforts to train and equip the Houthi rebels, meanwhile, has prompted the Pentagon to request more support for the Saudi- and Emirati-led coalition. If the White House approves, the



United States will share more intelligence and boost its logistical coordination with the Gulf coalition to try to limit Iran's influence in war-torn Yemen and stabilize the strategic Bab al-Mandab Strait. At the same time, Washington will pursue a more aggressive strategy against al Qaeda in the second quarter since the group's slow and steady approach has enabled it to grow in Yemen as well as Syria.

## The Libyan Civil War

Oil production will also play an important role in Libya this quarter, as multiple conflicts rage on in the country. Libyan National Army chief Field Marshal Khalifa Hifter has reclaimed the critical As Sidra and Ras Lanuf oil export terminals in eastern Libya, after the Petroleum Facilities Guards and Benghazi Defense Brigades militias overran them in early March. Though the fighting stalled oil production in Libya, it will likely maintain export levels over 400,000 barrels per day throughout the quarter.

In western Libya, meanwhile, rivalries between the U.N.-backed Government of National Accord and the General National Congress, two of the country's three rival governments, will breed divisions in Misrata and Tripoli. Outbreaks of violence between the governments' corresponding militias will continue to be a constant this quarter, particularly in the capital. International support for Libya's governments will be less divided, by contrast. Egypt and the United Arab Emirates will continue to back Hifter, while Russia increases its support for his Libyan National Army. (Unless he can bring more ground forces under his control, however, Hifter will have trouble increasing his influence in eastern Libya, and his efforts to draw new recruits will run up against tribal divisions.) And although the European Union will push for political resolutions to the various battles in Libya, negotiations will stay at a standstill this quarter.

## The Difficulties of North African Reform

Elsewhere in North Africa, Algeria's government will fight a political battle of its own this quarter, albeit more quietly. The country's citizens are frustrated since the government passed a new budget that slashed public spending and raised taxes. The austerity measures, which sparked public protests, will be at the forefront of voters' minds as they head to the polls in May for legislative elections, and more demonstrations are expected in the meantime. Whatever the vote's outcome, however, the Parliament lacks the political clout to bring change to Algeria's tightly controlled political system, even if opposition parties perform better than they have in years past. Many of President Abdel Aziz Bouteflika's close allies have ensconced themselves in important ministries and positions over the past few years, including, during the first quarter, the head of state oil and gas company Sonatrach. Infighting among the country's elite will be a strong undercurrent in Algerian politics for the rest of the quarter, though it will take place largely behind closed doors.

Top

East Asia

China in Transition

Globalization, Evolved

The New Silk Road

Coping With a Nuclear North Korea

## Asia-Pacific: Among Great Powers

### Southeast Asia: Burdened By Consensus

### A Japanese Awakening

## China in Transition

Chinese President Xi Jinping's push to consolidate his grip on power will enter a critical phase in the coming months amid preparations for October's 19th Party Congress, the quinquennial meeting where senior party officials select the next Politburo Standing Committee, the country's top governing body. With as many as five of the current seven committee members expected to step down this year, the plenum will offer Xi a momentous opportunity to stack the country's leadership with his supporters, fortifying his position as China's most powerful leader in decades. In the lead-up to the congress, Xi's core task will be to eliminate remaining checks on his influence, while reshuffling personnel to move allies into key posts. Broadly speaking, these efforts will be successful.

The stakes riding on the Party Congress will compel Chinese leaders this quarter to focus overwhelmingly on stabilizing the economy, sustaining low unemployment and avoiding social disruptions, meaning much-needed but risky reforms will take a back seat. Beijing will continue to push industrial restructuring and consolidation programs, environmental initiatives and limited financial reforms. Major new initiatives, however, that would threaten to erode business confidence or destabilize the economy are unlikely in the near future. And on existing issues that the government chooses to expand, such as corporate debt-equity swaps and bankruptcy tribunals and the introduction of a nationwide property tax, authorities will delay full implementation until after the congress. In the meantime, Beijing will maintain robust support for key industrial sectors such as home construction and manufacturing while introducing piecemeal measures to strengthen the economy's defenses against potential external shocks, especially those threatened by impending shifts in U.S. trade and currency policies.

Outside the mainland, Beijing will face a bigger challenge in managing persistent discontent in Hong Kong over China's interference in the city's political affairs, a situation that the recent election of its preferred candidate, Carrie Lam, as Hong Kong's next chief executive will do little to alleviate. As the special administrative region prepares to mark the 20th anniversary of its reunification with China on July 1 (Lam's inauguration date), conditions will be ripe for an escalation of protests.

## Globalization, Evolved

The ongoing evolution in U.S. trade policy will continue to be felt across the Asia-Pacific and will pose the greatest potential threat to Chinese economic stability — and therefore to Xi's drive to consolidate power — in the second quarter. In the next three months, Washington may not impose new barriers to trade with China beyond anti-dumping and countervailing duties, but Beijing will gird itself for the possibility that the Trump administration follows through on the new president's promises to name China a currency manipulator or levy new controls on U.S. imports of Chinese goods such as steel or automobiles. Chinese authorities will work to build up buffers against U.S. threats or punitive measures while seeking to deter Washington by outlining the retaliatory measures Beijing can take. China may also introduce its own anti-dumping measures. Beijing's most likely course of action, however, will be to try to use its influence on regional security matters as leverage in economic discussions with Washington. Toward this end, China may offer to cooperate with Washington on issues such as cybersecurity, military affairs and even North Korea — a rare area where U.S. and Chinese interests overlap. At the same time, it will become more openly confrontational in the South China Sea or on other regional matters.

Though China has been the primary target in Asia of Washington's attacks on trade and currency manipulation, Japan and South Korea — the United States' two most important security allies in Asia — have by no means been exempt from prospective U.S. policy changes. This will compel both countries to explore other options, including expanded investment into and potentially imports from the United States, to hedge against pressure from Washington and prevent economic frictions from undermining their security partnerships. Nonetheless, even rhetorical pressure from Washington on trade will be painful for South Korea as Seoul attempts to move on from the fall of President Park Geun Hye while also facing Chinese economic retaliation over the deployment of the Terminal High-Altitude Area Defense (THAAD) missile defense system. China may ease pressure on Seoul in an effort to open diplomacy with the next South Korean administration after the upcoming election. But the new president's attention will be divided between a range of priorities: not only the perennial North Korean threat but also reform of South Korea's scandal-prone chaebols (giant, family-run conglomerates) and broader economic restructuring.

Elsewhere in the Asia-Pacific, moderate recoveries in the global economy — particularly in commodity prices — will continue to provide much-needed relief for regional exporters. Nonetheless, countries such as South Korea and Thailand will struggle to regain their growth momentum because of internal political constraints, increased regional competition and regional geopolitical pressures. Moreover, few countries in the region will be immune to the long-term impact of the surge of protectionism across the globe or the potential fallout from a prolonged Sino-U.S. trade or currency spat. As major powers reconfigure their trade strategies, smaller economies will seek to insulate themselves from potential shocks by more proactively pursuing regional cooperation and economic diversification. In addition to Asia-centric multilateral frameworks such as the 16-member Regional Comprehensive Economic Partnership (RCEP), trade-dependent economies such as those of Malaysia, Australia, Vietnam and South Korea will explore free trade options farther afield.

#### The New Silk Road

Beijing will be well-positioned to exploit regionwide uncertainty over Washington's potential retrenchment to press Chinese interests elsewhere in its periphery this quarter. In response to the Trump administration's withdrawal from the Trans-Pacific Partnership trade pact, China will redouble its efforts to draw regional economies further into its orbit by touting regional trade initiatives such as RCEP.

In addition to trade, expanded investment, particularly in infrastructure, will be core to China's diplomatic outreach throughout its periphery, with Beijing using its One Belt, One Road summit in May to portray itself as an economic anchor and promote its vision for the region as a favorable alternative to the Western-led order. But its efforts to build out vast road and rail networks will be constrained by localized unrest and suspicions in target countries, particularly Pakistan and Sri Lanka, as well as at home in Xinjiang. Domestic economic pressures will also complicate implementation of Beijing's grand plans.

#### Coping With a Nuclear North Korea

The fraught efforts by China and the United States, as well as South Korea and Japan, to contain North Korea's nuclear weapons program will remain a singular driver of regional dynamics in the quarter. As North Korea nears the successful development of an effective nuclear deterrent against the United States, Pyongyang will continue to use every opportunity to demonstrate its expanding defense capabilities. Another North Korean nuclear test would undoubtedly elicit heated rhetoric and defense posturing by Seoul and Tokyo, including moves that Beijing views as antagonistic. This will reduce room for diplomacy between Washington and Northeast Asia's leading powers and intensify pressure

on Washington to consider alternative measures to deter Pyongyang.

Direct, pre-emptive military action against Pyongyang — particularly its nuclear weapons infrastructure and arsenal — is possible but unlikely this quarter absent a complete breakdown of diplomatic efforts by the United States and China. Instead, Washington will most likely focus on pressuring Beijing to rein in Pyongyang. Beijing may use its economic pressure over North Korea to hedge against Washington's agenda on other fronts, particularly U.S. pressure on trade. But Beijing will avoid fully severing North Korea's economic lifelines in China or substantially undermining Kim Jong Un's rule in Pyongyang.

#### Asia-Pacific: Among Great Powers

Where possible, Beijing will work to separate its tension with Washington over trade and the Korean Peninsula from other pivotal issues in China's periphery. Beijing will be particularly on guard against any moves by Washington to use Taiwan as a bargaining chip in other negotiations. Though the Trump administration reversed course and pledged in February to continue the "One China" policy, a long-standing diplomatic formula underpinning Washington's relations with Beijing and Taipei, the White House may still seek to boost arms sales or diplomatic contact with Taipei this quarter. Meanwhile, Taiwan will also expand its economic outreach to other countries, particular Japan, India and Southeast Asian states, to lessen the impact of diplomatic isolation by Beijing. China would heartily protest any new U.S. arms sales to Taiwan and possibly reduce military cooperation with Washington, but it will avoid inflaming cross-strait tensions in any way that would threaten Xi's goals at the upcoming Party Congress.

Meanwhile, Beijing will further its evolving strategy for managing the backlash in Southeast Asia to expanding Chinese maritime activities in regional waters. Following last year's international tribunal ruling invalidating China's territorial claims in the South China Sea, Beijing has continued a carrot-and-stick strategy, paring maritime and economic concessions with coercive measures — all while continuing to build out its regional military presence. In recent months, this strategy has helped China and some South China Sea claimant states, particularly the Philippines, achieve a tentative conciliation, even as China's broader confrontation with the United States has threatened its capacity to manage South China Sea affairs.

But numerous potential flashpoints in the second quarter will put this reconciliation to the test. For example, the upcoming fishing season will create ample opportunities for flare-ups between Chinese fishing fleets and coast guard forces and their counterparts from littoral states such as Indonesia and Vietnam. Perhaps the biggest test will be the joint fishing arrangement between China and the Philippines in waters around the Scarborough Shoal, a long-standing flashpoint some 200 kilometers west of Luzon. Though large-scale, sustained conflict in the disputed waters is unlikely, the growing number of civilian and naval ships on the seas raises the risk of accidents and miscalculations capable of spawning an international crisis.

Landmark bilateral Sino-Philippine maritime consultations in May will not fundamentally alter the dynamic in the region. With Philippine President Rodrigo Duterte's erratic rhetoric and efforts to reorient the country's foreign policy toward China beginning to draw some pushback at home — and given China's unwavering goal of cementing its regional maritime dominance — Sino-Philippine relations will remain fraught, creating opportunities for a warming of ties between Manila and Washington. This, in turn, could affect how other states in the region deal with Chinese assertiveness. Ultimately, claimant states will continue to pursue omnidirectional foreign policies marked by greater ties with a range of outside powers, including Russia and Japan. And Beijing will work to maintain its current strategy of balancing coercion with concessions and cooperation (including on energy development in disputed waters) to temper the sharpest tensions and limit opposition to its maritime actions.

## Southeast Asia: Burdened By Consensus

China and the Association of Southeast Asian Nations (ASEAN) will likely make some progress in negotiations on a Code of Conduct for the South China Sea. But divisions within ASEAN over how to deal with Beijing, combined with deepening concerns over China's growing military power and perceived assertiveness, will limit the negotiations.

Moreover, across Southeast Asia, domestic political factors will continue to hinder pan-ASEAN cohesion and complicate broader regional issues. Even as the Philippines' temporary detente with China enters rough waters this quarter, for example, so will Duterte face new challenges to his initially unquestioned authority at home. As long as Duterte's domestic popularity is high, he will face no serious threats to his power. But the threat of power struggles within the government and political establishment will grow as he pushes forward with contentious initiatives such as his violent war on drugs, peace talks with Muslim Moro and Communist rebels, and a plan to shift the government to a federal system — all while seeking to limit domestic backlash to his reorientation away from the United States, which retains deep ties throughout the Philippine defense establishment. A Duterte administration bogged down by domestic pressures would have less room to sustain a politically risky outreach to China or, as this year's ASEAN chair, steer the body toward a semblance of consensus on the South China Sea.

Meanwhile, in Cambodia — under the current government, China's most stalwart supporter in ASEAN — upcoming commune elections will test the public's support for Prime Minister Hun Sen and the grip of his Cambodian People's Party on power ahead of 2018 general elections. Similarly, an April runoff election for Jakarta governor will serve as a barometer of the ruling party's ability to solidify support to the degree necessary to expand substantial fiscal, regulatory and economic reforms and play a more decisive role in regional trade and security affairs.

## A Japanese Awakening

Barring a significant change in U.S. policy toward the South China Sea, claimant states and U.S. allies alike will remain cautious about undertaking bilateral naval patrols with Washington or taking other actions that might antagonize Beijing. Such concerns will be unlikely, however, to deter Japan from deepening its diplomatic outreach to and defense cooperation with South China Sea claimant states. Tokyo will use arms sales and military aid to ASEAN states, along with joint exercises with regional navies and a generally increased regional maritime presence, to bolster its position as an increasingly robust check on Chinese influence in Southeast Asia.

Japan's diplomatic, economic and security offensives in Southeast Asia are just one piece in its broader push to revive the country's standing and influence abroad. In the second quarter, Japanese Prime Minister Shinzo Abe will meet with Russian President Vladimir Putin as the two countries seek to improve ties and resolve a long-standing dispute over control of the South Kuril Islands. Even incremental progress here would help Tokyo hedge against Chinese influence in Northeast Asia. Meanwhile, Japan will continue with efforts to counter China's expanding presence in the East China Sea by increasing naval and coast guard patrols and research activities. But Tokyo's attention will be dominated by relations with Washington this quarter, with several meetings between senior Japanese and U.S. lawmakers on the docket, as the government seeks to build on the momentum generated by Abe's recent visit to Washington and Japan's promise to invest in the United States.

The Abe administration will use political capital gained from its diplomatic successes here to push for structural reform legislation at home, along with a constitutional revision allowing the emperor to abdicate. The quarter will likely see concrete progress on reform legislation in areas such as agriculture and labor. Meanwhile, the Abe administration will rely on aggressive monetary and fiscal policy to

sustain overall economic stability at home.

Top

Latin America

North America Unrivaled

The Importance of Mexico

Venezuela's Unraveling

Colombian Peace Process

Brazil's Economy Recovers While Its Leaders Founder

Argentina Undertakes Subtle Reforms

North America Unrivaled

Now that the key members of U.S. President Donald Trump's trade team have been appointed and are likely to be confirmed this quarter, trade issues will move up on the White House's agenda. Washington will use the next three months to conduct an internal review on the United States' existing trade agreements and decide which aspects of the deals to amend in negotiations. At the top of the new administration's priorities will be the revision of the North American Free Trade Agreement (NAFTA).

NAFTA's members — Canada, Mexico and the United States — will open the discussion within a trilateral framework. Though the United States has said it would prefer to pursue trade talks on a bilateral basis, Canada and Mexico have made clear that they prefer to stick to three-way talks. But even if the United States is willing to kick off the negotiations in this format, differences between Washington and its North American trade partners could eventually force the parties to move to one-on-one discussions instead. This cannot happen, however, until the negotiations formally begin in the second half of the year. (The White House has said it plans to use the Trade Promotion Authority law to renegotiate NAFTA, but doing so would require the administration to give 90 days' notice before entering into official talks — notice it will almost certainly issue in the second quarter.)

In the meantime, all parties will see a flurry of preparations and lobbying take place in the coming months, ahead of the talks. The United States will use its 90-day consultation period to draft specific negotiating points for congressional review. Chief among them will be NAFTA's rules of origin: Washington will argue that products imported from Mexico and Canada should be made up of more inputs sourced from NAFTA members in order to qualify for tariff exemptions. The White House will also probably seek to reshape the bloc's Chapter 19 dispute settlement mechanism, introduce more labor and environmental requirements, and expand the deal's purview to cover modern sectors such as the digital economy that were not included in the initial agreement.

Mexico's strategy going into the negotiations also began to take shape over the first quarter. Mexico City has already triggered its own 90-day consultation period and has begun reaching out to business leaders and groups at the state and municipal levels in Mexico and the United States to lobby against any substantial alterations of NAFTA. Mexico has also outlined the sectors most likely to be affected by a breakdown in negotiations or new U.S. tariffs on Mexican goods so that it may respond in kind if it must. But with few practical means of immediate leverage against the United States, Mexico is at a distinct disadvantage. As a result, it will have no opportunity to pressure Washington without

jeopardizing the NAFTA talks as a whole. Threats of scaling back intelligence sharing, for example, will probably emerge from Mexico only if Washington attempts to impose unfavorable constraints on Mexican goods during the talks.

Though Trump's harshest criticism of NAFTA has so far centered on Mexico, Canada is taking no chances. Following Mexico City's lead, Ottawa has reached out to U.S. states that frequently trade with Canada, including in the Midwest, in an attempt to minimize disruptions to NAFTA. Several of those states voted for Trump in November, but Ottawa is hoping to make the case that preserving close trade ties with Canada is in their best interest. Its lobbying and outreach efforts will continue through the second quarter. Canada has also pointed out that its own free trade agreement with the United States, which predates NAFTA, has only been suspended and could easily be resurrected should Washington choose to replace the trilateral deal with two bilateral arrangements.

Beyond its immediate neighbors, the United States will seek to more tightly enforce its existing trade deals with other partners, particularly China. Washington, however, is unlikely to make much progress on larger trade issues during the coming quarter. Though the White House has threatened to ignore the rulings of the World Trade Organization (WTO) as it sees fit, the issue probably will not come to a head in the next three months. With its health care plan on ice, the Trump administration will instead shift gears toward trying to implement its proposed tax cuts and reforms. Congress will pass a budget resolution in the second quarter that will allow it to try to approve tax adjustments through budget reconciliation before the end of the 2018 fiscal year. Meanwhile, the Trump administration will unveil its own proposed changes to the tax code this quarter, though its plan will face an uphill battle in Congress. Among the most controversial amendments that Republicans in the House of Representatives have proposed is a border tax adjustment. Many are concerned that the measure may violate the United States' obligations under the WTO by rebating "direct taxes" on exporters (potentially constituting an export subsidy) and by taxing imported goods differently than domestically produced products. EU members and other countries have expressed concern about these issues and have promised to challenge the changes if they are approved by Congress. That said, it is unclear whether these aspects of the tax reform will be eliminated, adjusted or kept before the bill is presented to lawmakers. Moreover, though Washington will kick off the process of overhauling the U.S. tax code this quarter, Congress will not face as tight a deadline to complete it as it did with health care reform earlier this year. The tax proposals' actual passage, then, will not occur until at least the second half of 2017.

## The Importance of Mexico

Mexico's relationship with the United States — its most important in terms of trade, security and diplomacy — will take center stage in Mexico City this quarter. Though the Mexican government will take small steps to try to limit any alterations to its ties with Washington, it will also hedge its bets by searching for ways to diversify its economy away from its northern neighbor. Mexico will explore its options for expanding trade with the European Union and Asian partners, including Japan, China, New Zealand and Thailand, while seeking to partially substitute U.S. food imports with goods from South America. To that end, it will try to lay the groundwork for deals to purchase more soybean, beef, pork and corn imports from Brazil and Argentina.

The White House's plans to renegotiate NAFTA and insistence that Mexico do more to restrict immigration could translate into political gains for populist politicians south of the border. The campaign season for Mexico state's gubernatorial election on June 4 will heat up during the second quarter, and given the state's size and political diversity, it is widely regarded as a bellwether for the country's presidential race, which will be held in 2018. At the moment, populist figure Andres Manuel Lopez Obrador's National Regeneration Movement (Morena) appears ready to give the country's traditional political heavyweights — the Institutional Revolutionary Party (PRI) and National Action Party (PAN) — a run for their money in this year's election. As Morena squares off against the PRI and PAN for control of Mexico state's governorship, its performance will give some indication as to whether the PRI's numerous corruption scandals and Mexico City's deteriorating relationship with Washington will result in

populist backlash during next year's presidential race. Lopez Obrador will no doubt capitalize on Mexican voters' dissatisfaction with the ruling PRI and U.S. antagonism to further his own campaign for the presidency over the next few months.

## Venezuela's Unraveling

This year will be the toughest the ruling United Socialist Party of Venezuela (PSUV) has ever encountered. Chief among the government's concerns will be its high risk of defaulting on debt owed by state oil and natural gas firm Petroleos de Venezuela (PDVSA). PDVSA is counting on a \$600 million loan from Russian oil giant Rosneft a stake in a joint venture to make its \$3.1 billion in debt payments due in April and May. If the loan falls through, Venezuela will be in dire financial straits. Should the company default on its upcoming bills, the threat of unrest spreading throughout the country will rise. But even if PDVSA successfully makes its payments in the second quarter, it will owe another \$3 billion in October and November — bills it will probably fail to pay without additional foreign assistance.

If Venezuela proves unable to avoid default, whether in April or November, its full impact will not be felt for several months. But eventually imports, including food supplies, will plunge and the country's already high inflation will soar. Each of these effects would pose a significant threat to the PSUV's continued rule. Political elites would likely close ranks and crack down on signs of dissent from within their own party and from the opposition in hopes of fending off potential challenges to the state.

Faced with mounting discontent, the Venezuelan government will also maintain — and perhaps increase — its surveillance of the country's armed forces. The ruling party fears that military officers in Venezuela's regional commands may someday rise up against the central government. Though no coup seems to be in the making at present, Caracas will use human intelligence sources and electronic surveillance to keep a close eye on its troops to ensure that does not change.

In addition to its predicament at home, the Venezuelan government will have to grapple with the uncertainty surrounding the new U.S. administration's foreign policy. The White House began to adopt a tougher stance toward Venezuela in the first quarter, and it may choose to build on that pressure by slapping new sanctions on Caracas, through the U.S. Treasury Department, in the second quarter. If the sanctions target Venezuelan officials, their impact on the country as a whole will be minimal. But if they are leveled against PDVSA — the government's primary source of revenue — the punitive measures will do considerable damage to Caracas' finances and the ruling party's position in power. Such sanctions (or the mere threat of them) will therefore give the United States substantial leverage over Venezuela in any future negotiations.

## Colombian Peace Process

Colombia, meanwhile, will continue the process of winding down its longest-running insurgency. Rebels belonging to the Revolutionary Armed Forces of Colombia (FARC) will stay in their demobilization zones awaiting commanders' orders to surrender their weapons. At the same time, the Colombian Congress will pass legislation that will permit the FARC to continue laying down arms. Though the group originally agreed to give up all of its weapons by June 1, this deadline may be delayed since FARC members have been slow to gather at the country's predetermined demobilization zones.

The disbandment of Colombia's largest guerrilla group, coupled with rising demand for cocaine in the United States, Europe and Asia, will fuel violent competitions among smaller rebel and criminal



organizations for the FARC's former coca-producing territories in the months ahead. Now that most FARC rebels are preparing to reintegrate into society, the National Liberation Army (Colombia's second-largest insurgency) and the Clan del Golfo crime syndicate will vie with each other for control over key drug trafficking routes and resources, bringing greater violence to the Colombian hinterlands in the Choco, Cauca and Meta departments.

### Brazil's Economy Recovers While Its Leaders Founder

The second quarter will bring new promise for the Brazilian economy. Buoyed by higher oil and iron ore export revenue as well as rising domestic consumption, the country will continue to pull itself out of recession in the months ahead. But Brazil's politicians will not fare as well. President Michel Temer's tenure may be cut short in the second half of the year by an ongoing Supreme Electoral Court investigation into charges that he knowingly accepted campaign funds in 2014 that were obtained through acts of corruption. Though the court is unlikely to issue its ruling during the second quarter, the accusations will continue to hang over the president in the coming months.

Several other leading figures from Brazil's major political parties have been swept up in the scandal as well. Politicians who would have otherwise been obvious candidates for the country's presidential election in 2018, such as Aécio Neves, José Serra and former President Luiz Inácio Lula da Silva, have been plagued by allegations of corruption. As the popularity of Brazil's established elite has fallen, political outsiders have seized the chance to make their own gains. Chief among them is a highly conservative former military officer, Jair Bolsonaro, who came in third place in recent polls. Bolsonaro's rise is troubling to Brazil's traditional parties, such as the Workers' Party and the Social Democracy Party of Brazil, which may have a hard time defeating him if they cannot carve out a clear majority in the first round of the presidential race. (Even da Silva, who is popular among voters, would run the risk of losing to Bolsonaro in the event of a runoff.) Still, the campaign season has only just begun, and Bolsonaro's chances of proceeding to a runoff are remote — especially if new candidates enter the race on behalf of Brazil's entrenched leaders.

For now, Temer will focus on bringing his pension reform — a key part of his austerity agenda — to a vote in the lower house of the National Congress. But protests against the proposal and government corruption could stall the vote, particularly as Eliseu Padilha (Temer's chief of staff and lead negotiator with the National Congress on the reforms) comes under scrutiny for graft. The threat of an investigation into and indictment of Padilha, or of Brazilian lawmakers, may sideline Temer's effort to rally the fractured National Congress' support for his policies.

### Argentina Undertakes Subtle Reforms

Argentina's leaders will be in a no less precarious situation this quarter. President Mauricio Macri will have to balance between satisfying the demands of organized labor and attracting foreign investors as he continues to steadily make fiscal adjustments over the next few months. These measures will include hikes in the price of natural gas and likely water for consumers across the country.

There are limits, however, to how heavy a burden the government in Buenos Aires can place on taxpayers. The country will hold legislative elections [<LINK: The Costs of Promoting Business in Argentina>](#) in October that are considered a prelude to the presidential race in 2019. Determined to remain in power, the ruling party will shy away from implementing heavier austerity measures or spending cuts ahead of this year's vote that would directly harm labor unions or provincial governments.

Top

## South Asia

India's Own Worst Enemy

The India-Pakistan Rivalry

South Asian Militancy

India's Own Worst Enemy

The second quarter will be a benchmark for India's ambitious tax reforms. The Goods and Services Tax (GST) bill has weathered a halting journey in the 17 years since it was first proposed, spurring debate and disagreement as it wound its way through India's democratic system. Thanks to Finance Minister Arun Jaitley's "cooperative federalism" strategy, however, the dual value-added tax legislation clinched a major victory during the Parliament's recent budgetary session when the lower house passed all four of its component bills. The bills' passage marked a big step toward simplifying India's convoluted tax system and unifying its fragmented market — two key components of Prime Minister Narendra Modi's plan to boost economic growth.

Having passed the measures at the federal level, the ruling Bharatiya Janata Party (BJP) will now shift its attention to India's 29 state legislatures, each of which must pass a local version of the GST. This will be a lengthy undertaking, of course, especially considering that the BJP is in the minority in 14 state assemblies. Consequently, Modi's government probably won't meet its July 1 implementation deadline. But that doesn't mean the measures will fail. Through concession and compromise, Jaitley and his state counterparts in the GST Council have addressed local governments' major grievances, including the issue of compensation for lost tax revenues in manufacturing-heavy states. Ever since Parliament passed the GST constitutional amendment in August 2016, moreover, India's state and federal governments have become more aligned on the issue of tax reform. And so, notwithstanding the usual politicking, each state will pass its version of the GST eventually — though not necessarily in the second quarter.

In fact, India's economic reform project as a whole is entering the new quarter with renewed momentum after the recent state elections in the country. The BJP achieved a resounding victory in the all-important state of Uttar Pradesh, and it also formed governments in the states of Goa, Manipur and Uttarakhand. This string of successes is good news for the BJP for a couple of reasons. The ruling party, for instance, will get to send more representatives to the upper house of Parliament, easing the way for economic reforms — though this is a benefit that will take some time to pay off. More immediately, the party's strong electoral performance is a vote of confidence for Modi's demonetization campaign, despite the many inconveniences it caused.

Now that the Reserve Bank of India has removed ATM cash withdrawal limits, the demonetization process has ended, and "remonetization" is in full swing. As Indians regain access to cash, their country's economic growth should pick up a bit. At the same time, however, digital transactions — something demonetization tried to encourage — will keep falling, albeit not necessarily to pre-demonetization levels. New Delhi has yet to address the underlying reasons that have kept cash king in the Indian economy. The country's financial infrastructure remains inadequate, the cost of credit card transactions still exceeds that of cash payments, and the legal protections against credit card fraud are lacking. Until New Delhi fixes these issues, cash will continue to reign supreme.

The quarter also promises several important foreign policy visits for India covering defense, energy and investment. In April alone, Modi will host the prime ministers of Bangladesh and Australia, as well as the president of Nepal and Singapore's foreign minister. The Indian prime minister will chalk up a success in his country's quest to join multilateral institutions in June at the Shanghai Cooperation

Organization summit in Astana, Kazakhstan, where India will receive full membership in the bloc. Pakistani Prime Minister Nawaz Sharif will also be in attendance to represent his country, which is also being admitted to the alliance. Their meeting will mark the first exchange between the two leaders since 2015 and offer a chance to gauge the state of South Asia's most consequential bilateral relationship.

### The India-Pakistan Rivalry

With state election season behind it, the BJP has less political incentive to lambaste Pakistan, and relations between the two will stabilize during the second quarter. The two nuclear rivals will continue to bicker over a host of issues, of course, including the disputed territory of Kashmir. But since the fourth quarter of 2016, the number of cease-fire violations along the Line of Control in the region has fallen. The drop coincided with Gen. Qamar Javed Bajwa's ascension to the powerful post of Pakistan's army chief. Bajwa is redirecting his country's strategic attention away from India and toward Afghanistan (though securing the eastern border will still be a priority for Pakistan). Consequently, Islamabad will take pains to avoid antagonizing New Delhi. And as Pakistan's next general elections approach in 2018, a Supreme Court decision on Sharif and his family's involvement in the Panama Papers scandal could give the opposition useful campaign fodder.

India, likewise, will shift some of its attention from Pakistan — which will remain its biggest regional foreign policy challenge nonetheless — to another country in its periphery, Nepal. The Madhesi, an ethnic group of Indian origin living along the Terai plains near the Nepalese border with India, have renewed their demands for greater autonomy, including the creation of two Madhesi-majority provinces in the area. What's more, they have promised to boycott Nepal's May 14 local elections, the first such vote in 20 years and a milestone for the country's democracy. The opposition Communist Party of Nepal (Unified Marxist-Leninist), meanwhile, has vowed to counter the Madhesi's demands for fear that the two new provinces would give the ethnic group control over the Nepal-India border. The party's stance alone will cause greater discord as the election approaches.

Unless Nepalese Prime Minister Pushpa Kamal Dahal's Maoist Centre party concedes to negotiations over the Madhesi's requests, the local elections will hit a snag. Either the vote will be delayed, or its legitimacy will come into question, sparking protests along the Terai. Each scenario will increase the probability that India and China stage a diplomatic intervention, as they did in 2016 to try to keep former Prime Minister Khadga Prasad Oli's administration from toppling. (New Delhi will be careful not to intervene too directly, though, lest it push Kathmandu closer to Beijing.) Even so, given that Dahal's alliance holds a majority in Nepal's legislature — even without the Madhesi parties' support — his administration will survive through the quarter.

### South Asian Militancy

Back in Pakistan, the army will continue its efforts to vanquish anti-state militancy, particularly in the restive Federally Administered Tribal Areas along the border with Afghanistan. Bajwa, the new army chief, is currently overseeing Operation Radd-ul-Fasaad as part of that initiative, which has already contributed to a decline in the number of militant-related civilian deaths in Pakistan. Though the campaign will help further reduce the casualty rate, progress will come at the cost of high-profile retaliatory attacks by the Islamic State's Khorasan chapter and the Jamaat-ul-Ahrar, a breakaway faction of the Tehrik-i-Taliban Pakistan. The threat of militant attacks in South Asia, in fact, will rise during the second quarter because warmer weather heralds the start of the annual spring offensive. The Taliban will ramp up their attacks across Afghanistan — not just in their strongholds of Helmand and Kandahar provinces in the country's south. The Islamic State's Khorasan chapter may also increase its activities. The uptick in attacks, in turn, will encourage more militants to seek refuge across the border in Pakistan, complicating Operation Radd-ul-Fasaad and perpetuating a cycle of militant violence and military crackdowns in the region.

In addition, the second quarter will test Afghanistan's peacemaking skills. Notorious warlord Gulbuddin Hekmatyar is expected to end his 20-year exile from public life in the next few months as part of a deal that Kabul struck with his party, Hizb-e-Islami Gulbuddin, in fall 2016. Should he return to Kabul as anticipated, Hekmatyar will reintegrate himself into the political wing of his party to begin laying the foundation for a return to politics. This quarter, moreover, Russia will continue to increase its efforts to jump-start the peace process in Afghanistan as it joins with Pakistan and China to mediate in prospective negotiations between the Afghan government and the Taliban. Despite its bloody history with Russia, Kabul is cautiously optimistic about Moscow's involvement.

Top

Sub-Saharan Africa

Nigeria: Obstacles to Prosperity

The Post-Apartheid Era Ends

Old Leaders in New Africa

Mozambique's Financial Mess

Ethiopian Instability

East African Integration

Nigeria: Obstacles to Prosperity

Nigerian President Muhammadu Buhari has had a tough year so far, made all the more complicated by lingering concerns over his health. The public's fears were significantly heightened after what was supposed to be a 10-day medical trip to London turned into a nearly two-month convalescence abroad. Should the president be unable to finish his term, which ends in 2019, the center of Nigeria's political power and patronage would shift southwestward toward the base of Vice President Yemi Osinbajo, who would assume the presidency. Aggrieved northern politicians may respond by boosting their support for the country's militant groups, while the oil-rich and restive Niger Delta's expectations of concessions from the federal government may rise. (In its negotiations with Abuja, the southern region has demanded money and other perks.) Even if Buhari's rule continues, opposition from within and outside of his ruling All Progressives Congress party will mount in the face of the country's persistent financial difficulties. This will be especially true if the president fails to allay fears over his health before potential successors begin jockeying for a place in Nigeria's 2019 election — now less than two years away — in earnest.

Regardless of who rules the country, Nigeria's numerous economic challenges will not lessen in intensity in the second quarter. Weak oil prices, high inflation and the possibility of a stronger U.S. dollar will be a difficult combination for the Nigerian state and its citizens to weather. After all, a stronger dollar relative to the naira, Nigeria's currency, would hike up the costs of food and other imports, sparking protests and other forms of unrest. Meanwhile, international financial institutions such as the International Monetary Fund will continue to pressure Nigeria to lift its foreign exchange restrictions, which have proved costly for the country's currency reserves. But the government will likely limit its actions to small steps, avoiding a completely free-floating naira in the name of price stability. Nevertheless, Abuja will make minor progress in reforming the country's business environment as it pursues its 2017-2020 Economic Growth and Recovery Plan. This progress will likely include increasing

transparency in service-level agreements (such as permits) and improving efficiency in the entry and exit of people and goods, which Nigeria's plan is slated to target first. More ambitious reforms, however, will suffer if Buhari — who has reportedly reduced his working day to only a few hours — remains in ill health.

As government coffers come under increasing strain, the president will have to forgo expensive projects that could win over new allies and prevent the fissures within his party from widening. Deals intended to placate militants and stakeholders in the Niger Delta will likewise be modest, thus lacking the broad appeal needed to please the region's fractious groups and keep them from resorting to politically motivated violence. The possibility that Niger Delta militants will try to increase pressure on the federal government in the second quarter by holding protests and conducting attacks as Abuja builds a peace package for the region cannot be ruled out.

## The Post-Apartheid Era Ends

The contest over who will succeed South African President Jacob Zuma as the head of the African National Congress (ANC) will continue to heat up this quarter. Finance Minister Pravin Gordhan and other Zuma detractors were dismissed in a March 30 Cabinet reshuffle that removed several ministerial roadblocks constraining the president's actions. Zuma has since appointed his close allies as replacements. Over the next three months, opposing factions within the country's ruling party will press for their favored styles of reform as Zuma further emphasizes the need for radical economic change, including greater black economic empowerment, to energize his base and improve the odds that his successor will emerge from his ethnic Zulu and pro-labor circle. One possible candidate is his political ally and former wife, Nkosazana Dlamini-Zuma, who returned to the country in March after serving at the African Union for four years. She has since begun campaigning for the ANC's top position.

Meanwhile, the president's dismissal of Gordhan, whom the international community views as a steady hand over the economy, prompted S&P Global to downgrade South Africa's credit rating on April 3. The move will only further weaken the country's fragile financial position. Judicial proceedings related to corruption allegations and other cases that involve Zuma and his inner circle may prove an additional distraction as revelations of politically damaging information threaten to complicate matters for the president.

Zuma's options will be further constrained by the countermoves of the ANC's more market-oriented faction as it seeks to strengthen its own candidate ahead of the party's December leadership congress. This wing will continue to push for restrained spending measures and budget cuts that are anathema to Zuma's need to shore up support among his followers. Its ability to hamstring the president, however, was weakened by the March 30 Cabinet reshuffle. As the country's ongoing leadership struggle intensifies, the government will have a harder time pushing through difficult reforms in the months ahead, and rifts within the ANC will widen.

For the most part, labor relations will remain calm in the second quarter — at least compared with previous years — as numerous agreements remain active until the end of the year and as the government seeks to avoid a credit downgrade. Nevertheless, tensions within the coal industry will continue to mount as the opposing sides debating the structure of wage negotiations struggle to find common ground. (In January, the previous policy of holding negotiations at a centralized level will be replaced by negotiations at the company level.) Tense labor relations in the coal sector could worsen if Zuma and his camp politicize the talks in order to energize their base for the brewing leadership battle.

## Old Leaders in New Africa

In the Democratic Republic of the Congo, President Joseph Kabila's political alliance will continue seek

a successor who can protect the well-entrenched system of patronage it depends on to maintain power. As it stands, a 2017 election is still a possibility, even as the ruling party and portions of the opposition struggle to implement a Dec. 31 deal to transition power away from Kabila. With the president still in office despite finishing his constitutionally mandated final term in 2016, the deal's collapse looks increasingly likely. Progress on voter registration in some provinces has been made, yet millions of Congolese citizens have yet to be registered, and it is unclear how a presidential contest would be paid for, given its hefty price tag.

The political obstacles that arose after the Dec. 31 deal was signed will endure in the second quarter, causing little progress to be made between the ruling party and the opposition. This means that the time available for Kabila, who oversees a weak and fractious political order, to find a successor before 2017 ends is running out. And in the absence of an acceptable successor, the president will be more likely to resort to additional delaying tactics — such as citing election costs — to push the election (and by extension, his rule) until 2018, risking sustained unrest in the process.

### Mozambique's Financial Mess

Within the next three months, the government in Maputo will be forced to strike a deal with bondholders to restructure its debts. Negotiations became necessary when it was revealed in 2016 that bond proceedings were misused to buy military equipment and large amounts of debt were hidden. The ultimate success and timing of the negotiations will be crucial since the country, hoping to secure a bailout before the year ends, seeks to open talks with the International Monetary Fund in a bid to restore its support. A bailout would help ease the burden on the cash-strapped state, where patronage networks are strained (which could open splits within the ruling Mozambique Liberation Front) and investment in its oil and natural gas sector has stalled. Should Mozambique fail to reach a bailout deal, suspended energy industry investments could hamper development over the next few years and increase the risk that its burgeoning natural gas sector won't get off the ground amid the pending glut in the liquefied natural gas market.

### Ethiopian Instability

Last year, social unrest directed against the Tigray minority-led government in Addis Ababa spread, challenging its control of the country. But Addis Ababa's use of heavy-handed security measures in the latter half of 2016 and into 2017 has blunted the opposition movement's ability to unite, grow and intensify its pressure on the government. In the second quarter, the crackdown will continue to constrain the opposition, keeping the conflict to a low boil even as flare-ups posing significant risks to foreign businesses operating in Ethiopia persist. Ethiopia's waning internal security concerns will give it additional maneuverability in neighboring Somalia, where Addis Ababa is currently reshaping its presence.

### East African Integration

East Africa will continue to see crucial infrastructure projects come online this quarter. Following the inauguration of the Addis Ababa-Djibouti Railway in early 2017, another Chinese-funded project — the standard-gauge railway connecting Mombasa and Nairobi — is on track to be completed around June or July. The railway, which is Kenya's largest infrastructure project since independence, will provide the country with greater transport efficiency and supply-chain redundancy from its biggest port to the capital city.

Meanwhile, the European Union's proposed economic partnership agreement with the East African Community remains troubled. The deal, which has been in the works since 2007, would give member states duty-free and quota-free access to the European Union's market. In exchange, the community would remove tariffs on 80 percent of its imports from the bloc by 2033. But Tanzania and Uganda have serious reservations about the deal, and Burundi continues to be isolated diplomatically, leaving only Kenya and Rwanda to have signed onto the agreement. During the second quarter, the European Union and Kenya will keep lobbying the community's dissenting members for their support, but Tanzania will continue employing delaying tactics in hopes of killing the deal.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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From: Lewis, Brian <brian.lewis@iowa.gov> on behalf of Lewis, Brian <brian.lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: michelle.matthes@iowa.gov <michelle.matthes@iowa.gov>  
Subject: 2017 Second-Quarter Forecast  
Date: Mon Apr 10 2017 08:15:49 CDT  
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## 2017 Second-Quarter Forecast

Forecast  
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Trade will be at the forefront of many leaders' minds this quarter as a new U.S. administration settles into the White House. Though U.S. President Donald Trump continues to be bogged down by congressional battles and allegations of inappropriate ties to Russia, his team will try to draw the public's attention back to its trade agenda. To that end, Washington will work to clarify its strategy for cracking down on currency manipulation abroad, tightening the enforcement of existing trade laws and preparing to renegotiate NAFTA. But the uncertainty surrounding the White House's intentions will linger, prompting the United States' biggest trade partners to look for new economic relationships elsewhere.

At the same time, some will leverage security cooperation and promises of investment to get on Washington's good side — or, at the very least, to try to fend off its punitive trade measures. China will be one of them as it uses its economic heft with Pyongyang, and the growing sense of urgency surrounding North Korea's nuclear program, to its advantage in tense trade talks with the United States. The White House will do what it can to push for secondary sanctions against China's stubborn neighbor, perhaps even threatening to step up its military aid to Taiwan to compel Beijing's buy-in. But even if Washington has its way, a heavier sanctions regime will do little to slow the progress of Pyongyang's nuclear program. The United States will have no choice, then, but to build a credible military deterrent against North Korea — a move that will only widen the rift between Washington and Beijing.

The Trump administration's attack on a Syrian air base was designed in large part to underscore to Beijing and Pyongyang that this White House is willing to take military action if so compelled. Though the attack sent a strong signal to U.S. adversaries, it also has created complications for the United States on the Syrian battlefield with Russia. Moscow will try to use the heightened risk of collisions on the Syrian battlefield and the fight against the Islamic State to bring Washington to the negotiating table, but the United States will be limited in any concessions it would give to Russia in return. The Kremlin will be even less inclined to trust in dialogue with the West as its problems pile up at home, though arms control may be one policy area in which the two can begin to negotiate without encountering much political blowback.



As the United States and Russia box Turkey in on the Syrian battlefield, Ankara will devote more attention to northern Iraq, where a conflict is brewing between Arab and Kurdish forces. The highly prized, oil-rich region of Kirkuk remains a key flashpoint in Turkey's competition with Iran for influence — and Iraq's rival Kurdish factions are caught in the middle. Washington will lend support to Sunni states, led by Saudi Arabia, seeking to balance against Shiite Iran as proxy battles throughout the Middle East escalate, though its nuclear deal with Tehran will remain intact.

In the meantime, Saudi Arabia and its Gulf Cooperation Council allies will shoulder most of the burden of maintaining OPEC's oil production cuts for another six months. Steady oil prices will buy Venezuela's cash-strapped government some time to get its finances in order, but not much. Caracas' risk of default will spike in the second half of the year, and the ruling party will have to spend the second quarter consolidating power in preparation for the turmoil that no doubt lies ahead.

Venezuela isn't the only state heading toward single-party rule. On the other side of the globe, Indian politics are swinging to the right — a trend Prime Minister Narendra Modi and his center-right Bharatiya Janata Party have been able to use to their advantage. This quarter, they will focus on passing a state-level version of a massive tax overhaul that cleared Parliament earlier in the year, a feat that will be more feasible as the growing power of the country's Hindu nationalists gives the ruling party the political capital to push through much-needed structural reforms.

Nigeria will have less luck passing its most pressing reforms as an intensifying power struggle in Abuja brings the government to a near-standstill. Concerns over President Muhammadu Buhari's health have raised questions about who his successor will be — a transition South Africa's own leader, Jacob Zuma, is making preparations for as well. Zuma is working quickly to consolidate power and cater to his ethnic Zulu base with a populist platform of black empowerment before he steps down, alienating investors in the process.

Europe's entrenched rulers face a growing threat to their power as well, albeit of a very different kind. France is preparing to hold elections that will pit the country's traditional political elite against an up-and-coming Euroskeptic contender, and Italy may not be far behind. Though the French electoral system is designed to keep fringe parties out of power, the possibility of a Euroskeptic win cannot be discounted — an outcome that could bring the eurozone to its knees and send shocks through global markets.

Top

Forecasts by Region

Europe

European Disintegration

The Fate of the Eurozone

Brexit and Beyond

Divided EU Foreign Policies

Crossing Borders

European Disintegration

This year will be the one in which political risk reaches the European Union's core members. During the second quarter, this will become evident as France — the bloc's second-largest economy — holds presidential and legislative elections, the results of which will resonate far beyond the country's borders. French voters will have to choose whether they want their country to reform the European Union or dismantle it to restore their state's full sovereignty.

Italy will also become a source of political risk as it moves closer to holding general elections. The current Italian government will probably stay in place this quarter, but the specter of an election in which Euroskeptic forces are expected to perform well will do little to ease concerns about the country's fragile banks and high debt levels. Germany, meanwhile, will try to keep the European Union together as it opens its own campaign season. The coming quarter will be eventful for Greece as well as Athens implements the reforms it promised to its creditors.

## The Fate of the Eurozone

French presidential and legislative elections will be the most important events to take place in Europe during the second quarter. A significant portion of France's political apparatus will be elected and appointed over the next three months. The presidential election will be held in two rounds on April 23 and May 7, while legislative elections (also split into two rounds) will follow on June 11 and June 18. French voters will have to decide whether they want to further liberalize and deregulate their economy or increase protectionism. They will also have to choose whether they want France to stay a member of a reformed European Union or leave the Continental bloc entirely.

The biggest contenders in the elections are the nationalist National Front, the centrist En Marche!, the center-right Republicans, the left-wing Unsubmissive France, and the center-left Socialists. Should any of the moderate parties win the presidency, they will focus primarily on economic and security issues. A moderate government (especially under En Marche! or the Republicans) would seek to make the economy more competitive through various combinations of spending cuts, public investment, labor reform and initiatives to reduce bureaucracy, cut down on regulation and attract foreign investment. A moderate government would probably also direct more resources toward security forces and defense spending, while at the international level it would work to reform the European Union and defend France's leading role in it. The possibility of different parties controlling the presidency and the National Assembly cannot be excluded. This would complicate policymaking.

France's two-round electoral system has historically made it difficult for extremist parties to win presidential and legislative races. Candidates have to receive more than 50 percent of the vote to gain the presidency or a seat in the National Assembly, a threshold that the National Front, for instance, has found tough to reach. If the National Front overcomes this hurdle and wins the presidency, it will set in motion a chain of events that could lead to severe crisis in the European Union.

For one, the National Front wants to introduce tariffs on French imports and tax companies that hire foreign workers, including EU nationals. Both ideas go against the basic principles of the EU single market, which emphasizes the free movement of people, goods, services and capital. Even more important, however, the party also intends to hold a referendum on France's membership in the eurozone. Many of the National Front's campaign promises would require a majority in Parliament, and in some cases the legal procedures to implement them would be arduous. National Front leader Marine Le Pen has also said the referendum on eurozone membership would be called only after six months of negotiations on reforming the European Union. But even the mere victory of the National Front in the presidential election could trigger a crisis in the eurozone. Savers in the eurozone's periphery states (such as Spain, Portugal and Greece) could, for example, withdraw their money from local banks or transfer it to safer havens abroad, forcing authorities to introduce capital controls at the national or

Continental level to stop a run on eurozone banks.

If France's moderates win, Germany will immediately invite the new president to shore up bilateral ties between Paris and Berlin and co-lead Europe. In global markets, the euro, along with riskier assets such as bonds from Europe's periphery, will strengthen rapidly. Should the National Front win, on the other hand, the German government will seek accommodation with the nationalist government in Paris, trying to dissuade it from fulfilling its most radical campaign promises. But many of the National Front's policies are simply incompatible with EU structures, limiting its room for compromise. And if serious trouble arises in the eurozone, Berlin will start making preparations for the most orderly dissolution of the currency area possible while planning its next steps with its closest partners in Central and Northern Europe. The market fallout of a potential eurozone collapse would be immediately felt in global markets as European investors flee riskier bonds and move their money to safer assets, such as German bonds.

Italy, meanwhile, is moving toward its own general elections, though it is unclear just how quickly they will arrive. The country does not have to hold elections until early 2018, but disputes within the ruling center-left Democratic Party could precipitate an early vote. The government in Rome, led by Prime Minister Paolo Gentiloni, will remain weak as Italy's main political parties prepare for the elections. Ahead of the vote, the Democratic Party will hold its primary to appoint a new leader in late April — a necessary step before the government resigns and parliamentary elections can be held.

Still, the elections will not take place during the second quarter. This means that Italy's vote will not coincide with France's, giving markets and EU governments time to digest the latter's results. But the lingering risk of elections in Italy, where Euroskeptic parties would probably make a strong showing, will add to the uncertainty clouding Italy's political and financial future. This will do little to ease market fears about the health of Italian banks and the country's high levels of public debt. But Italy could introduce some modest spending cuts to allay the European Commission's concerns about its deficit, and whatever frictions may arise, Rome and Brussels will find a compromise, allowing Italy to avoid EU sanctions.

Greece, another troubled eurozone country, will also be politically and financially fragile this quarter. Because Greece does not have any significant debt repayments to make until mid-July, negotiations between Athens and its creditors on the disbursement of the next tranche of bailout money could drag on for weeks, perhaps even extending beyond the end of the quarter. Nevertheless, the Greek bailout program will stay on track since Athens and its creditors are eager to avoid a default at all costs, though Athens will try to tone down some of the policies it has promised to implement, or announce spending increases in some areas, in hopes of avoiding a rebellion within the government.

In the meantime, Germany will continue to delay granting debt relief to Greece during its own election cycle. It could, however, make vague promises to discuss the issue in the future. Even if the International Monetary Fund does not announce a decision on its participation in the bailout program during the quarter, Greece and its creditors will work to keep it in place.

For an export-dependent economy such as Germany's, the prospect of a trade war brewing with the United States and Washington's threats to undermine the World Trade Organization are also major sources of concern. Consequently, Berlin will keep communication channels open with the new administration in the White House to defend Germany's stance on these issues, as well as on many other points of controversy between the two governments. Germany will also use its rotating presidency at the G-20 to defend free trade and the role of multilateral trade organizations.

Germany's strategy will include preserving the European Union's single market and expanding the bloc's trade relationships with other markets, primarily by supporting EU plans to resume stalled free trade talks. During the second quarter, for example, the European Union will revive negotiations with Mexico to update their free trade agreement. Brussels' efforts to sign free trade agreements with

countries such as Japan and India will likewise intensify. Germany will advocate the development of closer trade ties between the European Union and China as well, though the bloc will struggle to get European companies the same level of access to China that Chinese companies have to Europe, creating room for friction during any negotiations that are held. Berlin's aggressive stance against Chinese takeovers of German companies will lead to similar complications during the talks.

To curry favor with the United States, the German government is willing to make gestures of good faith in areas such as defense spending. But this will not go over well in Germany. After all, it is an election year and the German government will be forced to keep lines of communication open with Washington while also being critical of the new administration, especially since a large portion of the German public disapproves of U.S. President Donald Trump. The relationship between the ruling center-right Christian Democratic Union (CDU) and its coalition partners in the center-left Social Democratic Party (SPD) will encounter additional tension as the two try to differentiate themselves before the general elections.

Regional elections in the northwestern German states of Schleswig-Holstein (May 7) and North Rhine-Westphalia (May 14) will test the appeal of the SPD and CDU ahead of the September vote. They will also act as a gauge of the popularity of smaller parties, such as the environmentalist Green Party, the left-wing Die Linke and the center-right Free Democratic Party — all of which could become coalition partners to the SPD and CDU after the elections end. Moreover, the regional races will show whether the nationalist Alternative for Germany (AfD), whose popularity has declined in recent months, can make gains beyond its strongholds in the east and enter the legislatures of western regions. Regardless of the AfD's performance, other parties will refuse to cooperate with it. Yet the AfD's role in German politics is not necessarily to enter government, but to force moderate parties to incorporate elements of its nationalist agenda into their own.

## Brexit and Beyond

Brexit negotiations among the British government, EU institutions and EU members will begin in earnest in the second quarter. But the process will last at least two years. All sides will spend most of the next three months in exploratory discussions that aim to define the framework and terms of the negotiations, and no dramatic decisions are expected this early on. Before the talks can even begin, the European Union's remaining 27 members will have to agree to give the European Commission directives for its talks with London.

Some of the topics at the top of the Brexit agenda will include the legal status of British citizens living in the European Union and of EU citizens living in the United Kingdom. The parties are also likely to debate the Brexit's financial aspects, including the United Kingdom's contributions and payments to the European Union in the years ahead. This will create frictions, as the British government would try to keep its exit bill as small as possible. At the same time, the British government will be interested in starting conversations on the free trade agreement it hopes to sign with the European Union. But EU negotiators will insist on a sequential approach, starting with the country's exit and leaving the debate over the terms of its future relations for a later date.

British Prime Minister Theresa May's administration, meanwhile, will face the difficult task of reassuring the devolved governments in Scotland, Northern Ireland and Wales that their voices will be heard and their interests will be protected during the Brexit talks. London will also have to make sure that the central government remains in control of the Brexit process. London may promise subsidies, investment, tax breaks and even the transfer of powers currently in the hands of the European Union to regional governments to try to appease secessionist claims. It is unlikely, however, to give Scotland and Northern Ireland a decisive role in the negotiations. And as Northern Irish nationalist and unionist parties struggle to find common ground, the Good Friday Agreement that defines how the region's government operates will continue to show signs of fatigue.

## Divided EU Foreign Policies

The next three months will bring a flurry of debates about Russia to the Continent. As the July 31 expiration date for EU sanctions against Russia approaches, the bloc's internal discussions about its relations with Moscow will become more frequent. Since there have not been any notable changes on the ground in eastern Ukraine or in U.S.-Russia ties since the Trump administration took office, most EU members will support the continuation of existing sanctions. Though the bloc does not have to make its decision until late July, the possibility of it coming before the end of the quarter cannot be ruled out. Should the issue be put to a vote within the next three months, some countries will voice their criticism of the sanctions but are unlikely to veto the decision of the majority. (That said, an electoral victory by France's National Front, which has argued against new punitive measures toward Russia, would significantly threaten the Continent's sanctions regime.)

## Crossing Borders

As the weather starts to improve in the Mediterranean Sea, migration to the European Union's southern members will pick up. Along the migrant route traversing the eastern Mediterranean, the EU-Turkey immigration agreement still holds, but Ankara has the power to refuse to honor the deal and to stop policing migrant traffic. If it does, it would be in an effort to put pressure on the European Union, whose half-hearted compliance with the terms of the deal has rankled Ankara. The bloc, for example, has not lifted visa restrictions for Turkish citizens — one of the main promises it made to Ankara in exchange for its cooperation in preventing asylum seekers from entering the European Union. Several EU states will also continue to criticize the Turkish government's attempts to consolidate power following last year's failed coup attempt, giving Turkey added reason to threaten to renege on the deal.

Many migrants may, in fact, become emboldened by the Turkish government's threats and attempt the journey from Turkey to Greece. But Ankara will not give up on the migrant deal completely, since it still hopes to use the agreement — and Europe's fear of the political side effects that renewed waves of immigration could have in an election year — to negotiate and expand its customs union with the bloc in the near future. Maintaining these deep economic ties with Europe is especially important to Turkey as its economy continues to founder.

Regardless, EU members will try to protect themselves from a possible uptick in asylum seekers, keeping their borders closed along the biggest migration routes. This will pose a serious threat to Greece, as the country risks once again becoming a bottleneck for migrants who reach its shores but cannot keep moving northward.

There is also only so much the European Union can do to tamp down on the Central Mediterranean migrant route. In recent months the bloc has stepped up its political, economic and security cooperation with countries in sub-Saharan Africa, from which many migrants originate, as well as with Libya, the main transit state for migrants trying to reach Southern Europe. These policies will continue during the second quarter, but their impact will be modest. Italy and other southern EU members will see more migrants arrive on their doorsteps as weather conditions improve, creating tensions between them and their peers in Northern Europe. Rome will demand greater assistance to handle the influx of people, and if it allows some migrants to pass through its borders and into the rest of the Continent, frictions between it and its neighbors could worsen.

Top

Eurasia

Echoes of the Cold War

The Fight for Russia's Borderlands

Russia's Internal Struggle

Moscow Looks to the East

Instability in Central Asia

Echoes of the Cold War

The United States and Russia will see heightened frictions this quarter despite widespread speculation that the election of U.S. President Donald Trump would pave the way for a detente with Moscow. As scrutiny over Russia's meddling in U.S. politics builds, any engagement with Moscow will become politically problematic for Washington. And despite Trump's campaign rhetoric, it is in his best interest to keep pressure on Russia through sanctions and continued support for NATO. As a result, both countries will continue their military buildups along Russia's periphery this quarter, and each will test the other's sphere of influence.

Following a limited U.S. strike on a Syrian air base, Russia will position itself as a potential spoiler on the Syrian battlefield to try to draw the United States back to the negotiating table. The risk for collision between the powers is higher this quarter as Russia tries to leverage deconfliction in Syrian airspace to complicate ongoing U.S. military operations in Syria against the Islamic State. Russia's reliance on negative influence to try to bargain with Washington, however, will risk further souring the negotiating climate and limit potential collaboration. But there may still be room for restarting a dialogue in other areas, such as arms control. Both sides need to resolve several arms control issues, including their differences over violations of the Intermediate-Range Nuclear Forces Treaty, the question of whether to renew the New Strategic Arms Reduction Treaty (START), and a strategy for responding to the buildup of weapons arsenals by other powers, such as China.

Moscow, meanwhile, will be busy trying to expand its influence abroad, including in North Africa and the Balkans. In the coming quarter, it will gradually increase its involvement in the Libyan conflict by backing multiple factions while coordinating closely with Egypt. In the Balkans, Russia will also continue bolstering its support for Serbian nationalists, both in Serbia ahead of elections and in Northern Kosovo. Moscow will likewise back the separatist claims of Bosnia's Republika Srpska and will work to deepen the divides between Macedonia and the West over the political status of the country's Albanians. Russia does not expect these countries to become staunch allies; rather, it hopes to use the mounting tension to distract the West and gain political leverage.

Moscow will also work to widen rifts in Europe, particularly as the Continent prepares for French elections. Russian cyber, information and propaganda campaigns will continue to sow discord and increase uncertainty in France, especially if the Kremlin's preferred candidate, Marine Le Pen, does not win the presidency. Moscow will use the same tools to bolster Euroskepticism, particularly in Italy and Germany. Its efforts are likely to intensify in the lead-up to Europe's July deadline to extend sanctions on Russia. Even with sanctions in place, however, Moscow will work to bring European investment back to Russia when it hosts a major investment forum in June.

The Fight for Russia's Borderlands

In the meantime, the standoff between Russia and the West will continue to shape the strategic landscape of the European borderlands. The conflict in eastern Ukraine will maintain its intensity, since the security and political components of the Minsk protocols are unlikely to be implemented this quarter. Economic ties between Ukraine and its separatist territories will deteriorate because of a blockade instituted in the first quarter, forcing the rebel regions to rely on Russia and spurring long-term energy diversification efforts in Ukraine proper forward. As the European Union and United States continue to be distracted by issues elsewhere, Ukraine will build up its economic and security cooperation with Poland and the Baltic states to supplement its Western integration strategy. Meanwhile, the course of European politics (and, in particular, the outcome of France's presidential race) will be key to determining the future of EU sanctions against Russia, though they are unlikely to be lifted altogether this quarter.

Moldova and Georgia, for their part, will look to strengthen their economic ties with Russia while seeking to soften tactical elements of their policies toward breakaway territories out of pragmatism. Nevertheless, they will also continue cooperating with the European Union and NATO. (Moldova, for instance, is slated to open a NATO liaison office in April.) To the north, Belarus will come under greater domestic pressure as protests over a controversial tax policy persist, testing longtime President Aleksandr Lukashenko's undisputed grip on power. Though the unrest has so far remained a domestic issue, external powers — including the West and Russia, which have long competed for influence in Belarus — could become involved, potentially exacerbating the protests.

Armenia and Azerbaijan's dispute over the separatist region of Nagorno-Karabakh won't die down this quarter either. In fact, hostilities may intensify after Armenia's parliamentary elections are held in early April. Russia will continue to serve as the primary arbiter and power broker in the dispute as Turkey remains distracted (and, to an extent, dependent on Russia's cooperation) in the Middle East. But Moscow's attempts to build on its gains and increase its clout in the region through the Eurasian Economic Union and Collective Security Treaty Organization will be compromised by infighting within the blocs.

### Russia's Internal Struggle

Apart from its foreign interests, Russia will have to contend with a somewhat chaotic domestic environment this quarter. Though the Russian economy will continue to recover from recession, stagnation will linger through the rest of the year. Despite the sanctions against it, Moscow will court foreign investment from the West, the Asia-Pacific and South Asia at its annual St. Petersburg International Economic Forum in June, putting on hold many of its isolationist practices of the past three years.

Regardless of this relatively bright outlook, many Russian regions and citizens are in dire financial straits. Constant hardship will inflame protests over political, economic and social issues across the country. The Kremlin has tried to ensure that these demonstrations do not coalesce into a single movement against it, but if they do, security forces have been fortified and deployed nationwide to respond. Russia's heavy-handed crackdowns on opposition figures and dissent will continue, and it could start to squeeze social media channels as well.

Russian President Vladimir Putin will also work to contain the country's political elite as they continue to make grabs for power. At the same time, the Kremlin will struggle to answer tough questions about the ownership of assets, such as Chechnya's oil sector and defense companies, and whether to force energy giants such as Rosneft to cut production. All the while, Russia's security services and their cyber centers — prized portfolios for the country's elite — seem to be undergoing a reorganization behind

closed doors in the wake of accusations and arrests tied to the alleged hacking campaign targeting the U.S. presidential election. Such contests for power will further isolate Putin as he grows more authoritarian in order to preserve the stability of the political system beneath him.

## Moscow Looks to the East

Russia, meanwhile, will keep diversifying its ties away from the West in the second quarter. Putin will hold another much-touted summit, this time with Japanese Prime Minister Shinzo Abe, as Russia and Japan attempt to mend their relationship. The two countries have for some time been hung up on a territorial dispute over islands they both claim. Though they have made minor progress in settling the spat, including by establishing joint investment projects and agreeing to visa-free travel on the islands, neither is ready to make a grand bargain for them or reach a peace deal. Russia still sees the islands as an issue of national sovereignty and as a front line in its nuclear deterrence, while Japan has maintained sanctions on Russia and has been slow to release funds promised to projects in Russia's Far East. So, though both sides will promote better ties, actual steps toward achieving them will be few and far between.

Russia will work to expand its relationships elsewhere in Asia as well. Moscow will hold its annual economic forum in May, which key delegations from China, Japan and India will attend. Beijing is looking to extend its "One Belt, One Road" initiative through Russia, while Japan is still holding out hope of investing in the Far East. The summit will be co-hosted by India, since New Delhi has been pumping more money into Russia, and Moscow wants to rekindle its ties with the South Asian country to balance its other relationships in Asia. Russia and Vietnam will also hold a summit this quarter; Moscow is aiming to improve its foothold in the country with energy, military and metals investment deals to gain leverage in the wider region.

## Instability in Central Asia

Central Asia's troubles will not end in the second quarter as protests, militancy and political infighting persist. Kazakhstan and Kyrgyzstan will probably be the Central Asian states most vulnerable to unrest — the former because of its foundering economy and the latter because of an impending presidential election in November. (Kazakhstan will also begin the rocky process of transferring some powers from long-serving President Nursultan Nazarbayev to Parliament and the Cabinet.) But tension will build in Uzbekistan as well as the country's new president, Shavkat Mirziyoyev, and security chief Rustam Inoyatov spar over reforms. All the while, Russia will seek to steadily increase its sway over the region, particularly on matters of security.

Top

## Middle East and North Africa

The Syrian Civil War

The Fight Against the Islamic State

The Battle for Mosul

The Kurdish Struggle

Turkey's Resurgence



Iran's Arc of Influence

Israel's Survival Strategy

The Saudi Survival Strategy

The Yemeni Civil War

The Libyan Civil War

The Difficulties of North African Reform

The Syrian Civil War

The United States faces heightened risk on the Syrian battlefield this quarter at the same time it prepares to kick off a major offensive against Islamic State in Raqqa. A U.S. limited strike on a Syrian air base in response to a Syrian chemical weapons attack was designed to demonstrate the United States' decisiveness in military matters (a message not lost on North Korea,) but it also came with risks. Russia has long attempted to leverage the Syrian battlefield in its broader negotiations with the United States, but the United States is not leaving much room for a bargain with Moscow. Russia thus has to rely on negative influence to try and draw the United States into a dialogue and will try to play the role of spoiler on the Syrian battlefield to raise operational risks for the United States. There will be potential for the two sides to negotiate on deconfliction, but that will likely be the extent of their cooperation this quarter as Washington focuses on the fight against the Islamic State.

Russian forces will be active elsewhere in Syria, however, supporting the Syrian army's offensives against rebel forces as well as the Islamic State in theaters such as Deir el-Zour. After a few shaky months in place, the cease-fire that Russia, Turkey and Iran brokered between the rebels and loyalists in December 2016 has broken down completely. Its failure underscores the futility of the attempted peace talks that took place throughout the first quarter. In the second quarter, Syria's deepening economic woes, evident in the country's food shortages and collapsing currency, will threaten the government's hold on loyalist territory.

Syrian fighters backed by the United States will lead the charge in Raqqa. The United States' battle plan, which also includes deployments of U.S. troops, will rely on the most effective fighting force available in the short term: the multiethnic Syrian Democratic Forces (SDF). The SDF has made swift work of the fight so far, having nearly encircled the city. With help from the freshly deployed U.S. forces, artillery support has also been put in place.

But by emphasizing the SDF in the battle for Raqqa, the United States will further strain its already tense relations with Turkey. The forces include members of the Kurdish People's Protection Units (YPG), a militia Turkey considers a terrorist organization and an active threat to its national security. Still, Ankara's dismay will not discourage Washington from working with the force. And though Turkey will try to finagle a more prominent role for the forces it supports, including Turkish-trained Arab tribal forces, the United States will prioritize winning the fight against the Islamic State by the most expedient means available over appeasing Turkey. Turkey will nonetheless try to draw the United States deeper in a fight against the Syrian regime and push its proposals for establishing a no fly one and safe zones in in Syria.

Washington's battle plan for Raqqa is just one of many complications Ankara will have to contend with in Syria in the second quarter. By the time Turkey took al-Bab from the Islamic State during the last

quarter, it had already accomplished many of its objectives in northern Syria under Operation Euphrates Shield. But its efforts to keep Kurdish forces from establishing control over a contiguous swath of territory in the northern part of the country are still in progress. To achieve that objective, it will have to tread lightly so as not to step on Russia's toes. Ankara and Moscow's alliance of convenience has mostly run its course in Syria, especially since Russia foiled Turkey's plans to take the city of Manbij. Nevertheless, the two countries need to keep the lines of communication open to ensure that their troops don't end up in conflict. If their priorities in Syria continue diverging, Turkey may start looking for other ways to gain leverage over Russia — by joining in on negotiations over the Nagorno-Karabakh dispute, for instance, or increasing its coordination with fellow NATO members in the Black Sea. And even though Turkey will have less room to maneuver in Syria this quarter, it will still have some leeway to deepen its involvement in northern Iraq.

## The Fight Against the Islamic State

In the Middle East and North Africa, the primary focus of the second quarter will be the fight against the Islamic State. The battle to oust the extremist group from its strongholds in the region will reach milestones in multiple theaters in the months ahead. In Iraq, for instance, the battle for Mosul will come to a close, at least in the city itself. And in Syria, the operation to reclaim the city of Raqqa is about to get underway. These events, though notable, will hardly herald the demise of the Islamic State. In fact, the organization will redouble its terrorist activities, not only in its core area of operations in the Middle East but also internationally, in an attempt to maintain its relevance as it loses territory.

## The Battle for Mosul

Five months into the fighting, the end of the Mosul offensive is now in sight. Before the operation ends, though, Iraqi forces will deploy to other Islamic State strongholds such as Tal Afar and Hawija to sweep the extremist group out of those pockets. As the main battle comes to a close, the divisions among the Iraqi coalition's constituent groups will become clearer than ever. The risk of infighting among the alliance's Shiite, Kurdish and Sunni militias will be high throughout the quarter, particularly in the northern border regions of Nineveh province.

That Iraqi army forces are engaged in fighting in the city itself has improved the central government's reputation among Mosul residents; the boost will help Baghdad gain legitimacy and establish its authority over the city. But stabilizing the reclaimed territories around the city will be a tall order for Baghdad. Rifts within Shiite, Sunni and Kurdish groups will prevent them from reaching a coherent political settlement over Nineveh province's future this quarter. Iran and Turkey, meanwhile, will continue to vie for influence in Iraq, primarily through proxy battles in the disputed territories that will soon be reclaimed from the Islamic State. The Iraqi government and the Kurdistan Regional Government (KRG) each claim control of Tal Afar, Kirkuk and Sinjar, making these areas most susceptible to fighting and disputes over territory and resources.

As Iraq's political parties gear up for provincial elections in September, regional powers such as Turkey and Iran will have yet another opportunity to try to gain influence in the country. Tehran will use its sway among Iraq's Shiite political parties and militias to goad Baghdad to prioritize its ties with Iran and to block Ankara's attempts to get involved in the political settlement process through Sunni parties. Prime Minister Haider al-Abadi will face mounting political pressure from all sides, including Iraq's nationalist parties, as he tries to appease Turkey, Iran and the West simultaneously. Adding to the mix, Saudi Arabia will make economic and diplomatic gestures in an effort to strengthen its ties with Baghdad. (U. S. President Donald Trump's administration has been pressuring the kingdom to help loosen Iran's grip on Baghdad's political and security spheres.)

## The Kurdish Struggle

In Iraqi Kurdistan, disagreements will prevent the region's various political factions from forming a united front. In fact, the divisions are widening. The Patriotic Union of Kurdistan (PUK) has started pushing back more forcefully against its main political rival, the Kurdistan Democratic Party (KDP), to increase its share of oil revenues from Kirkuk and weaken the KDP's alliance with Baghdad. The dispute is good news for Baghdad, at least. Should the PUK make another attempt at disrupting the flow of oil from Kirkuk to win concessions from Baghdad or Arbil, the Iraqi government will feel less threatened than it would if the KDP were also in on the plan. But Kirkuk could become a flashpoint this quarter regardless, as the governments in Baghdad and the KRG, not to mention the rival Kurdish parties, fight over control of the province and its oil production.

Iraqi Kurdistan, similarly, will be a primary playing field in the competition between Turkey and Iran. Ankara will use the presence of the Kurdistan Workers' Party (PKK), which it considers a terrorist organization, in northern Iraq as a pretext to deploy proxy forces in the region to defend its interests there. Turkey might consider, for instance, dispatching the Rojava Peshmerga, a Kurdish militia aligned with the KDP, to fight on its behalf in the event that ethnic conflict flares up after the Mosul offensive winds down. To keep Ankara in check and support its own interests in northern Iraq, Tehran will rely on the mostly Shiite Popular Mobilization Forces positioned near Turkish-backed forces, as well as its ties with Baghdad.

## Turkey's Resurgence

In Turkey, voters will head to the polls in mid-April to decide whether to go ahead with proposed constitutional amendments that could change Turkey's political future. President Recep Tayyip Erdogan has a lot riding on the success of the reforms, which would increase the powers of the presidency and curtail those of other branches of government. But when voters cast their ballots on April 16, they will have other concerns on their minds, such as the country's flagging economy. Turkey's high dollar-denominated debt and weakening currency — set to further deteriorate as the dollar strengthens — have exacerbated its financial troubles recently. If the referendum falls short of the simple majority it needs to pass, the ruling Justice and Development Party (AKP) will still retain power, though the loss would be a blow for Erdogan's campaign to consolidate institutional control.

To try to improve its chances of success, the AKP has been using the country's security concerns to stoke nationalism and stir popular support for the referendum. The wave of nationalism sweeping Turkey will buoy the ruling party, win or lose. Nevertheless, the results of the referendum will reveal strong support for and opposition to the AKP, laying bare the country's sharp political divisions.

## Iran's Arc of Influence

Iran will also hold an important vote this quarter. Voters in the country will elect their next president May 19. As the election approaches, even the Islamic republic's hard-line politicians are trying to avoid instigating conflict with the United States. Washington, likewise, will be careful not to provoke hostilities with Tehran by changing the Joint Comprehensive Plan of Action nuclear deal — especially since the GCC countries support keeping the agreement in place rather than risking uncertainty by scrapping it. But that won't stop the Islamic Revolutionary Guard Corps from keeping up its usual defensive posturing and staging missile tests or military exercises in a bid to stay relevant. And as U.S. lawmakers have made clear, Congress will not hesitate to impose additional sanctions against Tehran in response to any perceived aggression.

The threat of new sanctions from the United States will compound Iranian President Hassan Rouhani's economic worries in the runup to the elections. When campaign season kicks off in April, the incumbent leader will face challenges from opponents in Iran's hard-line and conservative camps alike. And though Rouhani has experience, momentum and his role in Iran's economic recovery to date on his side, the country's lingering financial troubles will weigh heavy on voters' minds as they head for the ballot box. Inflation has fallen under Rouhani's administration, but unemployment is still high — a vulnerability his opponents may seize on during the campaign.

As the Islamic republic gears up for its election, one of its prized proxy forces, Hezbollah, could derail a vote in Lebanon. The militia's allies and enemies are still at odds over electoral reforms and a new budget, and their disagreements could postpone elections set for May. Notwithstanding the current dispute, the Lebanese government has come a long way over the past several months. A new prime minister and president have managed to reshuffle the country's military leadership and, more important, revive its stagnant energy sector. Their progress highlights the pragmatic approach Lebanon's main political parties have taken to try to find a viable compromise to solve the country's persistent problems. But as the lingering differences over electoral reform demonstrate, no solution is perfect.

Hezbollah will also be a source of growing concern for Israel during the second quarter. The group's military buildup in Syria over the course of the civil war there, combined with its growing presence in the Golan Heights, has put Israel on high alert and fueled fears of an impending war at the country's northern border. To prevent Hezbollah from getting any stronger, the Israeli government will continue attacking its arms shipments in southern Syria. Nevertheless, the conflict could escalate during the second quarter.

#### Israel's Survival Strategy

If the Israeli government keeps pursuing its settlement policy in the West Bank without objection from the White House, moreover, the proliferating communities could provoke a violent response from Palestinians there. The risk of renewed conflict, sparked by competing Salafist groups or merely by chance events, will loom large in the Palestinian Authority, though its two main political parties, Fatah and Hamas, will each try to avoid confrontation with Israel this quarter. In addition, the political divides between the parties could further postpone legislative elections in the Palestinian territories, scheduled in the West Bank for May.

Hamas and Fatah will each be focused on their own internal objectives this quarter rather than on bridging the divide between them. Hamas is working to modify its political charter for the first time in decades, breaking with tradition to recognize the 1967 Palestinian borders. The party's turn toward moderation, however slight, is meant to curry favor with Arab partners such as Egypt, whose support Hamas needs more than ever now that the Islamic State's Sinai faction is threatening its supply routes and legitimacy. (Israel will put little stock in the group's efforts at change, though, and will continue its operations against Hamas.) Fatah's leaders, meanwhile, will be focused on establishing a succession plan for aging party leader and Palestinian President Mahmoud Abbas. The enduring rifts between the rival Palestinian parties will prompt Arab states in the region to get more involved to try to resolve the struggle.

#### The Saudi Survival Strategy

For Saudi Arabia, the second quarter will hinge on OPEC's May 25 meeting. The summit, during which Riyadh will cajole its fellow members in the oil cartel to extend the production cut instated in November

2016, will be a turning point for the Saudi government's economic reform initiatives. Even though the production cap hasn't boosted oil prices as much as Riyadh hoped it would, the kingdom is in no position to risk oversaturating the market by scrapping the deal. Doing so, after all, would further destabilize the price of oil, jeopardizing Saudi Arabia's oil revenues in the process. Whether the country can persuade the rest of OPEC to stay the course with the production cut will determine every other economic action that the Saudi government takes for the rest of the year.

### The Yemeni Civil War

With all sides of the conflict locked in a stalemate, Yemen's civil war will enter the second quarter more or less stagnant. The rifts in the Gulf Cooperation Council (GCC) military coalition against Yemen's Houthi rebels are more pronounced than ever. The United Arab Emirates is focused on training and supporting its own forces in the south. Saudi Arabia, on the other hand, is looking to the United States for help negotiating a political resolution to end the fight. But until Riyadh compromises in its adamant support for Yemeni President Abd Rabboh Mansour Hadi, and the Houthi rebels agree to relinquish territory to the government, the prospects for peace will be slim. So though the United Nations will make another attempt at forging a peace plan for the country, it will make little headway in this endeavor.

Evidence of Iran's efforts to train and equip the Houthi rebels, meanwhile, has prompted the Pentagon to request more support for the Saudi- and Emirati-led coalition. If the White House approves, the United States will share more intelligence and boost its logistical coordination with the Gulf coalition to try to limit Iran's influence in war-torn Yemen and stabilize the strategic Bab al-Mandab Strait. At the same time, Washington will pursue a more aggressive strategy against al Qaeda in the second quarter since the group's slow and steady approach has enabled it to grow in Yemen as well as Syria.

### The Libyan Civil War

Oil production will also play an important role in Libya this quarter, as multiple conflicts rage on in the country. Libyan National Army chief Field Marshal Khalifa Hifter has reclaimed the critical As Sidra and Ras Lanuf oil export terminals in eastern Libya, after the Petroleum Facilities Guards and Benghazi Defense Brigades militias overran them in early March. Though the fighting stalled oil production in Libya, it will likely maintain export levels over 400,000 barrels per day throughout the quarter.

In western Libya, meanwhile, rivalries between the U.N.-backed Government of National Accord and the General National Congress, two of the country's three rival governments, will breed divisions in Misrata and Tripoli. Outbreaks of violence between the governments' corresponding militias will continue to be a constant this quarter, particularly in the capital. International support for Libya's governments will be less divided, by contrast. Egypt and the United Arab Emirates will continue to back Hifter, while Russia increases its support for his Libyan National Army. (Unless he can bring more ground forces under his control, however, Hifter will have trouble increasing his influence in eastern Libya, and his efforts to draw new recruits will run up against tribal divisions.) And although the European Union will push for political resolutions to the various battles in Libya, negotiations will stay at a standstill this quarter.

### The Difficulties of North African Reform

Elsewhere in North Africa, Algeria's government will fight a political battle of its own this quarter, albeit more quietly. The country's citizens are frustrated since the government passed a new budget that slashed public spending and raised taxes. The austerity measures, which sparked public protests, will be at the forefront of voters' minds as they head to the polls in May for legislative elections, and more

demonstrations are expected in the meantime. Whatever the vote's outcome, however, the Parliament lacks the political clout to bring change to Algeria's tightly controlled political system, even if opposition parties perform better than they have in years past. Many of President Abdel Aziz Bouteflika's close allies have ensconced themselves in important ministries and positions over the past few years, including, during the first quarter, the head of state oil and gas company Sonatrach. Infighting among the country's elite will be a strong undercurrent in Algerian politics for the rest of the quarter, though it will take place largely behind closed doors.

Top

East Asia

China in Transition

Globalization, Evolved

The New Silk Road

Coping With a Nuclear North Korea

Asia-Pacific: Among Great Powers

Southeast Asia: Burdened By Consensus

A Japanese Awakening

China in Transition

Chinese President Xi Jinping's push to consolidate his grip on power will enter a critical phase in the coming months amid preparations for October's 19th Party Congress, the quinquennial meeting where senior party officials select the next Politburo Standing Committee, the country's top governing body. With as many as five of the current seven committee members expected to step down this year, the plenum will offer Xi a momentous opportunity to stack the country's leadership with his supporters, fortifying his position as China's most powerful leader in decades. In the lead-up to the congress, Xi's core task will be to eliminate remaining checks on his influence, while reshuffling personnel to move allies into key posts. Broadly speaking, these efforts will be successful.

The stakes riding on the Party Congress will compel Chinese leaders this quarter to focus overwhelmingly on stabilizing the economy, sustaining low unemployment and avoiding social disruptions, meaning much-needed but risky reforms will take a back seat. Beijing will continue to push industrial restructuring and consolidation programs, environmental initiatives and limited financial reforms. Major new initiatives, however, that would threaten to erode business confidence or destabilize the economy are unlikely in the near future. And on existing issues that the government chooses to expand, such as corporate debt-equity swaps and bankruptcy tribunals and the introduction of a nationwide property tax, authorities will delay full implementation until after the congress. In the meantime, Beijing will maintain robust support for key industrial sectors such as home construction and manufacturing while introducing piecemeal measures to strengthen the economy's defenses against potential external shocks, especially those threatened by impending shifts in U.S. trade and currency policies.

Outside the mainland, Beijing will face a bigger challenge in managing persistent discontent in Hong Kong over China's interference in the city's political affairs, a situation that the recent election of its

preferred candidate, Carrie Lam, as Hong Kong's next chief executive will do little to alleviate. As the special administrative region prepares to mark the 20th anniversary of its reunification with China on July 1 (Lam's inauguration date), conditions will be ripe for an escalation of protests.

## Globalization, Evolved

The ongoing evolution in U.S. trade policy will continue to be felt across the Asia-Pacific and will pose the greatest potential threat to Chinese economic stability — and therefore to Xi's drive to consolidate power — in the second quarter. In the next three months, Washington may not impose new barriers to trade with China beyond anti-dumping and countervailing duties, but Beijing will gird itself for the possibility that the Trump administration follows through on the new president's promises to name China a currency manipulator or levy new controls on U.S. imports of Chinese goods such as steel or automobiles. Chinese authorities will work to build up buffers against U.S. threats or punitive measures while seeking to deter Washington by outlining the retaliatory measures Beijing can take. China may also introduce its own anti-dumping measures. Beijing's most likely course of action, however, will be to try to use its influence on regional security matters as leverage in economic discussions with Washington. Toward this end, China may offer to cooperate with Washington on issues such as cybersecurity, military affairs and even North Korea — a rare area where U.S. and Chinese interests overlap. At the same time, it will become more openly confrontational in the South China Sea or on other regional matters.

Though China has been the primary target in Asia of Washington's attacks on trade and currency manipulation, Japan and South Korea — the United States' two most important security allies in Asia — have by no means been exempt from prospective U.S. policy changes. This will compel both countries to explore other options, including expanded investment into and potentially imports from the United States, to hedge against pressure from Washington and prevent economic frictions from undermining their security partnerships. Nonetheless, even rhetorical pressure from Washington on trade will be painful for South Korea as Seoul attempts to move on from the fall of President Park Geun Hye while also facing Chinese economic retaliation over the deployment of the Terminal High-Altitude Area Defense (THAAD) missile defense system. China may ease pressure on Seoul in an effort to open diplomacy with the next South Korean administration after the upcoming election. But the new president's attention will be divided between a range of priorities: not only the perennial North Korean threat but also reform of South Korea's scandal-prone chaebols (giant, family-run conglomerates) and broader economic restructuring.

Elsewhere in the Asia-Pacific, moderate recoveries in the global economy — particularly in commodity prices — will continue to provide much-needed relief for regional exporters. Nonetheless, countries such as South Korea and Thailand will struggle to regain their growth momentum because of internal political constraints, increased regional competition and regional geopolitical pressures. Moreover, few countries in the region will be immune to the long-term impact of the surge of protectionism across the globe or the potential fallout from a prolonged Sino-U.S. trade or currency spat. As major powers reconfigure their trade strategies, smaller economies will seek to insulate themselves from potential shocks by more proactively pursuing regional cooperation and economic diversification. In addition to Asia-centric multilateral frameworks such as the 16-member Regional Comprehensive Economic Partnership (RCEP), trade-dependent economies such as those of Malaysia, Australia, Vietnam and South Korea will explore free trade options farther afield.

## The New Silk Road

Beijing will be well-positioned to exploit regionwide uncertainty over Washington's potential retrenchment to press Chinese interests elsewhere in its periphery this quarter. In response to the Trump administration's withdrawal from the Trans-Pacific Partnership trade pact, China will redouble its

efforts to draw regional economies further into its orbit by touting regional trade initiatives such as RCEP.

In addition to trade, expanded investment, particularly in infrastructure, will be core to China's diplomatic outreach throughout its periphery, with Beijing using its One Belt, One Road summit in May to portray itself as an economic anchor and promote its vision for the region as a favorable alternative to the Western-led order. But its efforts to build out vast road and rail networks will be constrained by localized unrest and suspicions in target countries, particularly Pakistan and Sri Lanka, as well as at home in Xinjiang. Domestic economic pressures will also complicate implementation of Beijing's grand plans.

### Coping With a Nuclear North Korea

The fraught efforts by China and the United States, as well as South Korea and Japan, to contain North Korea's nuclear weapons program will remain a singular driver of regional dynamics in the quarter. As North Korea nears the successful development of an effective nuclear deterrent against the United States, Pyongyang will continue to use every opportunity to demonstrate its expanding defense capabilities. Another North Korean nuclear test would undoubtedly elicit heated rhetoric and defense posturing by Seoul and Tokyo, including moves that Beijing views as antagonistic. This will reduce room for diplomacy between Washington and Northeast Asia's leading powers and intensify pressure on Washington to consider alternative measures to deter Pyongyang.

Direct, pre-emptive military action against Pyongyang — particularly its nuclear weapons infrastructure and arsenal — is possible but unlikely this quarter absent a complete breakdown of diplomatic efforts by the United States and China. Instead, Washington will most likely focus on pressuring Beijing to rein in Pyongyang. Beijing may use its economic pressure over North Korea to hedge against Washington's agenda on other fronts, particularly U.S. pressure on trade. But Beijing will avoid fully severing North Korea's economic lifelines in China or substantially undermining Kim Jong Un's rule in Pyongyang.

### Asia-Pacific: Among Great Powers

Where possible, Beijing will work to separate its tension with Washington over trade and the Korean Peninsula from other pivotal issues in China's periphery. Beijing will be particularly on guard against any moves by Washington to use Taiwan as a bargaining chip in other negotiations. Though the Trump administration reversed course and pledged in February to continue the "One China" policy, a long-standing diplomatic formula underpinning Washington's relations with Beijing and Taipei, the White House may still seek to boost arms sales or diplomatic contact with Taipei this quarter. Meanwhile, Taiwan will also expand its economic outreach to other countries, particularly Japan, India and Southeast Asian states, to lessen the impact of diplomatic isolation by Beijing. China would heartily protest any new U.S. arms sales to Taiwan and possibly reduce military cooperation with Washington, but it will avoid inflaming cross-strait tensions in any way that would threaten Xi's goals at the upcoming Party Congress.

Meanwhile, Beijing will further its evolving strategy for managing the backlash in Southeast Asia to expanding Chinese maritime activities in regional waters. Following last year's international tribunal ruling invalidating China's territorial claims in the South China Sea, Beijing has continued a carrot-and-stick strategy, paring maritime and economic concessions with coercive measures — all while continuing to build out its regional military presence. In recent months, this strategy has helped China and some South China Sea claimant states, particularly the Philippines, achieve a tentative conciliation, even as China's broader confrontation with the United States has threatened its capacity to manage



## South China Sea affairs.

But numerous potential flashpoints in the second quarter will put this reconciliation to the test. For example, the upcoming fishing season will create ample opportunities for flare-ups between Chinese fishing fleets and coast guard forces and their counterparts from littoral states such as Indonesia and Vietnam. Perhaps the biggest test will be the joint fishing arrangement between China and the Philippines in waters around the Scarborough Shoal, a long-standing flashpoint some 200 kilometers west of Luzon. Though large-scale, sustained conflict in the disputed waters is unlikely, the growing number of civilian and naval ships on the seas raises the risk of accidents and miscalculations capable of spawning an international crisis.

Landmark bilateral Sino-Philippine maritime consultations in May will not fundamentally alter the dynamic in the region. With Philippine President Rodrigo Duterte's erratic rhetoric and efforts to reorient the country's foreign policy toward China beginning to draw some pushback at home — and given China's unwavering goal of cementing its regional maritime dominance — Sino-Philippine relations will remain fraught, creating opportunities for a warming of ties between Manila and Washington. This, in turn, could affect how other states in the region deal with Chinese assertiveness. Ultimately, claimant states will continue to pursue omnidirectional foreign policies marked by greater ties with a range of outside powers, including Russia and Japan. And Beijing will work to maintain its current strategy of balancing coercion with concessions and cooperation (including on energy development in disputed waters) to temper the sharpest tensions and limit opposition to its maritime actions.

## Southeast Asia: Burdened By Consensus

China and the Association of Southeast Asian Nations (ASEAN) will likely make some progress in negotiations on a Code of Conduct for the South China Sea. But divisions within ASEAN over how to deal with Beijing, combined with deepening concerns over China's growing military power and perceived assertiveness, will limit the negotiations.

Moreover, across Southeast Asia, domestic political factors will continue to hinder pan-ASEAN cohesion and complicate broader regional issues. Even as the Philippines' temporary detente with China enters rough waters this quarter, for example, so will Duterte face new challenges to his initially unquestioned authority at home. As long as Duterte's domestic popularity is high, he will face no serious threats to his power. But the threat of power struggles within the government and political establishment will grow as he pushes forward with contentious initiatives such as his violent war on drugs, peace talks with Muslim Moro and Communist rebels, and a plan to shift the government to a federal system — all while seeking to limit domestic backlash to his reorientation away from the United States, which retains deep ties throughout the Philippine defense establishment. A Duterte administration bogged down by domestic pressures would have less room to sustain a politically risky outreach to China or, as this year's ASEAN chair, steer the body toward a semblance of consensus on the South China Sea.

Meanwhile, in Cambodia — under the current government, China's most stalwart supporter in ASEAN — upcoming commune elections will test the public's support for Prime Minister Hun Sen and the grip of his Cambodian People's Party on power ahead of 2018 general elections. Similarly, an April runoff election for Jakarta governor will serve as a barometer of the ruling party's ability to solidify support to the degree necessary to expand substantial fiscal, regulatory and economic reforms and play a more decisive role in regional trade and security affairs.

## A Japanese Awakening

Barring a significant change in U.S. policy toward the South China Sea, claimant states and U.S. allies

alike will remain cautious about undertaking bilateral naval patrols with Washington or taking other actions that might antagonize Beijing. Such concerns will be unlikely, however, to deter Japan from deepening its diplomatic outreach to and defense cooperation with South China Sea claimant states. Tokyo will use arms sales and military aid to ASEAN states, along with joint exercises with regional navies and a generally increased regional maritime presence, to bolster its position as an increasingly robust check on Chinese influence in Southeast Asia.

Japan's diplomatic, economic and security offensives in Southeast Asia are just one piece in its broader push to revive the country's standing and influence abroad. In the second quarter, Japanese Prime Minister Shinzo Abe will meet with Russian President Vladimir Putin as the two countries seek to improve ties and resolve a long-standing dispute over control of the South Kuril Islands. Even incremental progress here would help Tokyo hedge against Chinese influence in Northeast Asia. Meanwhile, Japan will continue with efforts to counter China's expanding presence in the East China Sea by increasing naval and coast guard patrols and research activities. But Tokyo's attention will be dominated by relations with Washington this quarter, with several meetings between senior Japanese and U.S. lawmakers on the docket, as the government seeks to build on the momentum generated by Abe's recent visit to Washington and Japan's promise to invest in the United States.

The Abe administration will use political capital gained from its diplomatic successes here to push for structural reform legislation at home, along with a constitutional revision allowing the emperor to abdicate. The quarter will likely see concrete progress on reform legislation in areas such as agriculture and labor. Meanwhile, the Abe administration will rely on aggressive monetary and fiscal policy to sustain overall economic stability at home.

[Top](#)

[Latin America](#)

[North America Unrivaled](#)

[The Importance of Mexico](#)

[Venezuela's Unraveling](#)

[Colombian Peace Process](#)

[Brazil's Economy Recovers While Its Leaders Founder](#)

[Argentina Undertakes Subtle Reforms](#)

[North America Unrivaled](#)

Now that the key members of U.S. President Donald Trump's trade team have been appointed and are likely to be confirmed this quarter, trade issues will move up on the White House's agenda. Washington will use the next three months to conduct an internal review on the United States' existing trade agreements and decide which aspects of the deals to amend in negotiations. At the top of the new administration's priorities will be the revision of the North American Free Trade Agreement (NAFTA).

NAFTA's members — Canada, Mexico and the United States — will open the discussion within a trilateral framework. Though the United States has said it would prefer to pursue trade talks on a bilateral basis, Canada and Mexico have made clear that they prefer to stick to three-way talks. But even if the United States is willing to kick off the negotiations in this format, differences between

Washington and its North American trade partners could eventually force the parties to move to one-on-one discussions instead. This cannot happen, however, until the negotiations formally begin in the second half of the year. (The White House has said it plans to use the Trade Promotion Authority law to renegotiate NAFTA, but doing so would require the administration to give 90 days' notice before entering into official talks — notice it will almost certainly issue in the second quarter.)

In the meantime, all parties will see a flurry of preparations and lobbying take place in the coming months, ahead of the talks. The United States will use its 90-day consultation period to draft specific negotiating points for congressional review. Chief among them will be NAFTA's rules of origin: Washington will argue that products imported from Mexico and Canada should be made up of more inputs sourced from NAFTA members in order to qualify for tariff exemptions. The White House will also probably seek to reshape the bloc's Chapter 19 dispute settlement mechanism, introduce more labor and environmental requirements, and expand the deal's purview to cover modern sectors such as the digital economy that were not included in the initial agreement.

Mexico's strategy going into the negotiations also began to take shape over the first quarter. Mexico City has already triggered its own 90-day consultation period and has begun reaching out to business leaders and groups at the state and municipal levels in Mexico and the United States to lobby against any substantial alterations of NAFTA. Mexico has also outlined the sectors most likely to be affected by a breakdown in negotiations or new U.S. tariffs on Mexican goods so that it may respond in kind if it must. But with few practical means of immediate leverage against the United States, Mexico is at a distinct disadvantage. As a result, it will have no opportunity to pressure Washington without jeopardizing the NAFTA talks as a whole. Threats of scaling back intelligence sharing, for example, will probably emerge from Mexico only if Washington attempts to impose unfavorable constraints on Mexican goods during the talks.

Though Trump's harshest criticism of NAFTA has so far centered on Mexico, Canada is taking no chances. Following Mexico City's lead, Ottawa has reached out to U.S. states that frequently trade with Canada, including in the Midwest, in an attempt to minimize disruptions to NAFTA. Several of those states voted for Trump in November, but Ottawa is hoping to make the case that preserving close trade ties with Canada is in their best interest. Its lobbying and outreach efforts will continue through the second quarter. Canada has also pointed out that its own free trade agreement with the United States, which predates NAFTA, has only been suspended and could easily be resurrected should Washington choose to replace the trilateral deal with two bilateral arrangements.

Beyond its immediate neighbors, the United States will seek to more tightly enforce its existing trade deals with other partners, particularly China. Washington, however, is unlikely to make much progress on larger trade issues during the coming quarter. Though the White House has threatened to ignore the rulings of the World Trade Organization (WTO) as it sees fit, the issue probably will not come to a head in the next three months. With its health care plan on ice, the Trump administration will instead shift gears toward trying to implement its proposed tax cuts and reforms. Congress will pass a budget resolution in the second quarter that will allow it to try to approve tax adjustments through budget reconciliation before the end of the 2018 fiscal year. Meanwhile, the Trump administration will unveil its own proposed changes to the tax code this quarter, though its plan will face an uphill battle in Congress. Among the most controversial amendments that Republicans in the House of Representatives have proposed is a border tax adjustment. Many are concerned that the measure may violate the United States' obligations under the WTO by rebating "direct taxes" on exporters (potentially constituting an export subsidy) and by taxing imported goods differently than domestically produced products. EU members and other countries have expressed concern about these issues and have promised to challenge the changes if they are approved by Congress. That said, it is unclear whether these aspects of the tax reform will be eliminated, adjusted or kept before the bill is presented to lawmakers. Moreover, though Washington will kick off the process of overhauling the U.S. tax code this quarter, Congress will not face as tight a deadline to complete it as it did with health care reform earlier this year. The tax proposals' actual passage, then, will not occur until at least the second half of 2017.

## The Importance of Mexico

Mexico's relationship with the United States — its most important in terms of trade, security and diplomacy — will take center stage in Mexico City this quarter. Though the Mexican government will take small steps to try to limit any alterations to its ties with Washington, it will also hedge its bets by searching for ways to diversify its economy away from its northern neighbor. Mexico will explore its options for expanding trade with the European Union and Asian partners, including Japan, China, New Zealand and Thailand, while seeking to partially substitute U.S. food imports with goods from South America. To that end, it will try to lay the groundwork for deals to purchase more soybean, beef, pork and corn imports from Brazil and Argentina.

The White House's plans to renegotiate NAFTA and insistence that Mexico do more to restrict immigration could translate into political gains for populist politicians south of the border. The campaign season for Mexico state's gubernatorial election on June 4 will heat up during the second quarter, and given the state's size and political diversity, it is widely regarded as a bellwether for the country's presidential race, which will be held in 2018. At the moment, populist figure Andres Manuel Lopez Obrador's National Regeneration Movement (Morena) appears ready to give the country's traditional political heavyweights — the Institutional Revolutionary Party (PRI) and National Action Party (PAN) — a run for their money in this year's election. As Morena squares off against the PRI and PAN for control of Mexico state's governorship, its performance will give some indication as to whether the PRI's numerous corruption scandals and Mexico City's deteriorating relationship with Washington will result in populist backlash during next year's presidential race. Lopez Obrador will no doubt capitalize on Mexican voters' dissatisfaction with the ruling PRI and U.S. antagonism to further his own campaign for the presidency over the next few months.

## Venezuela's Unraveling

This year will be the toughest the ruling United Socialist Party of Venezuela (PSUV) has ever encountered. Chief among the government's concerns will be its high risk of defaulting on debt owed by state oil and natural gas firm Petroleos de Venezuela (PDVSA). PDVSA is counting on a \$600 million loan from Russian oil giant Rosneft a stake in a joint venture to make its \$3.1 billion in debt payments due in April and May. If the loan falls through, Venezuela will be in dire financial straits. Should the company default on its upcoming bills, the threat of unrest spreading throughout the country will rise. But even if PDVSA successfully makes its payments in the second quarter, it will owe another \$3 billion in October and November — bills it will probably fail to pay without additional foreign assistance.

If Venezuela proves unable to avoid default, whether in April or November, its full impact will not be felt for several months. But eventually imports, including food supplies, will plunge and the country's already high inflation will soar. Each of these effects would pose a significant threat to the PSUV's continued rule. Political elites would likely close ranks and crack down on signs of dissent from within their own party and from the opposition in hopes of fending off potential challenges to the state.

Faced with mounting discontent, the Venezuelan government will also maintain — and perhaps increase — its surveillance of the country's armed forces. The ruling party fears that military officers in Venezuela's regional commands may someday rise up against the central government. Though no coup seems to be in the making at present, Caracas will use human intelligence sources and electronic surveillance to keep a close eye on its troops to ensure that does not change.

In addition to its predicament at home, the Venezuelan government will have to grapple with the uncertainty surrounding the new U.S. administration's foreign policy. The White House began to adopt a tougher stance toward Venezuela in the first quarter, and it may choose to build on that pressure by

slapping new sanctions on Caracas, through the U.S. Treasury Department, in the second quarter. If the sanctions target Venezuelan officials, their impact on the country as a whole will be minimal. But if they are leveled against PDVSA — the government's primary source of revenue — the punitive measures will do considerable damage to Caracas' finances and the ruling party's position in power. Such sanctions (or the mere threat of them) will therefore give the United States substantial leverage over Venezuela in any future negotiations.

### Colombian Peace Process

Colombia, meanwhile, will continue the process of winding down its longest-running insurgency. Rebels belonging to the Revolutionary Armed Forces of Colombia (FARC) will stay in their demobilization zones awaiting commanders' orders to surrender their weapons. At the same time, the Colombian Congress will pass legislation that will permit the FARC to continue laying down arms. Though the group originally agreed to give up all of its weapons by June 1, this deadline may be delayed since FARC members have been slow to gather at the country's predetermined demobilization zones.

The disbandment of Colombia's largest guerrilla group, coupled with rising demand for cocaine in the United States, Europe and Asia, will fuel violent competitions among smaller rebel and criminal organizations for the FARC's former coca-producing territories in the months ahead. Now that most FARC rebels are preparing to reintegrate into society, the National Liberation Army (Colombia's second-largest insurgency) and the Clan del Golfo crime syndicate will vie with each other for control over key drug trafficking routes and resources, bringing greater violence to the Colombian hinterlands in the Choco, Cauca and Meta departments.

### Brazil's Economy Recovers While Its Leaders Founder

The second quarter will bring new promise for the Brazilian economy. Buoyed by higher oil and iron ore export revenue as well as rising domestic consumption, the country will continue to pull itself out of recession in the months ahead. But Brazil's politicians will not fare as well. President Michel Temer's tenure may be cut short in the second half of the year by an ongoing Supreme Electoral Court investigation into charges that he knowingly accepted campaign funds in 2014 that were obtained through acts of corruption. Though the court is unlikely to issue its ruling during the second quarter, the accusations will continue to hang over the president in the coming months.

Several other leading figures from Brazil's major political parties have been swept up in the scandal as well. Politicians who would have otherwise been obvious candidates for the country's presidential election in 2018, such as Aécio Neves, José Serra and former President Luiz Inácio Lula da Silva, have been plagued by allegations of corruption. As the popularity of Brazil's established elite has fallen, political outsiders have seized the chance to make their own gains. Chief among them is a highly conservative former military officer, Jair Bolsonaro, who came in third place in recent polls. Bolsonaro's rise is troubling to Brazil's traditional parties, such as the Workers' Party and the Social Democracy Party of Brazil, which may have a hard time defeating him if they cannot carve out a clear majority in the first round of the presidential race. (Even da Silva, who is popular among voters, would run the risk of losing to Bolsonaro in the event of a runoff.) Still, the campaign season has only just begun, and Bolsonaro's chances of proceeding to a runoff are remote — especially if new candidates enter the race on behalf of Brazil's entrenched leaders.

For now, Temer will focus on bringing his pension reform — a key part of his austerity agenda — to a vote in the lower house of the National Congress. But protests against the proposal and government corruption could stall the vote, particularly as Eliseu Padilha (Temer's chief of staff and lead negotiator

with the National Congress on the reforms) comes under scrutiny for graft. The threat of an investigation into and indictment of Padilha, or of Brazilian lawmakers, may sideline Temer's effort to rally the fractured National Congress' support for his policies.

## Argentina Undertakes Subtle Reforms

Argentina's leaders will be in a no less precarious situation this quarter. President Mauricio Macri will have to balance between satisfying the demands of organized labor and attracting foreign investors as he continues to steadily make fiscal adjustments over the next few months. These measures will include hikes in the price of natural gas and likely water for consumers across the country.

There are limits, however, to how heavy a burden the government in Buenos Aires can place on taxpayers. The country will hold legislative elections <LINK: The Costs of Promoting Business in Argentina> in October that are considered a prelude to the presidential race in 2019. Determined to remain in power, the ruling party will shy away from implementing heavier austerity measures or spending cuts ahead of this year's vote that would directly harm labor unions or provincial governments.

Top

## South Asia

India's Own Worst Enemy

The India-Pakistan Rivalry

South Asian Militancy

India's Own Worst Enemy

The second quarter will be a benchmark for India's ambitious tax reforms. The Goods and Services Tax (GST) bill has weathered a halting journey in the 17 years since it was first proposed, spurring debate and disagreement as it wound its way through India's democratic system. Thanks to Finance Minister Arun Jaitley's "cooperative federalism" strategy, however, the dual value-added tax legislation clinched a major victory during the Parliament's recent budgetary session when the lower house passed all four of its component bills. The bills' passage marked a big step toward simplifying India's convoluted tax system and unifying its fragmented market — two key components of Prime Minister Narendra Modi's plan to boost economic growth.

Having passed the measures at the federal level, the ruling Bharatiya Janata Party (BJP) will now shift its attention to India's 29 state legislatures, each of which must pass a local version of the GST. This will be a lengthy undertaking, of course, especially considering that the BJP is in the minority in 14 state assemblies. Consequently, Modi's government probably won't meet its July 1 implementation deadline. But that doesn't mean the measures will fail. Through concession and compromise, Jaitley and his state counterparts in the GST Council have addressed local governments' major grievances, including the issue of compensation for lost tax revenues in manufacturing-heavy states. Ever since Parliament passed the GST constitutional amendment in August 2016, moreover, India's state and federal governments have become more aligned on the issue of tax reform. And so, notwithstanding the usual politicking, each state will pass its version of the GST eventually — though not necessarily in the second quarter.

In fact, India's economic reform project as a whole is entering the new quarter with renewed momentum after the recent state elections in the country. The BJP achieved a resounding victory in the all-important state of Uttar Pradesh, and it also formed governments in the states of Goa, Manipur and Uttarakhand. This string of successes is good news for the BJP for a couple of reasons. The ruling party, for instance, will get to send more representatives to the upper house of Parliament, easing the way for economic reforms — though this is a benefit that will take some time to pay off. More immediately, the party's strong electoral performance is a vote of confidence for Modi's demonetization campaign, despite the many inconveniences it caused.

Now that the Reserve Bank of India has removed ATM cash withdrawal limits, the demonetization process has ended, and "remonetization" is in full swing. As Indians regain access to cash, their country's economic growth should pick up a bit. At the same time, however, digital transactions — something demonetization tried to encourage — will keep falling, albeit not necessarily to pre-demonetization levels. New Delhi has yet to address the underlying reasons that have kept cash king in the Indian economy. The country's financial infrastructure remains inadequate, the cost of credit card transactions still exceeds that of cash payments, and the legal protections against credit card fraud are lacking. Until New Delhi fixes these issues, cash will continue to reign supreme.

The quarter also promises several important foreign policy visits for India covering defense, energy and investment. In April alone, Modi will host the prime ministers of Bangladesh and Australia, as well as the president of Nepal and Singapore's foreign minister. The Indian prime minister will chalk up a success in his country's quest to join multilateral institutions in June at the Shanghai Cooperation Organization summit in Astana, Kazakhstan, where India will receive full membership in the bloc. Pakistani Prime Minister Nawaz Sharif will also be in attendance to represent his country, which is also being admitted to the alliance. Their meeting will mark the first exchange between the two leaders since 2015 and offer a chance to gauge the state of South Asia's most consequential bilateral relationship.

### The India-Pakistan Rivalry

With state election season behind it, the BJP has less political incentive to lambaste Pakistan, and relations between the two will stabilize during the second quarter. The two nuclear rivals will continue to bicker over a host of issues, of course, including the disputed territory of Kashmir. But since the fourth quarter of 2016, the number of cease-fire violations along the Line of Control in the region has fallen. The drop coincided with Gen. Qamar Javed Bajwa's ascension to the powerful post of Pakistan's army chief. Bajwa is redirecting his country's strategic attention away from India and toward Afghanistan (though securing the eastern border will still be a priority for Pakistan). Consequently, Islamabad will take pains to avoid antagonizing New Delhi. And as Pakistan's next general elections approach in 2018, a Supreme Court decision on Sharif and his family's involvement in the Panama Papers scandal could give the opposition useful campaign fodder.

India, likewise, will shift some of its attention from Pakistan — which will remain its biggest regional foreign policy challenge nonetheless — to another country in its periphery, Nepal. The Madhesi, an ethnic group of Indian origin living along the Terai plains near the Nepalese border with India, have renewed their demands for greater autonomy, including the creation of two Madhesi-majority provinces in the area. What's more, they have promised to boycott Nepal's May 14 local elections, the first such vote in 20 years and a milestone for the country's democracy. The opposition Communist Party of Nepal (Unified Marxist-Leninist), meanwhile, has vowed to counter the Madhesi's demands for fear that the two new provinces would give the ethnic group control over the Nepal-India border. The party's stance alone will cause greater discord as the election approaches.

Unless Nepalese Prime Minister Pushpa Kamal Dahal's Maoist Centre party concedes to negotiations over the Madhesi's requests, the local elections will hit a snag. Either the vote will be delayed, or its legitimacy will come into question, sparking protests along the Terai. Each scenario will increase the probability that India and China stage a diplomatic intervention, as they did in 2016 to try to keep former

Prime Minister Khadga Prasad Oli's administration from toppling. (New Delhi will be careful not to intervene too directly, though, lest it push Kathmandu closer to Beijing.) Even so, given that Dahal's alliance holds a majority in Nepal's legislature — even without the Madhesi parties' support — his administration will survive through the quarter.

## South Asian Militancy

Back in Pakistan, the army will continue its efforts to vanquish anti-state militancy, particularly in the restive Federally Administered Tribal Areas along the border with Afghanistan. Bajwa, the new army chief, is currently overseeing Operation Radd-ul-Fasaad as part of that initiative, which has already contributed to a decline in the number of militant-related civilian deaths in Pakistan. Though the campaign will help further reduce the casualty rate, progress will come at the cost of high-profile retaliatory attacks by the Islamic State's Khorasan chapter and the Jamaat-ul-Ahrar, a breakaway faction of the Tehrik-i-Taliban Pakistan. The threat of militant attacks in South Asia, in fact, will rise during the second quarter because warmer weather heralds the start of the annual spring offensive. The Taliban will ramp up their attacks across Afghanistan — not just in their strongholds of Helmand and Kandahar provinces in the country's south. The Islamic State's Khorasan chapter may also increase its activities. The uptick in attacks, in turn, will encourage more militants to seek refuge across the border in Pakistan, complicating Operation Radd-ul-Fasaad and perpetuating a cycle of militant violence and military crackdowns in the region.

In addition, the second quarter will test Afghanistan's peacemaking skills. Notorious warlord Gulbuddin Hekmatyar is expected to end his 20-year exile from public life in the next few months as part of a deal that Kabul struck with his party, Hizb-e-Islami Gulbuddin, in fall 2016. Should he return to Kabul as anticipated, Hekmatyar will reintegrate himself into the political wing of his party to begin laying the foundation for a return to politics. This quarter, moreover, Russia will continue to increase its efforts to jump-start the peace process in Afghanistan as it joins with Pakistan and China to mediate in prospective negotiations between the Afghan government and the Taliban. Despite its bloody history with Russia, Kabul is cautiously optimistic about Moscow's involvement.

Top

## Sub-Saharan Africa

Nigeria: Obstacles to Prosperity

The Post-Apartheid Era Ends

Old Leaders in New Africa

Mozambique's Financial Mess

Ethiopian Instability

East African Integration

Nigeria: Obstacles to Prosperity

Nigerian President Muhammadu Buhari has had a tough year so far, made all the more complicated by lingering concerns over his health. The public's fears were significantly heightened after what was



supposed to be a 10-day medical trip to London turned into a nearly two-month convalescence abroad. Should the president be unable to finish his term, which ends in 2019, the center of Nigeria's political power and patronage would shift southwestward toward the base of Vice President Yemi Osinbajo, who would assume the presidency. Aggrieved northern politicians may respond by boosting their support for the country's militant groups, while the oil-rich and restive Niger Delta's expectations of concessions from the federal government may rise. (In its negotiations with Abuja, the southern region has demanded money and other perks.) Even if Buhari's rule continues, opposition from within and outside of his ruling All Progressives Congress party will mount in the face of the country's persistent financial difficulties. This will be especially true if the president fails to allay fears over his health before potential successors begin jockeying for a place in Nigeria's 2019 election — now less than two years away — in earnest.

Regardless of who rules the country, Nigeria's numerous economic challenges will not lessen in intensity in the second quarter. Weak oil prices, high inflation and the possibility of a stronger U.S. dollar will be a difficult combination for the Nigerian state and its citizens to weather. After all, a stronger dollar relative to the naira, Nigeria's currency, would hike up the costs of food and other imports, sparking protests and other forms of unrest. Meanwhile, international financial institutions such as the International Monetary Fund will continue to pressure Nigeria to lift its foreign exchange restrictions, which have proved costly for the country's currency reserves. But the government will likely limit its actions to small steps, avoiding a completely free-floating naira in the name of price stability. Nevertheless, Abuja will make minor progress in reforming the country's business environment as it pursues its 2017-2020 Economic Growth and Recovery Plan. This progress will likely include increasing transparency in service-level agreements (such as permits) and improving efficiency in the entry and exit of people and goods, which Nigeria's plan is slated to target first. More ambitious reforms, however, will suffer if Buhari — who has reportedly reduced his working day to only a few hours — remains in ill health.

As government coffers come under increasing strain, the president will have to forgo expensive projects that could win over new allies and prevent the fissures within his party from widening. Deals intended to placate militants and stakeholders in the Niger Delta will likewise be modest, thus lacking the broad appeal needed to please the region's fractious groups and keep them from resorting to politically motivated violence. The possibility that Niger Delta militants will try to increase pressure on the federal government in the second quarter by holding protests and conducting attacks as Abuja builds a peace package for the region cannot be ruled out.

## The Post-Apartheid Era Ends

The contest over who will succeed South African President Jacob Zuma as the head of the African National Congress (ANC) will continue to heat up this quarter. Finance Minister Pravin Gordhan and other Zuma detractors were dismissed in a March 30 Cabinet reshuffle that removed several ministerial roadblocks constraining the president's actions. Zuma has since appointed his close allies as replacements. Over the next three months, opposing factions within the country's ruling party will press for their favored styles of reform as Zuma further emphasizes the need for radical economic change, including greater black economic empowerment, to energize his base and improve the odds that his successor will emerge from his ethnic Zulu and pro-labor circle. One possible candidate is his political ally and former wife, Nkosazana Dlamini-Zuma, who returned to the country in March after serving at the African Union for four years. She has since begun campaigning for the ANC's top position.

Meanwhile, the president's dismissal of Gordhan, whom the international community views as a steady hand over the economy, prompted S&P Global to downgrade South Africa's credit rating on April 3. The move will only further weaken the country's fragile financial position. Judicial proceedings related to corruption allegations and other cases that involve Zuma and his inner circle may prove an additional distraction as revelations of politically damaging information threaten to complicate matters for the president.

Zuma's options will be further constrained by the countermoves of the ANC's more market-oriented faction as it seeks to strengthen its own candidate ahead of the party's December leadership congress. This wing will continue to push for restrained spending measures and budget cuts that are anathema to Zuma's need to shore up support among his followers. Its ability to hamstring the president, however, was weakened by the March 30 Cabinet reshuffle. As the country's ongoing leadership struggle intensifies, the government will have a harder time pushing through difficult reforms in the months ahead, and rifts within the ANC will widen.

For the most part, labor relations will remain calm in the second quarter — at least compared with previous years — as numerous agreements remain active until the end of the year and as the government seeks to avoid a credit downgrade. Nevertheless, tensions within the coal industry will continue to mount as the opposing sides debating the structure of wage negotiations struggle to find common ground. (In January, the previous policy of holding negotiations at a centralized level will be replaced by negotiations at the company level.) Tense labor relations in the coal sector could worsen if Zuma and his camp politicize the talks in order to energize their base for the brewing leadership battle.

### Old Leaders in New Africa

In the Democratic Republic of the Congo, President Joseph Kabila's political alliance will continue seek a successor who can protect the well-entrenched system of patronage it depends on to maintain power. As it stands, a 2017 election is still a possibility, even as the ruling party and portions of the opposition struggle to implement a Dec. 31 deal to transition power away from Kabila. With the president still in office despite finishing his constitutionally mandated final term in 2016, the deal's collapse looks increasingly likely. Progress on voter registration in some provinces has been made, yet millions of Congolese citizens have yet to be registered, and it is unclear how a presidential contest would be paid for, given its hefty price tag.

The political obstacles that arose after the Dec. 31 deal was signed will endure in the second quarter, causing little progress to be made between the ruling party and the opposition. This means that the time available for Kabila, who oversees a weak and fractious political order, to find a successor before 2017 ends is running out. And in the absence of an acceptable successor, the president will be more likely to resort to additional delaying tactics — such as citing election costs — to push the election (and by extension, his rule) until 2018, risking sustained unrest in the process.

### Mozambique's Financial Mess

Within the next three months, the government in Maputo will be forced to strike a deal with bondholders to restructure its debts. Negotiations became necessary when it was revealed in 2016 that bond proceedings were misused to buy military equipment and large amounts of debt were hidden. The ultimate success and timing of the negotiations will be crucial since the country, hoping to secure a bailout before the year ends, seeks to open talks with the International Monetary Fund in a bid to restore its support. A bailout would help ease the burden on the cash-strapped state, where patronage networks are strained (which could open splits within the ruling Mozambique Liberation Front) and investment in its oil and natural gas sector has stalled. Should Mozambique fail to reach a bailout deal, suspended energy industry investments could hamper development over the next few years and increase the risk that its burgeoning natural gas sector won't get off the ground amid the pending glut in the liquefied natural gas market.

## Ethiopian Instability

Last year, social unrest directed against the Tigray minority-led government in Addis Ababa spread, challenging its control of the country. But Addis Ababa's use of heavy-handed security measures in the latter half of 2016 and into 2017 has blunted the opposition movement's ability to unite, grow and intensify its pressure on the government. In the second quarter, the crackdown will continue to constrain the opposition, keeping the conflict to a low boil even as flare-ups posing significant risks to foreign businesses operating in Ethiopia persist. Ethiopia's waning internal security concerns will give it additional maneuverability in neighboring Somalia, where Addis Ababa is currently reshaping its presence.

## East African Integration

East Africa will continue to see crucial infrastructure projects come online this quarter. Following the inauguration of the Addis Ababa-Djibouti Railway in early 2017, another Chinese-funded project — the standard-gauge railway connecting Mombasa and Nairobi — is on track to be completed around June or July. The railway, which is Kenya's largest infrastructure project since independence, will provide the country with greater transport efficiency and supply-chain redundancy from its biggest port to the capital city.

Meanwhile, the European Union's proposed economic partnership agreement with the East African Community remains troubled. The deal, which has been in the works since 2007, would give member states duty-free and quota-free access to the European Union's market. In exchange, the community would remove tariffs on 80 percent of its imports from the bloc by 2033. But Tanzania and Uganda have serious reservations about the deal, and Burundi continues to be isolated diplomatically, leaving only Kenya and Rwanda to have signed onto the agreement. During the second quarter, the European Union and Kenya will keep lobbying the community's dissenting members for their support, but Tanzania will continue employing delaying tactics in hopes of killing the deal.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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From: Lewis, Brian <brian.lewis@iowa.gov> on behalf of Lewis, Brian <brian.lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: jeremy.sroka@iowa.gov <jeremy.sroka@iowa.gov>  
Subject: 2017 Second-Quarter Forecast  
Date: Mon Apr 10 2017 08:15:49 CDT  
Attachments:

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## 2017 Second-Quarter Forecast

Forecast  
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Trade will be at the forefront of many leaders' minds this quarter as a new U.S. administration settles into the White House. Though U.S. President Donald Trump continues to be bogged down by congressional battles and allegations of inappropriate ties to Russia, his team will try to draw the public's attention back to its trade agenda. To that end, Washington will work to clarify its strategy for cracking down on currency manipulation abroad, tightening the enforcement of existing trade laws and preparing to renegotiate NAFTA. But the uncertainty surrounding the White House's intentions will linger, prompting the United States' biggest trade partners to look for new economic relationships elsewhere.

At the same time, some will leverage security cooperation and promises of investment to get on Washington's good side — or, at the very least, to try to fend off its punitive trade measures. China will be one of them as it uses its economic heft with Pyongyang, and the growing sense of urgency surrounding North Korea's nuclear program, to its advantage in tense trade talks with the United States. The White House will do what it can to push for secondary sanctions against China's stubborn neighbor, perhaps even threatening to step up its military aid to Taiwan to compel Beijing's buy-in. But even if Washington has its way, a heavier sanctions regime will do little to slow the progress of Pyongyang's nuclear program. The United States will have no choice, then, but to build a credible military deterrent against North Korea — a move that will only widen the rift between Washington and Beijing.

The Trump administration's attack on a Syrian air base was designed in large part to underscore to Beijing and Pyongyang that this White House is willing to take military action if so compelled. Though the attack sent a strong signal to U.S. adversaries, it also has created complications for the United States on the Syrian battlefield with Russia. Moscow will try to use the heightened risk of collisions on the Syrian battlefield and the fight against the Islamic State to bring Washington to the negotiating table, but the United States will be limited in any concessions it would give to Russia in return. The Kremlin will be even less inclined to trust in dialogue with the West as its problems pile up at home, though arms control may be one policy area in which the two can begin to negotiate without encountering much political blowback.

As the United States and Russia box Turkey in on the Syrian battlefield, Ankara will devote more attention to northern Iraq, where a conflict is brewing between Arab and Kurdish forces. The highly prized, oil-rich region of Kirkuk remains a key flashpoint in Turkey's competition with Iran for influence — and Iraq's rival Kurdish factions are caught in the middle. Washington will lend support to Sunni states, led by Saudi Arabia, seeking to balance against Shiite Iran as proxy battles throughout the Middle East escalate, though its nuclear deal with Tehran will remain intact.

In the meantime, Saudi Arabia and its Gulf Cooperation Council allies will shoulder most of the burden of maintaining OPEC's oil production cuts for another six months. Steady oil prices will buy Venezuela's cash-strapped government some time to get its finances in order, but not much. Caracas' risk of default will spike in the second half of the year, and the ruling party will have to spend the second quarter consolidating power in preparation for the turmoil that no doubt lies ahead.

Venezuela isn't the only state heading toward single-party rule. On the other side of the globe, Indian politics are swinging to the right — a trend Prime Minister Narendra Modi and his center-right Bharatiya Janata Party have been able to use to their advantage. This quarter, they will focus on passing a state-level version of a massive tax overhaul that cleared Parliament earlier in the year, a feat that will be more feasible as the growing power of the country's Hindu nationalists gives the ruling party the political capital to push through much-needed structural reforms.

Nigeria will have less luck passing its most pressing reforms as an intensifying power struggle in Abuja brings the government to a near-standstill. Concerns over President Muhammadu Buhari's health have raised questions about who his successor will be — a transition South Africa's own leader, Jacob Zuma, is making preparations for as well. Zuma is working quickly to consolidate power and cater to his ethnic Zulu base with a populist platform of black empowerment before he steps down, alienating investors in the process.

Europe's entrenched rulers face a growing threat to their power as well, albeit of a very different kind. France is preparing to hold elections that will pit the country's traditional political elite against an up-and-coming Euroskeptic contender, and Italy may not be far behind. Though the French electoral system is designed to keep fringe parties out of power, the possibility of a Euroskeptic win cannot be discounted — an outcome that could bring the eurozone to its knees and send shocks through global markets.

Top

Forecasts by Region

Europe

European Disintegration

The Fate of the Eurozone

Brexit and Beyond

Divided EU Foreign Policies

Crossing Borders

European Disintegration

This year will be the one in which political risk reaches the European Union's core members. During the second quarter, this will become evident as France — the bloc's second-largest economy — holds presidential and legislative elections, the results of which will resonate far beyond the country's borders. French voters will have to choose whether they want their country to reform the European Union or dismantle it to restore their state's full sovereignty.

Italy will also become a source of political risk as it moves closer to holding general elections. The current Italian government will probably stay in place this quarter, but the specter of an election in which Euroskeptic forces are expected to perform well will do little to ease concerns about the country's fragile banks and high debt levels. Germany, meanwhile, will try to keep the European Union together as it opens its own campaign season. The coming quarter will be eventful for Greece as well as Athens implements the reforms it promised to its creditors.

## The Fate of the Eurozone

French presidential and legislative elections will be the most important events to take place in Europe during the second quarter. A significant portion of France's political apparatus will be elected and appointed over the next three months. The presidential election will be held in two rounds on April 23 and May 7, while legislative elections (also split into two rounds) will follow on June 11 and June 18. French voters will have to decide whether they want to further liberalize and deregulate their economy or increase protectionism. They will also have to choose whether they want France to stay a member of a reformed European Union or leave the Continental bloc entirely.

The biggest contenders in the elections are the nationalist National Front, the centrist En Marche!, the center-right Republicans, the left-wing Unsubmissive France, and the center-left Socialists. Should any of the moderate parties win the presidency, they will focus primarily on economic and security issues. A moderate government (especially under En Marche! or the Republicans) would seek to make the economy more competitive through various combinations of spending cuts, public investment, labor reform and initiatives to reduce bureaucracy, cut down on regulation and attract foreign investment. A moderate government would probably also direct more resources toward security forces and defense spending, while at the international level it would work to reform the European Union and defend France's leading role in it. The possibility of different parties controlling the presidency and the National Assembly cannot be excluded. This would complicate policymaking.

France's two-round electoral system has historically made it difficult for extremist parties to win presidential and legislative races. Candidates have to receive more than 50 percent of the vote to gain the presidency or a seat in the National Assembly, a threshold that the National Front, for instance, has found tough to reach. If the National Front overcomes this hurdle and wins the presidency, it will set in motion a chain of events that could lead to severe crisis in the European Union.

For one, the National Front wants to introduce tariffs on French imports and tax companies that hire foreign workers, including EU nationals. Both ideas go against the basic principles of the EU single market, which emphasizes the free movement of people, goods, services and capital. Even more important, however, the party also intends to hold a referendum on France's membership in the eurozone. Many of the National Front's campaign promises would require a majority in Parliament, and in some cases the legal procedures to implement them would be arduous. National Front leader Marine Le Pen has also said the referendum on eurozone membership would be called only after six months of negotiations on reforming the European Union. But even the mere victory of the National Front in the presidential election could trigger a crisis in the eurozone. Savers in the eurozone's periphery states (such as Spain, Portugal and Greece) could, for example, withdraw their money from local banks or transfer it to safer havens abroad, forcing authorities to introduce capital controls at the national or

Continental level to stop a run on eurozone banks.

If France's moderates win, Germany will immediately invite the new president to shore up bilateral ties between Paris and Berlin and co-lead Europe. In global markets, the euro, along with riskier assets such as bonds from Europe's periphery, will strengthen rapidly. Should the National Front win, on the other hand, the German government will seek accommodation with the nationalist government in Paris, trying to dissuade it from fulfilling its most radical campaign promises. But many of the National Front's policies are simply incompatible with EU structures, limiting its room for compromise. And if serious trouble arises in the eurozone, Berlin will start making preparations for the most orderly dissolution of the currency area possible while planning its next steps with its closest partners in Central and Northern Europe. The market fallout of a potential eurozone collapse would be immediately felt in global markets as European investors flee riskier bonds and move their money to safer assets, such as German bonds.

Italy, meanwhile, is moving toward its own general elections, though it is unclear just how quickly they will arrive. The country does not have to hold elections until early 2018, but disputes within the ruling center-left Democratic Party could precipitate an early vote. The government in Rome, led by Prime Minister Paolo Gentiloni, will remain weak as Italy's main political parties prepare for the elections. Ahead of the vote, the Democratic Party will hold its primary to appoint a new leader in late April — a necessary step before the government resigns and parliamentary elections can be held.

Still, the elections will not take place during the second quarter. This means that Italy's vote will not coincide with France's, giving markets and EU governments time to digest the latter's results. But the lingering risk of elections in Italy, where Euroskeptic parties would probably make a strong showing, will add to the uncertainty clouding Italy's political and financial future. This will do little to ease market fears about the health of Italian banks and the country's high levels of public debt. But Italy could introduce some modest spending cuts to allay the European Commission's concerns about its deficit, and whatever frictions may arise, Rome and Brussels will find a compromise, allowing Italy to avoid EU sanctions.

Greece, another troubled eurozone country, will also be politically and financially fragile this quarter. Because Greece does not have any significant debt repayments to make until mid-July, negotiations between Athens and its creditors on the disbursement of the next tranche of bailout money could drag on for weeks, perhaps even extending beyond the end of the quarter. Nevertheless, the Greek bailout program will stay on track since Athens and its creditors are eager to avoid a default at all costs, though Athens will try to tone down some of the policies it has promised to implement, or announce spending increases in some areas, in hopes of avoiding a rebellion within the government.

In the meantime, Germany will continue to delay granting debt relief to Greece during its own election cycle. It could, however, make vague promises to discuss the issue in the future. Even if the International Monetary Fund does not announce a decision on its participation in the bailout program during the quarter, Greece and its creditors will work to keep it in place.

For an export-dependent economy such as Germany's, the prospect of a trade war brewing with the United States and Washington's threats to undermine the World Trade Organization are also major sources of concern. Consequently, Berlin will keep communication channels open with the new administration in the White House to defend Germany's stance on these issues, as well as on many other points of controversy between the two governments. Germany will also use its rotating presidency at the G-20 to defend free trade and the role of multilateral trade organizations.

Germany's strategy will include preserving the European Union's single market and expanding the bloc's trade relationships with other markets, primarily by supporting EU plans to resume stalled free trade talks. During the second quarter, for example, the European Union will revive negotiations with Mexico to update their free trade agreement. Brussels' efforts to sign free trade agreements with



countries such as Japan and India will likewise intensify. Germany will advocate the development of closer trade ties between the European Union and China as well, though the bloc will struggle to get European companies the same level of access to China that Chinese companies have to Europe, creating room for friction during any negotiations that are held. Berlin's aggressive stance against Chinese takeovers of German companies will lead to similar complications during the talks.

To curry favor with the United States, the German government is willing to make gestures of good faith in areas such as defense spending. But this will not go over well in Germany. After all, it is an election year and the German government will be forced to keep lines of communication open with Washington while also being critical of the new administration, especially since a large portion of the German public disapproves of U.S. President Donald Trump. The relationship between the ruling center-right Christian Democratic Union (CDU) and its coalition partners in the center-left Social Democratic Party (SPD) will encounter additional tension as the two try to differentiate themselves before the general elections.

Regional elections in the northwestern German states of Schleswig-Holstein (May 7) and North Rhine-Westphalia (May 14) will test the appeal of the SPD and CDU ahead of the September vote. They will also act as a gauge of the popularity of smaller parties, such as the environmentalist Green Party, the left-wing Die Linke and the center-right Free Democratic Party — all of which could become coalition partners to the SPD and CDU after the elections end. Moreover, the regional races will show whether the nationalist Alternative for Germany (AfD), whose popularity has declined in recent months, can make gains beyond its strongholds in the east and enter the legislatures of western regions. Regardless of the AfD's performance, other parties will refuse to cooperate with it. Yet the AfD's role in German politics is not necessarily to enter government, but to force moderate parties to incorporate elements of its nationalist agenda into their own.

## Brexit and Beyond

Brexit negotiations among the British government, EU institutions and EU members will begin in earnest in the second quarter. But the process will last at least two years. All sides will spend most of the next three months in exploratory discussions that aim to define the framework and terms of the negotiations, and no dramatic decisions are expected this early on. Before the talks can even begin, the European Union's remaining 27 members will have to agree to give the European Commission directives for its talks with London.

Some of the topics at the top of the Brexit agenda will include the legal status of British citizens living in the European Union and of EU citizens living in the United Kingdom. The parties are also likely to debate the Brexit's financial aspects, including the United Kingdom's contributions and payments to the European Union in the years ahead. This will create frictions, as the British government would try to keep its exit bill as small as possible. At the same time, the British government will be interested in starting conversations on the free trade agreement it hopes to sign with the European Union. But EU negotiators will insist on a sequential approach, starting with the country's exit and leaving the debate over the terms of its future relations for a later date.

British Prime Minister Theresa May's administration, meanwhile, will face the difficult task of reassuring the devolved governments in Scotland, Northern Ireland and Wales that their voices will be heard and their interests will be protected during the Brexit talks. London will also have to make sure that the central government remains in control of the Brexit process. London may promise subsidies, investment, tax breaks and even the transfer of powers currently in the hands of the European Union to regional governments to try to appease secessionist claims. It is unlikely, however, to give Scotland and Northern Ireland a decisive role in the negotiations. And as Northern Irish nationalist and unionist parties struggle to find common ground, the Good Friday Agreement that defines how the region's government operates will continue to show signs of fatigue.

## Divided EU Foreign Policies

The next three months will bring a flurry of debates about Russia to the Continent. As the July 31 expiration date for EU sanctions against Russia approaches, the bloc's internal discussions about its relations with Moscow will become more frequent. Since there have not been any notable changes on the ground in eastern Ukraine or in U.S.-Russia ties since the Trump administration took office, most EU members will support the continuation of existing sanctions. Though the bloc does not have to make its decision until late July, the possibility of it coming before the end of the quarter cannot be ruled out. Should the issue be put to a vote within the next three months, some countries will voice their criticism of the sanctions but are unlikely to veto the decision of the majority. (That said, an electoral victory by France's National Front, which has argued against new punitive measures toward Russia, would significantly threaten the Continent's sanctions regime.)

## Crossing Borders

As the weather starts to improve in the Mediterranean Sea, migration to the European Union's southern members will pick up. Along the migrant route traversing the eastern Mediterranean, the EU-Turkey immigration agreement still holds, but Ankara has the power to refuse to honor the deal and to stop policing migrant traffic. If it does, it would be in an effort to put pressure on the European Union, whose half-hearted compliance with the terms of the deal has rankled Ankara. The bloc, for example, has not lifted visa restrictions for Turkish citizens — one of the main promises it made to Ankara in exchange for its cooperation in preventing asylum seekers from entering the European Union. Several EU states will also continue to criticize the Turkish government's attempts to consolidate power following last year's failed coup attempt, giving Turkey added reason to threaten to renege on the deal.

Many migrants may, in fact, become emboldened by the Turkish government's threats and attempt the journey from Turkey to Greece. But Ankara will not give up on the migrant deal completely, since it still hopes to use the agreement — and Europe's fear of the political side effects that renewed waves of immigration could have in an election year — to negotiate and expand its customs union with the bloc in the near future. Maintaining these deep economic ties with Europe is especially important to Turkey as its economy continues to founder.

Regardless, EU members will try to protect themselves from a possible uptick in asylum seekers, keeping their borders closed along the biggest migration routes. This will pose a serious threat to Greece, as the country risks once again becoming a bottleneck for migrants who reach its shores but cannot keep moving northward.

There is also only so much the European Union can do to tamp down on the Central Mediterranean migrant route. In recent months the bloc has stepped up its political, economic and security cooperation with countries in sub-Saharan Africa, from which many migrants originate, as well as with Libya, the main transit state for migrants trying to reach Southern Europe. These policies will continue during the second quarter, but their impact will be modest. Italy and other southern EU members will see more migrants arrive on their doorsteps as weather conditions improve, creating tensions between them and their peers in Northern Europe. Rome will demand greater assistance to handle the influx of people, and if it allows some migrants to pass through its borders and into the rest of the Continent, frictions between it and its neighbors could worsen.

Top

Eurasia

Echoes of the Cold War

The Fight for Russia's Borderlands

Russia's Internal Struggle

Moscow Looks to the East

Instability in Central Asia

Echoes of the Cold War

The United States and Russia will see heightened frictions this quarter despite widespread speculation that the election of U.S. President Donald Trump would pave the way for a detente with Moscow. As scrutiny over Russia's meddling in U.S. politics builds, any engagement with Moscow will become politically problematic for Washington. And despite Trump's campaign rhetoric, it is in his best interest to keep pressure on Russia through sanctions and continued support for NATO. As a result, both countries will continue their military buildups along Russia's periphery this quarter, and each will test the other's sphere of influence.

Following a limited U.S. strike on a Syrian air base, Russia will position itself as a potential spoiler on the Syrian battlefield to try to draw the United States back to the negotiating table. The risk for collision between the powers is higher this quarter as Russia tries to leverage deconfliction in Syrian airspace to complicate ongoing U.S. military operations in Syria against the Islamic State. Russia's reliance on negative influence to try to bargain with Washington, however, will risk further souring the negotiating climate and limit potential collaboration. But there may still be room for restarting a dialogue in other areas, such as arms control. Both sides need to resolve several arms control issues, including their differences over violations of the Intermediate-Range Nuclear Forces Treaty, the question of whether to renew the New Strategic Arms Reduction Treaty (START), and a strategy for responding to the buildup of weapons arsenals by other powers, such as China.

Moscow, meanwhile, will be busy trying to expand its influence abroad, including in North Africa and the Balkans. In the coming quarter, it will gradually increase its involvement in the Libyan conflict by backing multiple factions while coordinating closely with Egypt. In the Balkans, Russia will also continue bolstering its support for Serbian nationalists, both in Serbia ahead of elections and in Northern Kosovo. Moscow will likewise back the separatist claims of Bosnia's Republika Srpska and will work to deepen the divides between Macedonia and the West over the political status of the country's Albanians. Russia does not expect these countries to become staunch allies; rather, it hopes to use the mounting tension to distract the West and gain political leverage.

Moscow will also work to widen rifts in Europe, particularly as the Continent prepares for French elections. Russian cyber, information and propaganda campaigns will continue to sow discord and increase uncertainty in France, especially if the Kremlin's preferred candidate, Marine Le Pen, does not win the presidency. Moscow will use the same tools to bolster Euroskepticism, particularly in Italy and Germany. Its efforts are likely to intensify in the lead-up to Europe's July deadline to extend sanctions on Russia. Even with sanctions in place, however, Moscow will work to bring European investment back to Russia when it hosts a major investment forum in June.

The Fight for Russia's Borderlands

In the meantime, the standoff between Russia and the West will continue to shape the strategic landscape of the European borderlands. The conflict in eastern Ukraine will maintain its intensity, since the security and political components of the Minsk protocols are unlikely to be implemented this quarter. Economic ties between Ukraine and its separatist territories will deteriorate because of a blockade instituted in the first quarter, forcing the rebel regions to rely on Russia and spurring long-term energy diversification efforts in Ukraine proper forward. As the European Union and United States continue to be distracted by issues elsewhere, Ukraine will build up its economic and security cooperation with Poland and the Baltic states to supplement its Western integration strategy. Meanwhile, the course of European politics (and, in particular, the outcome of France's presidential race) will be key to determining the future of EU sanctions against Russia, though they are unlikely to be lifted altogether this quarter.

Moldova and Georgia, for their part, will look to strengthen their economic ties with Russia while seeking to soften tactical elements of their policies toward breakaway territories out of pragmatism. Nevertheless, they will also continue cooperating with the European Union and NATO. (Moldova, for instance, is slated to open a NATO liaison office in April.) To the north, Belarus will come under greater domestic pressure as protests over a controversial tax policy persist, testing longtime President Aleksandr Lukashenko's undisputed grip on power. Though the unrest has so far remained a domestic issue, external powers — including the West and Russia, which have long competed for influence in Belarus — could become involved, potentially exacerbating the protests.

Armenia and Azerbaijan's dispute over the separatist region of Nagorno-Karabakh won't die down this quarter either. In fact, hostilities may intensify after Armenia's parliamentary elections are held in early April. Russia will continue to serve as the primary arbiter and power broker in the dispute as Turkey remains distracted (and, to an extent, dependent on Russia's cooperation) in the Middle East. But Moscow's attempts to build on its gains and increase its clout in the region through the Eurasian Economic Union and Collective Security Treaty Organization will be compromised by infighting within the blocs.

### Russia's Internal Struggle

Apart from its foreign interests, Russia will have to contend with a somewhat chaotic domestic environment this quarter. Though the Russian economy will continue to recover from recession, stagnation will linger through the rest of the year. Despite the sanctions against it, Moscow will court foreign investment from the West, the Asia-Pacific and South Asia at its annual St. Petersburg International Economic Forum in June, putting on hold many of its isolationist practices of the past three years.

Regardless of this relatively bright outlook, many Russian regions and citizens are in dire financial straits. Constant hardship will inflame protests over political, economic and social issues across the country. The Kremlin has tried to ensure that these demonstrations do not coalesce into a single movement against it, but if they do, security forces have been fortified and deployed nationwide to respond. Russia's heavy-handed crackdowns on opposition figures and dissent will continue, and it could start to squeeze social media channels as well.

Russian President Vladimir Putin will also work to contain the country's political elite as they continue to make grabs for power. At the same time, the Kremlin will struggle to answer tough questions about the ownership of assets, such as Chechnya's oil sector and defense companies, and whether to force energy giants such as Rosneft to cut production. All the while, Russia's security services and their cyber centers — prized portfolios for the country's elite — seem to be undergoing a reorganization behind

closed doors in the wake of accusations and arrests tied to the alleged hacking campaign targeting the U.S. presidential election. Such contests for power will further isolate Putin as he grows more authoritarian in order to preserve the stability of the political system beneath him.

## Moscow Looks to the East

Russia, meanwhile, will keep diversifying its ties away from the West in the second quarter. Putin will hold another much-touted summit, this time with Japanese Prime Minister Shinzo Abe, as Russia and Japan attempt to mend their relationship. The two countries have for some time been hung up on a territorial dispute over islands they both claim. Though they have made minor progress in settling the spat, including by establishing joint investment projects and agreeing to visa-free travel on the islands, neither is ready to make a grand bargain for them or reach a peace deal. Russia still sees the islands as an issue of national sovereignty and as a front line in its nuclear deterrence, while Japan has maintained sanctions on Russia and has been slow to release funds promised to projects in Russia's Far East. So, though both sides will promote better ties, actual steps toward achieving them will be few and far between.

Russia will work to expand its relationships elsewhere in Asia as well. Moscow will hold its annual economic forum in May, which key delegations from China, Japan and India will attend. Beijing is looking to extend its "One Belt, One Road" initiative through Russia, while Japan is still holding out hope of investing in the Far East. The summit will be co-hosted by India, since New Delhi has been pumping more money into Russia, and Moscow wants to rekindle its ties with the South Asian country to balance its other relationships in Asia. Russia and Vietnam will also hold a summit this quarter; Moscow is aiming to improve its foothold in the country with energy, military and metals investment deals to gain leverage in the wider region.

## Instability in Central Asia

Central Asia's troubles will not end in the second quarter as protests, militancy and political infighting persist. Kazakhstan and Kyrgyzstan will probably be the Central Asian states most vulnerable to unrest — the former because of its foundering economy and the latter because of an impending presidential election in November. (Kazakhstan will also begin the rocky process of transferring some powers from long-serving President Nursultan Nazarbayev to Parliament and the Cabinet.) But tension will build in Uzbekistan as well as the country's new president, Shavkat Mirziyoyev, and security chief Rustam Inoyatov spar over reforms. All the while, Russia will seek to steadily increase its sway over the region, particularly on matters of security.

Top

## Middle East and North Africa

The Syrian Civil War

The Fight Against the Islamic State

The Battle for Mosul

The Kurdish Struggle

Turkey's Resurgence

Iran's Arc of Influence

Israel's Survival Strategy

The Saudi Survival Strategy

The Yemeni Civil War

The Libyan Civil War

The Difficulties of North African Reform

The Syrian Civil War

The United States faces heightened risk on the Syrian battlefield this quarter at the same time it prepares to kick off a major offensive against Islamic State in Raqqa. A U.S. limited strike on a Syrian air base in response to a Syrian chemical weapons attack was designed to demonstrate the United States' decisiveness in military matters (a message not lost on North Korea,) but it also came with risks. Russia has long attempted to leverage the Syrian battlefield in its broader negotiations with the United States, but the United States is not leaving much room for a bargain with Moscow. Russia thus has to rely on negative influence to try and draw the United States into a dialogue and will try to play the role of spoiler on the Syrian battlefield to raise operational risks for the United States. There will be potential for the two sides to negotiate on deconfliction, but that will likely be the extent of their cooperation this quarter as Washington focuses on the fight against the Islamic State.

Russian forces will be active elsewhere in Syria, however, supporting the Syrian army's offensives against rebel forces as well as the Islamic State in theaters such as Deir el-Zour. After a few shaky months in place, the cease-fire that Russia, Turkey and Iran brokered between the rebels and loyalists in December 2016 has broken down completely. Its failure underscores the futility of the attempted peace talks that took place throughout the first quarter. In the second quarter, Syria's deepening economic woes, evident in the country's food shortages and collapsing currency, will threaten the government's hold on loyalist territory.

Syrian fighters backed by the United States will lead the charge in Raqqa. The United States' battle plan, which also includes deployments of U.S. troops, will rely on the most effective fighting force available in the short term: the multiethnic Syrian Democratic Forces (SDF). The SDF has made swift work of the fight so far, having nearly encircled the city. With help from the freshly deployed U.S. forces, artillery support has also been put in place.

But by emphasizing the SDF in the battle for Raqqa, the United States will further strain its already tense relations with Turkey. The forces include members of the Kurdish People's Protection Units (YPG), a militia Turkey considers a terrorist organization and an active threat to its national security. Still, Ankara's dismay will not discourage Washington from working with the force. And though Turkey will try to finagle a more prominent role for the forces it supports, including Turkish-trained Arab tribal forces, the United States will prioritize winning the fight against the Islamic State by the most expedient means available over appeasing Turkey. Turkey will nonetheless try to draw the United States deeper in a fight against the Syrian regime and push its proposals for establishing a no fly one and safe zones in in Syria.

Washington's battle plan for Raqqa is just one of many complications Ankara will have to contend with in Syria in the second quarter. By the time Turkey took al-Bab from the Islamic State during the last

quarter, it had already accomplished many of its objectives in northern Syria under Operation Euphrates Shield. But its efforts to keep Kurdish forces from establishing control over a contiguous swath of territory in the northern part of the country are still in progress. To achieve that objective, it will have to tread lightly so as not to step on Russia's toes. Ankara and Moscow's alliance of convenience has mostly run its course in Syria, especially since Russia foiled Turkey's plans to take the city of Manbij. Nevertheless, the two countries need to keep the lines of communication open to ensure that their troops don't end up in conflict. If their priorities in Syria continue diverging, Turkey may start looking for other ways to gain leverage over Russia — by joining in on negotiations over the Nagorno-Karabakh dispute, for instance, or increasing its coordination with fellow NATO members in the Black Sea. And even though Turkey will have less room to maneuver in Syria this quarter, it will still have some leeway to deepen its involvement in northern Iraq.

## The Fight Against the Islamic State

In the Middle East and North Africa, the primary focus of the second quarter will be the fight against the Islamic State. The battle to oust the extremist group from its strongholds in the region will reach milestones in multiple theaters in the months ahead. In Iraq, for instance, the battle for Mosul will come to a close, at least in the city itself. And in Syria, the operation to reclaim the city of Raqqa is about to get underway. These events, though notable, will hardly herald the demise of the Islamic State. In fact, the organization will redouble its terrorist activities, not only in its core area of operations in the Middle East but also internationally, in an attempt to maintain its relevance as it loses territory.

## The Battle for Mosul

Five months into the fighting, the end of the Mosul offensive is now in sight. Before the operation ends, though, Iraqi forces will deploy to other Islamic State strongholds such as Tal Afar and Hawija to sweep the extremist group out of those pockets. As the main battle comes to a close, the divisions among the Iraqi coalition's constituent groups will become clearer than ever. The risk of infighting among the alliance's Shiite, Kurdish and Sunni militias will be high throughout the quarter, particularly in the northern border regions of Nineveh province.

That Iraqi army forces are engaged in fighting in the city itself has improved the central government's reputation among Mosul residents; the boost will help Baghdad gain legitimacy and establish its authority over the city. But stabilizing the reclaimed territories around the city will be a tall order for Baghdad. Rifts within Shiite, Sunni and Kurdish groups will prevent them from reaching a coherent political settlement over Nineveh province's future this quarter. Iran and Turkey, meanwhile, will continue to vie for influence in Iraq, primarily through proxy battles in the disputed territories that will soon be reclaimed from the Islamic State. The Iraqi government and the Kurdistan Regional Government (KRG) each claim control of Tal Afar, Kirkuk and Sinjar, making these areas most susceptible to fighting and disputes over territory and resources.

As Iraq's political parties gear up for provincial elections in September, regional powers such as Turkey and Iran will have yet another opportunity to try to gain influence in the country. Tehran will use its sway among Iraq's Shiite political parties and militias to goad Baghdad to prioritize its ties with Iran and to block Ankara's attempts to get involved in the political settlement process through Sunni parties. Prime Minister Haider al-Abadi will face mounting political pressure from all sides, including Iraq's nationalist parties, as he tries to appease Turkey, Iran and the West simultaneously. Adding to the mix, Saudi Arabia will make economic and diplomatic gestures in an effort to strengthen its ties with Baghdad. (U. S. President Donald Trump's administration has been pressuring the kingdom to help loosen Iran's grip on Baghdad's political and security spheres.)

## The Kurdish Struggle

In Iraqi Kurdistan, disagreements will prevent the region's various political factions from forming a united front. In fact, the divisions are widening. The Patriotic Union of Kurdistan (PUK) has started pushing back more forcefully against its main political rival, the Kurdistan Democratic Party (KDP), to increase its share of oil revenues from Kirkuk and weaken the KDP's alliance with Baghdad. The dispute is good news for Baghdad, at least. Should the PUK make another attempt at disrupting the flow of oil from Kirkuk to win concessions from Baghdad or Arbil, the Iraqi government will feel less threatened than it would if the KDP were also in on the plan. But Kirkuk could become a flashpoint this quarter regardless, as the governments in Baghdad and the KRG, not to mention the rival Kurdish parties, fight over control of the province and its oil production.

Iraqi Kurdistan, similarly, will be a primary playing field in the competition between Turkey and Iran. Ankara will use the presence of the Kurdistan Workers' Party (PKK), which it considers a terrorist organization, in northern Iraq as a pretext to deploy proxy forces in the region to defend its interests there. Turkey might consider, for instance, dispatching the Rojava Peshmerga, a Kurdish militia aligned with the KDP, to fight on its behalf in the event that ethnic conflict flares up after the Mosul offensive winds down. To keep Ankara in check and support its own interests in northern Iraq, Tehran will rely on the mostly Shiite Popular Mobilization Forces positioned near Turkish-backed forces, as well as its ties with Baghdad.

## Turkey's Resurgence

In Turkey, voters will head to the polls in mid-April to decide whether to go ahead with proposed constitutional amendments that could change Turkey's political future. President Recep Tayyip Erdogan has a lot riding on the success of the reforms, which would increase the powers of the presidency and curtail those of other branches of government. But when voters cast their ballots on April 16, they will have other concerns on their minds, such as the country's flagging economy. Turkey's high dollar-denominated debt and weakening currency — set to further deteriorate as the dollar strengthens — have exacerbated its financial troubles recently. If the referendum falls short of the simple majority it needs to pass, the ruling Justice and Development Party (AKP) will still retain power, though the loss would be a blow for Erdogan's campaign to consolidate institutional control.

To try to improve its chances of success, the AKP has been using the country's security concerns to stoke nationalism and stir popular support for the referendum. The wave of nationalism sweeping Turkey will buoy the ruling party, win or lose. Nevertheless, the results of the referendum will reveal strong support for and opposition to the AKP, laying bare the country's sharp political divisions.

## Iran's Arc of Influence

Iran will also hold an important vote this quarter. Voters in the country will elect their next president May 19. As the election approaches, even the Islamic republic's hard-line politicians are trying to avoid instigating conflict with the United States. Washington, likewise, will be careful not to provoke hostilities with Tehran by changing the Joint Comprehensive Plan of Action nuclear deal — especially since the GCC countries support keeping the agreement in place rather than risking uncertainty by scrapping it. But that won't stop the Islamic Revolutionary Guard Corps from keeping up its usual defensive posturing and staging missile tests or military exercises in a bid to stay relevant. And as U.S. lawmakers have made clear, Congress will not hesitate to impose additional sanctions against Tehran in response to any perceived aggression.



The threat of new sanctions from the United States will compound Iranian President Hassan Rouhani's economic worries in the runup to the elections. When campaign season kicks off in April, the incumbent leader will face challenges from opponents in Iran's hard-line and conservative camps alike. And though Rouhani has experience, momentum and his role in Iran's economic recovery to date on his side, the country's lingering financial troubles will weigh heavy on voters' minds as they head for the ballot box. Inflation has fallen under Rouhani's administration, but unemployment is still high — a vulnerability his opponents may seize on during the campaign.

As the Islamic republic gears up for its election, one of its prized proxy forces, Hezbollah, could derail a vote in Lebanon. The militia's allies and enemies are still at odds over electoral reforms and a new budget, and their disagreements could postpone elections set for May. Notwithstanding the current dispute, the Lebanese government has come a long way over the past several months. A new prime minister and president have managed to reshuffle the country's military leadership and, more important, revive its stagnant energy sector. Their progress highlights the pragmatic approach Lebanon's main political parties have taken to try to find a viable compromise to solve the country's persistent problems. But as the lingering differences over electoral reform demonstrate, no solution is perfect.

Hezbollah will also be a source of growing concern for Israel during the second quarter. The group's military buildup in Syria over the course of the civil war there, combined with its growing presence in the Golan Heights, has put Israel on high alert and fueled fears of an impending war at the country's northern border. To prevent Hezbollah from getting any stronger, the Israeli government will continue attacking its arms shipments in southern Syria. Nevertheless, the conflict could escalate during the second quarter.

### Israel's Survival Strategy

If the Israeli government keeps pursuing its settlement policy in the West Bank without objection from the White House, moreover, the proliferating communities could provoke a violent response from Palestinians there. The risk of renewed conflict, sparked by competing Salafist groups or merely by chance events, will loom large in the Palestinian Authority, though its two main political parties, Fatah and Hamas, will each try to avoid confrontation with Israel this quarter. In addition, the political divides between the parties could further postpone legislative elections in the Palestinian territories, scheduled in the West Bank for May.

Hamas and Fatah will each be focused on their own internal objectives this quarter rather than on bridging the divide between them. Hamas is working to modify its political charter for the first time in decades, breaking with tradition to recognize the 1967 Palestinian borders. The party's turn toward moderation, however slight, is meant to curry favor with Arab partners such as Egypt, whose support Hamas needs more than ever now that the Islamic State's Sinai faction is threatening its supply routes and legitimacy. (Israel will put little stock in the group's efforts at change, though, and will continue its operations against Hamas.) Fatah's leaders, meanwhile, will be focused on establishing a succession plan for aging party leader and Palestinian President Mahmoud Abbas. The enduring rifts between the rival Palestinian parties will prompt Arab states in the region to get more involved to try to resolve the struggle.

### The Saudi Survival Strategy

For Saudi Arabia, the second quarter will hinge on OPEC's May 25 meeting. The summit, during which Riyadh will cajole its fellow members in the oil cartel to extend the production cut instated in November

2016, will be a turning point for the Saudi government's economic reform initiatives. Even though the production cap hasn't boosted oil prices as much as Riyadh hoped it would, the kingdom is in no position to risk oversaturating the market by scrapping the deal. Doing so, after all, would further destabilize the price of oil, jeopardizing Saudi Arabia's oil revenues in the process. Whether the country can persuade the rest of OPEC to stay the course with the production cut will determine every other economic action that the Saudi government takes for the rest of the year.

### The Yemeni Civil War

With all sides of the conflict locked in a stalemate, Yemen's civil war will enter the second quarter more or less stagnant. The rifts in the Gulf Cooperation Council (GCC) military coalition against Yemen's Houthi rebels are more pronounced than ever. The United Arab Emirates is focused on training and supporting its own forces in the south. Saudi Arabia, on the other hand, is looking to the United States for help negotiating a political resolution to end the fight. But until Riyadh compromises in its adamant support for Yemeni President Abd Rabboh Mansour Hadi, and the Houthi rebels agree to relinquish territory to the government, the prospects for peace will be slim. So though the United Nations will make another attempt at forging a peace plan for the country, it will make little headway in this endeavor.

Evidence of Iran's efforts to train and equip the Houthi rebels, meanwhile, has prompted the Pentagon to request more support for the Saudi- and Emirati-led coalition. If the White House approves, the United States will share more intelligence and boost its logistical coordination with the Gulf coalition to try to limit Iran's influence in war-torn Yemen and stabilize the strategic Bab al-Mandab Strait. At the same time, Washington will pursue a more aggressive strategy against al Qaeda in the second quarter since the group's slow and steady approach has enabled it to grow in Yemen as well as Syria.

### The Libyan Civil War

Oil production will also play an important role in Libya this quarter, as multiple conflicts rage on in the country. Libyan National Army chief Field Marshal Khalifa Hifter has reclaimed the critical As Sidra and Ras Lanuf oil export terminals in eastern Libya, after the Petroleum Facilities Guards and Benghazi Defense Brigades militias overran them in early March. Though the fighting stalled oil production in Libya, it will likely maintain export levels over 400,000 barrels per day throughout the quarter.

In western Libya, meanwhile, rivalries between the U.N.-backed Government of National Accord and the General National Congress, two of the country's three rival governments, will breed divisions in Misrata and Tripoli. Outbreaks of violence between the governments' corresponding militias will continue to be a constant this quarter, particularly in the capital. International support for Libya's governments will be less divided, by contrast. Egypt and the United Arab Emirates will continue to back Hifter, while Russia increases its support for his Libyan National Army. (Unless he can bring more ground forces under his control, however, Hifter will have trouble increasing his influence in eastern Libya, and his efforts to draw new recruits will run up against tribal divisions.) And although the European Union will push for political resolutions to the various battles in Libya, negotiations will stay at a standstill this quarter.

### The Difficulties of North African Reform

Elsewhere in North Africa, Algeria's government will fight a political battle of its own this quarter, albeit more quietly. The country's citizens are frustrated since the government passed a new budget that slashed public spending and raised taxes. The austerity measures, which sparked public protests, will be at the forefront of voters' minds as they head to the polls in May for legislative elections, and more

demonstrations are expected in the meantime. Whatever the vote's outcome, however, the Parliament lacks the political clout to bring change to Algeria's tightly controlled political system, even if opposition parties perform better than they have in years past. Many of President Abdel Aziz Bouteflika's close allies have ensconced themselves in important ministries and positions over the past few years, including, during the first quarter, the head of state oil and gas company Sonatrach. Infighting among the country's elite will be a strong undercurrent in Algerian politics for the rest of the quarter, though it will take place largely behind closed doors.

Top

East Asia

China in Transition

Globalization, Evolved

The New Silk Road

Coping With a Nuclear North Korea

Asia-Pacific: Among Great Powers

Southeast Asia: Burdened By Consensus

A Japanese Awakening

China in Transition

Chinese President Xi Jinping's push to consolidate his grip on power will enter a critical phase in the coming months amid preparations for October's 19th Party Congress, the quinquennial meeting where senior party officials select the next Politburo Standing Committee, the country's top governing body. With as many as five of the current seven committee members expected to step down this year, the plenum will offer Xi a momentous opportunity to stack the country's leadership with his supporters, fortifying his position as China's most powerful leader in decades. In the lead-up to the congress, Xi's core task will be to eliminate remaining checks on his influence, while reshuffling personnel to move allies into key posts. Broadly speaking, these efforts will be successful.

The stakes riding on the Party Congress will compel Chinese leaders this quarter to focus overwhelmingly on stabilizing the economy, sustaining low unemployment and avoiding social disruptions, meaning much-needed but risky reforms will take a back seat. Beijing will continue to push industrial restructuring and consolidation programs, environmental initiatives and limited financial reforms. Major new initiatives, however, that would threaten to erode business confidence or destabilize the economy are unlikely in the near future. And on existing issues that the government chooses to expand, such as corporate debt-equity swaps and bankruptcy tribunals and the introduction of a nationwide property tax, authorities will delay full implementation until after the congress. In the meantime, Beijing will maintain robust support for key industrial sectors such as home construction and manufacturing while introducing piecemeal measures to strengthen the economy's defenses against potential external shocks, especially those threatened by impending shifts in U.S. trade and currency policies.

Outside the mainland, Beijing will face a bigger challenge in managing persistent discontent in Hong Kong over China's interference in the city's political affairs, a situation that the recent election of its

preferred candidate, Carrie Lam, as Hong Kong's next chief executive will do little to alleviate. As the special administrative region prepares to mark the 20th anniversary of its reunification with China on July 1 (Lam's inauguration date), conditions will be ripe for an escalation of protests.

## Globalization, Evolved

The ongoing evolution in U.S. trade policy will continue to be felt across the Asia-Pacific and will pose the greatest potential threat to Chinese economic stability — and therefore to Xi's drive to consolidate power — in the second quarter. In the next three months, Washington may not impose new barriers to trade with China beyond anti-dumping and countervailing duties, but Beijing will gird itself for the possibility that the Trump administration follows through on the new president's promises to name China a currency manipulator or levy new controls on U.S. imports of Chinese goods such as steel or automobiles. Chinese authorities will work to build up buffers against U.S. threats or punitive measures while seeking to deter Washington by outlining the retaliatory measures Beijing can take. China may also introduce its own anti-dumping measures. Beijing's most likely course of action, however, will be to try to use its influence on regional security matters as leverage in economic discussions with Washington. Toward this end, China may offer to cooperate with Washington on issues such as cybersecurity, military affairs and even North Korea — a rare area where U.S. and Chinese interests overlap. At the same time, it will become more openly confrontational in the South China Sea or on other regional matters.

Though China has been the primary target in Asia of Washington's attacks on trade and currency manipulation, Japan and South Korea — the United States' two most important security allies in Asia — have by no means been exempt from prospective U.S. policy changes. This will compel both countries to explore other options, including expanded investment into and potentially imports from the United States, to hedge against pressure from Washington and prevent economic frictions from undermining their security partnerships. Nonetheless, even rhetorical pressure from Washington on trade will be painful for South Korea as Seoul attempts to move on from the fall of President Park Geun Hye while also facing Chinese economic retaliation over the deployment of the Terminal High-Altitude Area Defense (THAAD) missile defense system. China may ease pressure on Seoul in an effort to open diplomacy with the next South Korean administration after the upcoming election. But the new president's attention will be divided between a range of priorities: not only the perennial North Korean threat but also reform of South Korea's scandal-prone chaebols (giant, family-run conglomerates) and broader economic restructuring.

Elsewhere in the Asia-Pacific, moderate recoveries in the global economy — particularly in commodity prices — will continue to provide much-needed relief for regional exporters. Nonetheless, countries such as South Korea and Thailand will struggle to regain their growth momentum because of internal political constraints, increased regional competition and regional geopolitical pressures. Moreover, few countries in the region will be immune to the long-term impact of the surge of protectionism across the globe or the potential fallout from a prolonged Sino-U.S. trade or currency spat. As major powers reconfigure their trade strategies, smaller economies will seek to insulate themselves from potential shocks by more proactively pursuing regional cooperation and economic diversification. In addition to Asia-centric multilateral frameworks such as the 16-member Regional Comprehensive Economic Partnership (RCEP), trade-dependent economies such as those of Malaysia, Australia, Vietnam and South Korea will explore free trade options farther afield.

## The New Silk Road

Beijing will be well-positioned to exploit regionwide uncertainty over Washington's potential retrenchment to press Chinese interests elsewhere in its periphery this quarter. In response to the Trump administration's withdrawal from the Trans-Pacific Partnership trade pact, China will redouble its

efforts to draw regional economies further into its orbit by touting regional trade initiatives such as RCEP.

In addition to trade, expanded investment, particularly in infrastructure, will be core to China's diplomatic outreach throughout its periphery, with Beijing using its One Belt, One Road summit in May to portray itself as an economic anchor and promote its vision for the region as a favorable alternative to the Western-led order. But its efforts to build out vast road and rail networks will be constrained by localized unrest and suspicions in target countries, particularly Pakistan and Sri Lanka, as well as at home in Xinjiang. Domestic economic pressures will also complicate implementation of Beijing's grand plans.

### Coping With a Nuclear North Korea

The fraught efforts by China and the United States, as well as South Korea and Japan, to contain North Korea's nuclear weapons program will remain a singular driver of regional dynamics in the quarter. As North Korea nears the successful development of an effective nuclear deterrent against the United States, Pyongyang will continue to use every opportunity to demonstrate its expanding defense capabilities. Another North Korean nuclear test would undoubtedly elicit heated rhetoric and defense posturing by Seoul and Tokyo, including moves that Beijing views as antagonistic. This will reduce room for diplomacy between Washington and Northeast Asia's leading powers and intensify pressure on Washington to consider alternative measures to deter Pyongyang.

Direct, pre-emptive military action against Pyongyang — particularly its nuclear weapons infrastructure and arsenal — is possible but unlikely this quarter absent a complete breakdown of diplomatic efforts by the United States and China. Instead, Washington will most likely focus on pressuring Beijing to rein in Pyongyang. Beijing may use its economic pressure over North Korea to hedge against Washington's agenda on other fronts, particularly U.S. pressure on trade. But Beijing will avoid fully severing North Korea's economic lifelines in China or substantially undermining Kim Jong Un's rule in Pyongyang.

### Asia-Pacific: Among Great Powers

Where possible, Beijing will work to separate its tension with Washington over trade and the Korean Peninsula from other pivotal issues in China's periphery. Beijing will be particularly on guard against any moves by Washington to use Taiwan as a bargaining chip in other negotiations. Though the Trump administration reversed course and pledged in February to continue the "One China" policy, a long-standing diplomatic formula underpinning Washington's relations with Beijing and Taipei, the White House may still seek to boost arms sales or diplomatic contact with Taipei this quarter. Meanwhile, Taiwan will also expand its economic outreach to other countries, particularly Japan, India and Southeast Asian states, to lessen the impact of diplomatic isolation by Beijing. China would heartily protest any new U.S. arms sales to Taiwan and possibly reduce military cooperation with Washington, but it will avoid inflaming cross-strait tensions in any way that would threaten Xi's goals at the upcoming Party Congress.

Meanwhile, Beijing will further its evolving strategy for managing the backlash in Southeast Asia to expanding Chinese maritime activities in regional waters. Following last year's international tribunal ruling invalidating China's territorial claims in the South China Sea, Beijing has continued a carrot-and-stick strategy, paring maritime and economic concessions with coercive measures — all while continuing to build out its regional military presence. In recent months, this strategy has helped China and some South China Sea claimant states, particularly the Philippines, achieve a tentative conciliation, even as China's broader confrontation with the United States has threatened its capacity to manage

## South China Sea affairs.

But numerous potential flashpoints in the second quarter will put this reconciliation to the test. For example, the upcoming fishing season will create ample opportunities for flare-ups between Chinese fishing fleets and coast guard forces and their counterparts from littoral states such as Indonesia and Vietnam. Perhaps the biggest test will be the joint fishing arrangement between China and the Philippines in waters around the Scarborough Shoal, a long-standing flashpoint some 200 kilometers west of Luzon. Though large-scale, sustained conflict in the disputed waters is unlikely, the growing number of civilian and naval ships on the seas raises the risk of accidents and miscalculations capable of spawning an international crisis.

Landmark bilateral Sino-Philippine maritime consultations in May will not fundamentally alter the dynamic in the region. With Philippine President Rodrigo Duterte's erratic rhetoric and efforts to reorient the country's foreign policy toward China beginning to draw some pushback at home — and given China's unwavering goal of cementing its regional maritime dominance — Sino-Philippine relations will remain fraught, creating opportunities for a warming of ties between Manila and Washington. This, in turn, could affect how other states in the region deal with Chinese assertiveness. Ultimately, claimant states will continue to pursue omnidirectional foreign policies marked by greater ties with a range of outside powers, including Russia and Japan. And Beijing will work to maintain its current strategy of balancing coercion with concessions and cooperation (including on energy development in disputed waters) to temper the sharpest tensions and limit opposition to its maritime actions.

## Southeast Asia: Burdened By Consensus

China and the Association of Southeast Asian Nations (ASEAN) will likely make some progress in negotiations on a Code of Conduct for the South China Sea. But divisions within ASEAN over how to deal with Beijing, combined with deepening concerns over China's growing military power and perceived assertiveness, will limit the negotiations.

Moreover, across Southeast Asia, domestic political factors will continue to hinder pan-ASEAN cohesion and complicate broader regional issues. Even as the Philippines' temporary detente with China enters rough waters this quarter, for example, so will Duterte face new challenges to his initially unquestioned authority at home. As long as Duterte's domestic popularity is high, he will face no serious threats to his power. But the threat of power struggles within the government and political establishment will grow as he pushes forward with contentious initiatives such as his violent war on drugs, peace talks with Muslim Moro and Communist rebels, and a plan to shift the government to a federal system — all while seeking to limit domestic backlash to his reorientation away from the United States, which retains deep ties throughout the Philippine defense establishment. A Duterte administration bogged down by domestic pressures would have less room to sustain a politically risky outreach to China or, as this year's ASEAN chair, steer the body toward a semblance of consensus on the South China Sea.

Meanwhile, in Cambodia — under the current government, China's most stalwart supporter in ASEAN — upcoming commune elections will test the public's support for Prime Minister Hun Sen and the grip of his Cambodian People's Party on power ahead of 2018 general elections. Similarly, an April runoff election for Jakarta governor will serve as a barometer of the ruling party's ability to solidify support to the degree necessary to expand substantial fiscal, regulatory and economic reforms and play a more decisive role in regional trade and security affairs.

## A Japanese Awakening

Barring a significant change in U.S. policy toward the South China Sea, claimant states and U.S. allies

alike will remain cautious about undertaking bilateral naval patrols with Washington or taking other actions that might antagonize Beijing. Such concerns will be unlikely, however, to deter Japan from deepening its diplomatic outreach to and defense cooperation with South China Sea claimant states. Tokyo will use arms sales and military aid to ASEAN states, along with joint exercises with regional navies and a generally increased regional maritime presence, to bolster its position as an increasingly robust check on Chinese influence in Southeast Asia.

Japan's diplomatic, economic and security offensives in Southeast Asia are just one piece in its broader push to revive the country's standing and influence abroad. In the second quarter, Japanese Prime Minister Shinzo Abe will meet with Russian President Vladimir Putin as the two countries seek to improve ties and resolve a long-standing dispute over control of the South Kuril Islands. Even incremental progress here would help Tokyo hedge against Chinese influence in Northeast Asia. Meanwhile, Japan will continue with efforts to counter China's expanding presence in the East China Sea by increasing naval and coast guard patrols and research activities. But Tokyo's attention will be dominated by relations with Washington this quarter, with several meetings between senior Japanese and U.S. lawmakers on the docket, as the government seeks to build on the momentum generated by Abe's recent visit to Washington and Japan's promise to invest in the United States.

The Abe administration will use political capital gained from its diplomatic successes here to push for structural reform legislation at home, along with a constitutional revision allowing the emperor to abdicate. The quarter will likely see concrete progress on reform legislation in areas such as agriculture and labor. Meanwhile, the Abe administration will rely on aggressive monetary and fiscal policy to sustain overall economic stability at home.

[Top](#)

[Latin America](#)

[North America Unrivaled](#)

[The Importance of Mexico](#)

[Venezuela's Unraveling](#)

[Colombian Peace Process](#)

[Brazil's Economy Recovers While Its Leaders Founder](#)

[Argentina Undertakes Subtle Reforms](#)

[North America Unrivaled](#)

Now that the key members of U.S. President Donald Trump's trade team have been appointed and are likely to be confirmed this quarter, trade issues will move up on the White House's agenda. Washington will use the next three months to conduct an internal review on the United States' existing trade agreements and decide which aspects of the deals to amend in negotiations. At the top of the new administration's priorities will be the revision of the North American Free Trade Agreement (NAFTA).

NAFTA's members — Canada, Mexico and the United States — will open the discussion within a trilateral framework. Though the United States has said it would prefer to pursue trade talks on a bilateral basis, Canada and Mexico have made clear that they prefer to stick to three-way talks. But even if the United States is willing to kick off the negotiations in this format, differences between

Washington and its North American trade partners could eventually force the parties to move to one-on-one discussions instead. This cannot happen, however, until the negotiations formally begin in the second half of the year. (The White House has said it plans to use the Trade Promotion Authority law to renegotiate NAFTA, but doing so would require the administration to give 90 days' notice before entering into official talks — notice it will almost certainly issue in the second quarter.)

In the meantime, all parties will see a flurry of preparations and lobbying take place in the coming months, ahead of the talks. The United States will use its 90-day consultation period to draft specific negotiating points for congressional review. Chief among them will be NAFTA's rules of origin: Washington will argue that products imported from Mexico and Canada should be made up of more inputs sourced from NAFTA members in order to qualify for tariff exemptions. The White House will also probably seek to reshape the bloc's Chapter 19 dispute settlement mechanism, introduce more labor and environmental requirements, and expand the deal's purview to cover modern sectors such as the digital economy that were not included in the initial agreement.

Mexico's strategy going into the negotiations also began to take shape over the first quarter. Mexico City has already triggered its own 90-day consultation period and has begun reaching out to business leaders and groups at the state and municipal levels in Mexico and the United States to lobby against any substantial alterations of NAFTA. Mexico has also outlined the sectors most likely to be affected by a breakdown in negotiations or new U.S. tariffs on Mexican goods so that it may respond in kind if it must. But with few practical means of immediate leverage against the United States, Mexico is at a distinct disadvantage. As a result, it will have no opportunity to pressure Washington without jeopardizing the NAFTA talks as a whole. Threats of scaling back intelligence sharing, for example, will probably emerge from Mexico only if Washington attempts to impose unfavorable constraints on Mexican goods during the talks.

Though Trump's harshest criticism of NAFTA has so far centered on Mexico, Canada is taking no chances. Following Mexico City's lead, Ottawa has reached out to U.S. states that frequently trade with Canada, including in the Midwest, in an attempt to minimize disruptions to NAFTA. Several of those states voted for Trump in November, but Ottawa is hoping to make the case that preserving close trade ties with Canada is in their best interest. Its lobbying and outreach efforts will continue through the second quarter. Canada has also pointed out that its own free trade agreement with the United States, which predates NAFTA, has only been suspended and could easily be resurrected should Washington choose to replace the trilateral deal with two bilateral arrangements.

Beyond its immediate neighbors, the United States will seek to more tightly enforce its existing trade deals with other partners, particularly China. Washington, however, is unlikely to make much progress on larger trade issues during the coming quarter. Though the White House has threatened to ignore the rulings of the World Trade Organization (WTO) as it sees fit, the issue probably will not come to a head in the next three months. With its health care plan on ice, the Trump administration will instead shift gears toward trying to implement its proposed tax cuts and reforms. Congress will pass a budget resolution in the second quarter that will allow it to try to approve tax adjustments through budget reconciliation before the end of the 2018 fiscal year. Meanwhile, the Trump administration will unveil its own proposed changes to the tax code this quarter, though its plan will face an uphill battle in Congress. Among the most controversial amendments that Republicans in the House of Representatives have proposed is a border tax adjustment. Many are concerned that the measure may violate the United States' obligations under the WTO by rebating "direct taxes" on exporters (potentially constituting an export subsidy) and by taxing imported goods differently than domestically produced products. EU members and other countries have expressed concern about these issues and have promised to challenge the changes if they are approved by Congress. That said, it is unclear whether these aspects of the tax reform will be eliminated, adjusted or kept before the bill is presented to lawmakers. Moreover, though Washington will kick off the process of overhauling the U.S. tax code this quarter, Congress will not face as tight a deadline to complete it as it did with health care reform earlier this year. The tax proposals' actual passage, then, will not occur until at least the second half of 2017.



## The Importance of Mexico

Mexico's relationship with the United States — its most important in terms of trade, security and diplomacy — will take center stage in Mexico City this quarter. Though the Mexican government will take small steps to try to limit any alterations to its ties with Washington, it will also hedge its bets by searching for ways to diversify its economy away from its northern neighbor. Mexico will explore its options for expanding trade with the European Union and Asian partners, including Japan, China, New Zealand and Thailand, while seeking to partially substitute U.S. food imports with goods from South America. To that end, it will try to lay the groundwork for deals to purchase more soybean, beef, pork and corn imports from Brazil and Argentina.

The White House's plans to renegotiate NAFTA and insistence that Mexico do more to restrict immigration could translate into political gains for populist politicians south of the border. The campaign season for Mexico state's gubernatorial election on June 4 will heat up during the second quarter, and given the state's size and political diversity, it is widely regarded as a bellwether for the country's presidential race, which will be held in 2018. At the moment, populist figure Andres Manuel Lopez Obrador's National Regeneration Movement (Morena) appears ready to give the country's traditional political heavyweights — the Institutional Revolutionary Party (PRI) and National Action Party (PAN) — a run for their money in this year's election. As Morena squares off against the PRI and PAN for control of Mexico state's governorship, its performance will give some indication as to whether the PRI's numerous corruption scandals and Mexico City's deteriorating relationship with Washington will result in populist backlash during next year's presidential race. Lopez Obrador will no doubt capitalize on Mexican voters' dissatisfaction with the ruling PRI and U.S. antagonism to further his own campaign for the presidency over the next few months.

## Venezuela's Unraveling

This year will be the toughest the ruling United Socialist Party of Venezuela (PSUV) has ever encountered. Chief among the government's concerns will be its high risk of defaulting on debt owed by state oil and natural gas firm Petroleos de Venezuela (PDVSA). PDVSA is counting on a \$600 million loan from Russian oil giant Rosneft a stake in a joint venture to make its \$3.1 billion in debt payments due in April and May. If the loan falls through, Venezuela will be in dire financial straits. Should the company default on its upcoming bills, the threat of unrest spreading throughout the country will rise. But even if PDVSA successfully makes its payments in the second quarter, it will owe another \$3 billion in October and November — bills it will probably fail to pay without additional foreign assistance.

If Venezuela proves unable to avoid default, whether in April or November, its full impact will not be felt for several months. But eventually imports, including food supplies, will plunge and the country's already high inflation will soar. Each of these effects would pose a significant threat to the PSUV's continued rule. Political elites would likely close ranks and crack down on signs of dissent from within their own party and from the opposition in hopes of fending off potential challenges to the state.

Faced with mounting discontent, the Venezuelan government will also maintain — and perhaps increase — its surveillance of the country's armed forces. The ruling party fears that military officers in Venezuela's regional commands may someday rise up against the central government. Though no coup seems to be in the making at present, Caracas will use human intelligence sources and electronic surveillance to keep a close eye on its troops to ensure that does not change.

In addition to its predicament at home, the Venezuelan government will have to grapple with the uncertainty surrounding the new U.S. administration's foreign policy. The White House began to adopt a tougher stance toward Venezuela in the first quarter, and it may choose to build on that pressure by

slapping new sanctions on Caracas, through the U.S. Treasury Department, in the second quarter. If the sanctions target Venezuelan officials, their impact on the country as a whole will be minimal. But if they are leveled against PDVSA — the government's primary source of revenue — the punitive measures will do considerable damage to Caracas' finances and the ruling party's position in power. Such sanctions (or the mere threat of them) will therefore give the United States substantial leverage over Venezuela in any future negotiations.

### Colombian Peace Process

Colombia, meanwhile, will continue the process of winding down its longest-running insurgency. Rebels belonging to the Revolutionary Armed Forces of Colombia (FARC) will stay in their demobilization zones awaiting commanders' orders to surrender their weapons. At the same time, the Colombian Congress will pass legislation that will permit the FARC to continue laying down arms. Though the group originally agreed to give up all of its weapons by June 1, this deadline may be delayed since FARC members have been slow to gather at the country's predetermined demobilization zones.

The disbandment of Colombia's largest guerrilla group, coupled with rising demand for cocaine in the United States, Europe and Asia, will fuel violent competitions among smaller rebel and criminal organizations for the FARC's former coca-producing territories in the months ahead. Now that most FARC rebels are preparing to reintegrate into society, the National Liberation Army (Colombia's second-largest insurgency) and the Clan del Golfo crime syndicate will vie with each other for control over key drug trafficking routes and resources, bringing greater violence to the Colombian hinterlands in the Choco, Cauca and Meta departments.

### Brazil's Economy Recovers While Its Leaders Founder

The second quarter will bring new promise for the Brazilian economy. Buoyed by higher oil and iron ore export revenue as well as rising domestic consumption, the country will continue to pull itself out of recession in the months ahead. But Brazil's politicians will not fare as well. President Michel Temer's tenure may be cut short in the second half of the year by an ongoing Supreme Electoral Court investigation into charges that he knowingly accepted campaign funds in 2014 that were obtained through acts of corruption. Though the court is unlikely to issue its ruling during the second quarter, the accusations will continue to hang over the president in the coming months.

Several other leading figures from Brazil's major political parties have been swept up in the scandal as well. Politicians who would have otherwise been obvious candidates for the country's presidential election in 2018, such as Aécio Neves, Jose Serra and former President Luiz Inacio Lula da Silva, have been plagued by allegations of corruption. As the popularity of Brazil's established elite has fallen, political outsiders have seized the chance to make their own gains. Chief among them is a highly conservative former military officer, Jair Bolsonaro, who came in third place in recent polls. Bolsonaro's rise is troubling to Brazil's traditional parties, such as the Workers' Party and the Social Democracy Party of Brazil, which may have a hard time defeating him if they cannot carve out a clear majority in the first round of the presidential race. (Even da Silva, who is popular among voters, would run the risk of losing to Bolsonaro in the event of a runoff.) Still, the campaign season has only just begun, and Bolsonaro's chances of proceeding to a runoff are remote — especially if new candidates enter the race on behalf of Brazil's entrenched leaders.

For now, Temer will focus on bringing his pension reform — a key part of his austerity agenda — to a vote in the lower house of the National Congress. But protests against the proposal and government corruption could stall the vote, particularly as Eliseu Padilha (Temer's chief of staff and lead negotiator

with the National Congress on the reforms) comes under scrutiny for graft. The threat of an investigation into and indictment of Padilha, or of Brazilian lawmakers, may sideline Temer's effort to rally the fractured National Congress' support for his policies.

## Argentina Undertakes Subtle Reforms

Argentina's leaders will be in a no less precarious situation this quarter. President Mauricio Macri will have to balance between satisfying the demands of organized labor and attracting foreign investors as he continues to steadily make fiscal adjustments over the next few months. These measures will include hikes in the price of natural gas and likely water for consumers across the country.

There are limits, however, to how heavy a burden the government in Buenos Aires can place on taxpayers. The country will hold legislative elections [<LINK: The Costs of Promoting Business in Argentina>](#) in October that are considered a prelude to the presidential race in 2019. Determined to remain in power, the ruling party will shy away from implementing heavier austerity measures or spending cuts ahead of this year's vote that would directly harm labor unions or provincial governments.

Top

## South Asia

India's Own Worst Enemy

The India-Pakistan Rivalry

South Asian Militancy

India's Own Worst Enemy

The second quarter will be a benchmark for India's ambitious tax reforms. The Goods and Services Tax (GST) bill has weathered a halting journey in the 17 years since it was first proposed, spurring debate and disagreement as it wound its way through India's democratic system. Thanks to Finance Minister Arun Jaitley's "cooperative federalism" strategy, however, the dual value-added tax legislation clinched a major victory during the Parliament's recent budgetary session when the lower house passed all four of its component bills. The bills' passage marked a big step toward simplifying India's convoluted tax system and unifying its fragmented market — two key components of Prime Minister Narendra Modi's plan to boost economic growth.

Having passed the measures at the federal level, the ruling Bharatiya Janata Party (BJP) will now shift its attention to India's 29 state legislatures, each of which must pass a local version of the GST. This will be a lengthy undertaking, of course, especially considering that the BJP is in the minority in 14 state assemblies. Consequently, Modi's government probably won't meet its July 1 implementation deadline. But that doesn't mean the measures will fail. Through concession and compromise, Jaitley and his state counterparts in the GST Council have addressed local governments' major grievances, including the issue of compensation for lost tax revenues in manufacturing-heavy states. Ever since Parliament passed the GST constitutional amendment in August 2016, moreover, India's state and federal governments have become more aligned on the issue of tax reform. And so, notwithstanding the usual politicking, each state will pass its version of the GST eventually — though not necessarily in the second quarter.

In fact, India's economic reform project as a whole is entering the new quarter with renewed momentum after the recent state elections in the country. The BJP achieved a resounding victory in the all-important state of Uttar Pradesh, and it also formed governments in the states of Goa, Manipur and Uttarakhand. This string of successes is good news for the BJP for a couple of reasons. The ruling party, for instance, will get to send more representatives to the upper house of Parliament, easing the way for economic reforms — though this is a benefit that will take some time to pay off. More immediately, the party's strong electoral performance is a vote of confidence for Modi's demonetization campaign, despite the many inconveniences it caused.

Now that the Reserve Bank of India has removed ATM cash withdrawal limits, the demonetization process has ended, and "remonetization" is in full swing. As Indians regain access to cash, their country's economic growth should pick up a bit. At the same time, however, digital transactions — something demonetization tried to encourage — will keep falling, albeit not necessarily to pre-demonetization levels. New Delhi has yet to address the underlying reasons that have kept cash king in the Indian economy. The country's financial infrastructure remains inadequate, the cost of credit card transactions still exceeds that of cash payments, and the legal protections against credit card fraud are lacking. Until New Delhi fixes these issues, cash will continue to reign supreme.

The quarter also promises several important foreign policy visits for India covering defense, energy and investment. In April alone, Modi will host the prime ministers of Bangladesh and Australia, as well as the president of Nepal and Singapore's foreign minister. The Indian prime minister will chalk up a success in his country's quest to join multilateral institutions in June at the Shanghai Cooperation Organization summit in Astana, Kazakhstan, where India will receive full membership in the bloc. Pakistani Prime Minister Nawaz Sharif will also be in attendance to represent his country, which is also being admitted to the alliance. Their meeting will mark the first exchange between the two leaders since 2015 and offer a chance to gauge the state of South Asia's most consequential bilateral relationship.

### The India-Pakistan Rivalry

With state election season behind it, the BJP has less political incentive to lambaste Pakistan, and relations between the two will stabilize during the second quarter. The two nuclear rivals will continue to bicker over a host of issues, of course, including the disputed territory of Kashmir. But since the fourth quarter of 2016, the number of cease-fire violations along the Line of Control in the region has fallen. The drop coincided with Gen. Qamar Javed Bajwa's ascension to the powerful post of Pakistan's army chief. Bajwa is redirecting his country's strategic attention away from India and toward Afghanistan (though securing the eastern border will still be a priority for Pakistan). Consequently, Islamabad will take pains to avoid antagonizing New Delhi. And as Pakistan's next general elections approach in 2018, a Supreme Court decision on Sharif and his family's involvement in the Panama Papers scandal could give the opposition useful campaign fodder.

India, likewise, will shift some of its attention from Pakistan — which will remain its biggest regional foreign policy challenge nonetheless — to another country in its periphery, Nepal. The Madhesi, an ethnic group of Indian origin living along the Terai plains near the Nepalese border with India, have renewed their demands for greater autonomy, including the creation of two Madhesi-majority provinces in the area. What's more, they have promised to boycott Nepal's May 14 local elections, the first such vote in 20 years and a milestone for the country's democracy. The opposition Communist Party of Nepal (Unified Marxist-Leninist), meanwhile, has vowed to counter the Madhesi's demands for fear that the two new provinces would give the ethnic group control over the Nepal-India border. The party's stance alone will cause greater discord as the election approaches.

Unless Nepalese Prime Minister Pushpa Kamal Dahal's Maoist Centre party concedes to negotiations over the Madhesi's requests, the local elections will hit a snag. Either the vote will be delayed, or its legitimacy will come into question, sparking protests along the Terai. Each scenario will increase the probability that India and China stage a diplomatic intervention, as they did in 2016 to try to keep former

Prime Minister Khadga Prasad Oli's administration from toppling. (New Delhi will be careful not to intervene too directly, though, lest it push Kathmandu closer to Beijing.) Even so, given that Dahal's alliance holds a majority in Nepal's legislature — even without the Madhesi parties' support — his administration will survive through the quarter.

## South Asian Militancy

Back in Pakistan, the army will continue its efforts to vanquish anti-state militancy, particularly in the restive Federally Administered Tribal Areas along the border with Afghanistan. Bajwa, the new army chief, is currently overseeing Operation Radd-ul-Fasaad as part of that initiative, which has already contributed to a decline in the number of militant-related civilian deaths in Pakistan. Though the campaign will help further reduce the casualty rate, progress will come at the cost of high-profile retaliatory attacks by the Islamic State's Khorasan chapter and the Jamaat-ul-Ahrar, a breakaway faction of the Tehrik-i-Taliban Pakistan. The threat of militant attacks in South Asia, in fact, will rise during the second quarter because warmer weather heralds the start of the annual spring offensive. The Taliban will ramp up their attacks across Afghanistan — not just in their strongholds of Helmand and Kandahar provinces in the country's south. The Islamic State's Khorasan chapter may also increase its activities. The uptick in attacks, in turn, will encourage more militants to seek refuge across the border in Pakistan, complicating Operation Radd-ul-Fasaad and perpetuating a cycle of militant violence and military crackdowns in the region.

In addition, the second quarter will test Afghanistan's peacemaking skills. Notorious warlord Gulbuddin Hekmatyar is expected to end his 20-year exile from public life in the next few months as part of a deal that Kabul struck with his party, Hizb-e-Islami Gulbuddin, in fall 2016. Should he return to Kabul as anticipated, Hekmatyar will reintegrate himself into the political wing of his party to begin laying the foundation for a return to politics. This quarter, moreover, Russia will continue to increase its efforts to jump-start the peace process in Afghanistan as it joins with Pakistan and China to mediate in prospective negotiations between the Afghan government and the Taliban. Despite its bloody history with Russia, Kabul is cautiously optimistic about Moscow's involvement.

Top

## Sub-Saharan Africa

Nigeria: Obstacles to Prosperity

The Post-Apartheid Era Ends

Old Leaders in New Africa

Mozambique's Financial Mess

Ethiopian Instability

East African Integration

Nigeria: Obstacles to Prosperity

Nigerian President Muhammadu Buhari has had a tough year so far, made all the more complicated by lingering concerns over his health. The public's fears were significantly heightened after what was

supposed to be a 10-day medical trip to London turned into a nearly two-month convalescence abroad. Should the president be unable to finish his term, which ends in 2019, the center of Nigeria's political power and patronage would shift southwestward toward the base of Vice President Yemi Osinbajo, who would assume the presidency. Aggrieved northern politicians may respond by boosting their support for the country's militant groups, while the oil-rich and restive Niger Delta's expectations of concessions from the federal government may rise. (In its negotiations with Abuja, the southern region has demanded money and other perks.) Even if Buhari's rule continues, opposition from within and outside of his ruling All Progressives Congress party will mount in the face of the country's persistent financial difficulties. This will be especially true if the president fails to allay fears over his health before potential successors begin jockeying for a place in Nigeria's 2019 election — now less than two years away — in earnest.

Regardless of who rules the country, Nigeria's numerous economic challenges will not lessen in intensity in the second quarter. Weak oil prices, high inflation and the possibility of a stronger U.S. dollar will be a difficult combination for the Nigerian state and its citizens to weather. After all, a stronger dollar relative to the naira, Nigeria's currency, would hike up the costs of food and other imports, sparking protests and other forms of unrest. Meanwhile, international financial institutions such as the International Monetary Fund will continue to pressure Nigeria to lift its foreign exchange restrictions, which have proved costly for the country's currency reserves. But the government will likely limit its actions to small steps, avoiding a completely free-floating naira in the name of price stability. Nevertheless, Abuja will make minor progress in reforming the country's business environment as it pursues its 2017-2020 Economic Growth and Recovery Plan. This progress will likely include increasing transparency in service-level agreements (such as permits) and improving efficiency in the entry and exit of people and goods, which Nigeria's plan is slated to target first. More ambitious reforms, however, will suffer if Buhari — who has reportedly reduced his working day to only a few hours — remains in ill health.

As government coffers come under increasing strain, the president will have to forgo expensive projects that could win over new allies and prevent the fissures within his party from widening. Deals intended to placate militants and stakeholders in the Niger Delta will likewise be modest, thus lacking the broad appeal needed to please the region's fractious groups and keep them from resorting to politically motivated violence. The possibility that Niger Delta militants will try to increase pressure on the federal government in the second quarter by holding protests and conducting attacks as Abuja builds a peace package for the region cannot be ruled out.

## The Post-Apartheid Era Ends

The contest over who will succeed South African President Jacob Zuma as the head of the African National Congress (ANC) will continue to heat up this quarter. Finance Minister Pravin Gordhan and other Zuma detractors were dismissed in a March 30 Cabinet reshuffle that removed several ministerial roadblocks constraining the president's actions. Zuma has since appointed his close allies as replacements. Over the next three months, opposing factions within the country's ruling party will press for their favored styles of reform as Zuma further emphasizes the need for radical economic change, including greater black economic empowerment, to energize his base and improve the odds that his successor will emerge from his ethnic Zulu and pro-labor circle. One possible candidate is his political ally and former wife, Nkosazana Dlamini-Zuma, who returned to the country in March after serving at the African Union for four years. She has since begun campaigning for the ANC's top position.

Meanwhile, the president's dismissal of Gordhan, whom the international community views as a steady hand over the economy, prompted S&P Global to downgrade South Africa's credit rating on April 3. The move will only further weaken the country's fragile financial position. Judicial proceedings related to corruption allegations and other cases that involve Zuma and his inner circle may prove an additional distraction as revelations of politically damaging information threaten to complicate matters for the president.

Zuma's options will be further constrained by the countermoves of the ANC's more market-oriented faction as it seeks to strengthen its own candidate ahead of the party's December leadership congress. This wing will continue to push for restrained spending measures and budget cuts that are anathema to Zuma's need to shore up support among his followers. Its ability to hamstring the president, however, was weakened by the March 30 Cabinet reshuffle. As the country's ongoing leadership struggle intensifies, the government will have a harder time pushing through difficult reforms in the months ahead, and rifts within the ANC will widen.

For the most part, labor relations will remain calm in the second quarter — at least compared with previous years — as numerous agreements remain active until the end of the year and as the government seeks to avoid a credit downgrade. Nevertheless, tensions within the coal industry will continue to mount as the opposing sides debating the structure of wage negotiations struggle to find common ground. (In January, the previous policy of holding negotiations at a centralized level will be replaced by negotiations at the company level.) Tense labor relations in the coal sector could worsen if Zuma and his camp politicize the talks in order to energize their base for the brewing leadership battle.

### Old Leaders in New Africa

In the Democratic Republic of the Congo, President Joseph Kabila's political alliance will continue seek a successor who can protect the well-entrenched system of patronage it depends on to maintain power. As it stands, a 2017 election is still a possibility, even as the ruling party and portions of the opposition struggle to implement a Dec. 31 deal to transition power away from Kabila. With the president still in office despite finishing his constitutionally mandated final term in 2016, the deal's collapse looks increasingly likely. Progress on voter registration in some provinces has been made, yet millions of Congolese citizens have yet to be registered, and it is unclear how a presidential contest would be paid for, given its hefty price tag.

The political obstacles that arose after the Dec. 31 deal was signed will endure in the second quarter, causing little progress to be made between the ruling party and the opposition. This means that the time available for Kabila, who oversees a weak and fractious political order, to find a successor before 2017 ends is running out. And in the absence of an acceptable successor, the president will be more likely to resort to additional delaying tactics — such as citing election costs — to push the election (and by extension, his rule) until 2018, risking sustained unrest in the process.

### Mozambique's Financial Mess

Within the next three months, the government in Maputo will be forced to strike a deal with bondholders to restructure its debts. Negotiations became necessary when it was revealed in 2016 that bond proceedings were misused to buy military equipment and large amounts of debt were hidden. The ultimate success and timing of the negotiations will be crucial since the country, hoping to secure a bailout before the year ends, seeks to open talks with the International Monetary Fund in a bid to restore its support. A bailout would help ease the burden on the cash-strapped state, where patronage networks are strained (which could open splits within the ruling Mozambique Liberation Front) and investment in its oil and natural gas sector has stalled. Should Mozambique fail to reach a bailout deal, suspended energy industry investments could hamper development over the next few years and increase the risk that its burgeoning natural gas sector won't get off the ground amid the pending glut in the liquefied natural gas market.

## Ethiopian Instability

Last year, social unrest directed against the Tigray minority-led government in Addis Ababa spread, challenging its control of the country. But Addis Ababa's use of heavy-handed security measures in the latter half of 2016 and into 2017 has blunted the opposition movement's ability to unite, grow and intensify its pressure on the government. In the second quarter, the crackdown will continue to constrain the opposition, keeping the conflict to a low boil even as flare-ups posing significant risks to foreign businesses operating in Ethiopia persist. Ethiopia's waning internal security concerns will give it additional maneuverability in neighboring Somalia, where Addis Ababa is currently reshaping its presence.

## East African Integration

East Africa will continue to see crucial infrastructure projects come online this quarter. Following the inauguration of the Addis Ababa-Djibouti Railway in early 2017, another Chinese-funded project — the standard-gauge railway connecting Mombasa and Nairobi — is on track to be completed around June or July. The railway, which is Kenya's largest infrastructure project since independence, will provide the country with greater transport efficiency and supply-chain redundancy from its biggest port to the capital city.

Meanwhile, the European Union's proposed economic partnership agreement with the East African Community remains troubled. The deal, which has been in the works since 2007, would give member states duty-free and quota-free access to the European Union's market. In exchange, the community would remove tariffs on 80 percent of its imports from the bloc by 2033. But Tanzania and Uganda have serious reservations about the deal, and Burundi continues to be isolated diplomatically, leaving only Kenya and Rwanda to have signed onto the agreement. During the second quarter, the European Union and Kenya will keep lobbying the community's dissenting members for their support, but Tanzania will continue employing delaying tactics in hopes of killing the deal.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"



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To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: igovpio@iowa.gov <igovpio@iowa.gov>  
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## Contents

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences' 1

DMR: Duel on guns at public venues in Iowa. 4

DMR Editorial: Legislature should ban use of traffic cameras. 6

DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES. 8

DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM... 11

DMR: Bondurant community remembers killed family. 16

DMR: KUTCHER: 'I ALMOST OWE EVERYTHING OF WHO I AM' TO IOWA.. 17

DMR: Chinese media take interest in D.M.-based Jasper Winery. 19

DMR: COMING OUT CONSERVATIVE. 20

DMR Editorial: State and federal forfeiture reforms fall short. 25

DMR: Did city councilman's opposition to a pork plant lead to suicide?. 26

DMR Iowa View: On abortion, liberals cite science fiction. 35

DMR: Grassley pledges to preserve filibuster for legislation. 37

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN.. 39

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT. 40

DMR: Grassley, Ernst back U.S. strike on Syria. 41

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE 'DOESN'T FIT IN SOCIETY' 42

DMR: Iowa Senate confirms three appointees to regents board. 44

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts. 45

DMR: Templeton Rye one step closer to distilling whiskey in Iowa. 46

DMR: Casino in Clinton debuts simulcast horse, dog racing. 47

DMR Editorial: Is Harreld proposing merger or hostile takeover?. 48

DMR Iowa View: Women deserve to receive equal pay for equal work. 49

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?. 51

SCJ Editorial: Election bill will strengthen system of voting in Iowa. 52

LEE: Branstad meets with senators handling his confirmation. 53

LEE: Branstad and Xi: From possibilities, an enduring relationship. 54

Globe Gazette: Skipper: Government is often one big jigsaw puzzle. 57

LEE: Iowa's budget pinch: How did we get here?. 59

LEE: Iowa Senate leader sees 'outside chance' for tax reform this year. 63

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?. 64

LEE: Branstad no fan of granting pardons. 65

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible 67

KCCI: Six years later: Ashley Okland's murder still unsolved. 68

The Gazette: Branstad expects to sign firearms bill following review.. 68

Burlington Hawk-Eye Editorial: A wise move. 70

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements. 71

The Gazette Editorial: Affordable Housing: Second chances & better processes. 72

The Gazette Column: This is no time for a constitutional convention. 75

QC Times: Q-C lawmakers weigh in on Syria strikes. 77

QC Times Editorial: No answers in sight as Iowa exchange crumbles. 79

RI: Ashton Kutcher says good character 'is like your DNA' 80

RI: New leader to take over at the Clarinda prison. 81

RI: Grassley, others comment on Supreme Court confirmation vote. 81

RI: Key senator: 'outside chance' for tax cuts, reform in 2017. 83

RI: Iowa Supreme Court rules against request for a hospital safety report. 84

POLITICO: White House on edge as 100-day judgment nears. 84

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings. 88

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely. 90

Bloomberg: McFarland to Exit White House as McMaster Consolidates Power. 92

Bloomberg: Trump Preparing Order to Expand Offshore Oil Drilling. 93

REUTERS: U.S. air strike gives Tillerson a boost for Moscow talks. 95

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences'

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

In December 2013, Miranda Lalla was sent away for up to 25 years after she pleaded guilty to vehicular homicide while intoxicated for running over her friend in a pickup truck.

But two years, one month and eight days later, Lalla walked out of prison a free woman.

"It makes it feel like her life didn't matter," said Jessica Anderson, 28, the niece of Pamela Gross, the 44-year-old Iowa City woman Lalla killed. "I don't understand how you can take someone's life and then suffer very few consequences."

It's a common refrain from families whose loved ones have been killed in crashes caused by intoxicated drivers: Offenders are serving only a fraction of their sentences, which is evidence, they say, that Iowa doesn't treat drunken driving with the seriousness it deserves.

A Des Moines Register analysis of Iowa felony sentences lends credence to their argument.

Over the past six years, 47 people convicted of vehicular homicide while intoxicated were released after serving an average of 6 years and 4 months in prison — roughly one-fourth of their maximum sentence, Iowa Department of Corrections data show.

That's far less on average than inmates serving time for Iowa's other Class B felonies, including arson, robbery and manslaughter, all of which are punishable by up to 25 years in prison.

For example, released offenders serving time for second-degree murder or manslaughter spent 12 years on average behind bars, Iowa Board of Parole data show.

And prisoners doing time for arson or robbery, crimes where a victim may have been injured but not killed, spent seven to 15½ years on average in prison before they were released, a parole board report shows. "What message is that sending Iowa residents? That it's OK to get intoxicated, get in your car and go out and kill someone?" said Frank Harris, director of state government affairs for Mothers Against Drunk Driving, who has spent time in Iowa lobbying lawmakers for legislation that would strengthen Iowa's intoxicated driving laws. "Unfortunately, this is par for the course nationwide."

Others, however, caution that while there should be serious consequences for killing someone while

driving drunk, it's equally important to provide treatment to offenders struggling with alcohol addiction. "The sentences should be done on a person-to-person basis," said Lilly Wisely of Clinton, who in 2006 pleaded guilty to vehicular homicide-reckless or eluding and served one year. "I didn't have a previous criminal history or a drunk driving history. "I was scared straight in prison. Serving a longer sentence would not have been beneficial to me at all."

How much time is enough?

Despite decades of attention on the issue, Iowa has struggled to curb the state's problem with drunken driving, which in 2016 resulted in the deaths of at least 84 people from alcohol-related crashes.

The state is investigating another 16 fatal crashes where alcohol is suspected, potentially driving that number higher. Vehicular homicide while intoxicated has been a criminal offense in Iowa since 1911, according to a guide written by the state's Legislative Services Agency.

In 1986, Iowa lawmakers, citing its serious nature, made the offense its own chapter in the state criminal code. They designated the crime as a Class D felony, punishable by up to five years in prison and fines up to \$7,500.

Harsher sentences and fines were passed during the next decade, and by 1997, vehicular homicide while intoxicated was designated a Class B felony punishable up to 25 years.

Iowa is one of 14 states that sentences offenders up to 25 years or more for killing someone while driving impaired, but it also has one of the nation's most generous earnedtime policies for inmates. Depending on the crime, many offenders see their sentences cut by more than half the first day they are incarcerated.

On Dec. 2, 2005, Teresa Fagen, 15, was driving home after a Perry High School basketball game when a man fleeing police in a pickup rear-ended her vehicle, killing her. Joseph Phillip Long pleaded guilty to four charges, including vehicular homicide while intoxicated and was sentenced to up to 35 years in prison.

In late 2015, Long, now 46, was released to parole after serving 8 years and 10 months in prison.

"Once a sentence is handed down, you should be required to serve all of that sentence," said Michelle Brecht, 35, of Des Moines, who is Teresa's oldest sister. "When you go through the trial and the sentencing, it's all about the victim, which is the way it should be.

"But when you get to the prison part, it's like they forget there's a victim because they are so busy focusing on ways to get (the offender) out."

Efforts to reach Long were unsuccessful.

Through a spokesperson, parole board chairman John Hodges declined interview requests on what the board considers when deciding whether to release someone on parole. Hodges was appointed in May 2014 to the board, a full-time, taxpayer-paid position.

A spokeswoman provided the Register with criteria the board considers, including previous criminal and recidivism records, participation in prison programs, drug and alcohol history and propensity for violence.

Matthew Lindholm, a defense attorney whose practice is in West Des Moines, said the parole board also must take other factors into consideration, such as crowding in the state's prisons and whether there is room for "more dangerous offenders who need to be housed." "Everybody is so quick to point the finger at the offender — let's put them in jail and throw away the key," Lindholm said. "Statistics show that incarceration doesn't work. These are people with an addiction, and we need to look at solving their

addictions.”

Wisconsin lawmakers for the past three years have debated whether to require offenders convicted of vehicular homicide while intoxicated to serve a mandatory minimum sentence before becoming parole eligible. Polk County Attorney John Sarcone said that is worth exploring.

“The penalty (now) is such that it’s almost like you’re forgiving certain things,” Sarcone said. “Maybe it should be higher, like second-degree murder, which has a 70 percent mandatory minimum” on the sentence.

‘They haven’t learned their lesson’

Intoxicated driving third or subsequent offense is Iowa’s most serious charge for impaired drivers who haven’t hurt or killed anyone, no matter how many times they’re charged. Other states have added graduated levels and increased penalties for repeat drunken drivers. Beginning in January, Wisconsin can punish someone convicted of a fourth intoxicated driving charge with up to six years in prison. In addition, someone convicted of their 10th lifetime drunken-driving offense in Wisconsin must serve at least four years before becoming eligible for parole. However, an Iowa coalition that made recommendations last year for getting impaired drivers off the state’s roads did not include stiffer penalties for current drunken driving charges.

In past years, the Iowa Peace Officers Association has supported strengthening Iowa’s drunken driving laws. A spokeswoman said the group stopped advocating for changes because of the lack of interest from Iowa lawmakers. Sarcone said he would favor stricter sentences for repeat drunken driving offenders, particularly for those with three or more convictions.

“That’s the one area that ought to be looked at because for that small group, they are a danger to everyone,” Sarcone said. “It’s obvious they haven’t learned their lesson.” Since 2005, at least 11,390 people have been charged in Iowa with operating while intoxicated third or subsequent offense, a Register review of court record records shows. Among them is Leon Kurt Shivers, who in May 2012 and June 2014 was charged with third or subsequent offense drunken driving. Shivers eventually was sentenced to up to five years in prison but served 8 months and 25 days. Eight months after his release to parole, Shivers was driving drunk when he slammed into the minivan of John McCartney, 82, killing him. “The lack of teeth to our laws is frustrating,” said Story County Attorney Jessica Reynolds, whose staff prosecuted Shivers on the June 2014 charge. “When we send someone to prison for five years, we believe that they should go to prison for five years.” A review of data provided by the Iowa Justice Data Warehouse shows that on average, people convicted of third or subsequent drunken driving spend less than three months in prison before they are released to an OWI treatment center. Offenders who don’t go to a treatment center typically spend 15 months or less in prison, the data show. “It’s every prosecutor’s worst nightmare to have something like this happen,” Reynolds said, “that you work hard to send someone to prison for a certain amount of time, they are let out and re-offend and kill someone.”

‘People know drunk driving is wrong’

Pamela Gross’ family remains puzzled why Lalla served less than three years of her 25-year sentence.

Gross and Lalla had gotten into a fight in a parking lot after the two had been at a bar, court records show. Lalla got into her truck to leave, knocked Gross down with the truck and then ran over her, killing her.

Lalla spent more than a year in the Johnson County jail before she entered a guilty plea and was sentenced.

That jail time, as well as her time in prison, contributed toward her early release, as did her completion of a prison program, a parole board spokesman told the Iowa City Press-Citizen last year.

Lalla declined an interview request. Her parole was revoked in January because she was consuming alcohol and living with a felon. She's at a community- based corrections facility in Cedar Rapids.

Gross' family remains unsatisfied with her punishment.

"People know drunk driving is wrong and the risks involved with doing it," said Dianne Hesseltine, Gross' sister. "There should be mandatory sentences when you kill someone when you're driving drunk."

DMR: Duel on guns at public venues in Iowa

Bill's passage spurs debate on potential allowance at sites such as courts, Capitol

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The passage of a wide-ranging gun rights bill by Iowa lawmakers is raising questions about whether local officials can stop gun-carrying citizens from entering courthouses and city halls, although supporters of the measure insist there won't be any problems.

Sen. Nate Boulton, D-Des Moines, an attorney who voted against House File 517, said the legislation lacks clarity in defining local government control over firearms in public buildings. A "pre-emption" section of the bill says that Iowans can sue any city, county or township that enacts firearms bans if they believe they are adversely affected by the ban.

"I think there were a lot of missed opportunities to expressly define where these rights and limitations are," Boulton said. "Right now there are a lot of grey areas and it is going to require court interpretation."

But Sen. Dan Dawson, R-Council Bluffs, the bill's floor manager, said nothing has changed in current law regarding security in Iowa's public buildings. The legislation

does include a "just cause" provision for people who believe they have been adversely affected, he added.

"Our position is that it doesn't change the status-quo out there," said Dawson, who is also an Iowa Division of Criminal Investigation agent. For courthouses in Polk County and Pottawattamie County, for example, where dangerous weapons are banned and people must pass through a metal detector, there would be a "pretty high threshold" for someone to prove that while the buildings are highly secure, they are adversely affected, Dawson said. He believes city officials can prohibit weapons in city halls and he noted that schools will remain gun-free zones under a different section of state law.

The Iowa Judicial Branch, representing the state's courts, is officially opposed to the legislation, which received final approval Thursday from the Iowa House.

"The Judicial Branch registered against HF 517 solely because we are unsure if the pre-emption section of the bill (Division VII) will maintain the status-quo on courthouse security," said Steve Davis, communications director for the Iowa Judicial Branch.

Iowa Attorney General Tom Miller, the Iowa County Attorneys Association, and the Iowa Judges Association are also registered as opposed to the gun bill, which has a host of other provisions. They includes a controversial "stand your ground" section that says a law-abiding person does not have a

duty to retreat before using deadly force with a gun.

## Bill headed to Branstad

The bill now goes to Gov. Terry Branstad, who must decide whether to sign it or veto it. Branstad spokesman Ben Hammes said the governor is reserving judgment until he has time to carefully review the bill, as he does with all legislation. Polk County Attorney John Sarcone, a Democrat, told The Des Moines Register on Friday he wants Branstad to veto the gun bill. There is no question that local rules banning guns in courthouses and city halls will be challenged in the courts, Sarcone said, and he is concerned how the legislation will be interpreted. He also has concerns about possible difficulties in prosecuting homicide cases as a result of the stand your ground provisions. He described his stance as not political, but pro-public safety. "We come to the courthouse to resolve disputes in a peaceful fashion, not to fear if someone is carrying a weapon if they don't like the result," Sarcone said. "Banning all types of weapons from the courthouse just makes sense."

Sarcone said the gun legislation raises the possibility that someone could be charged with a felony crime, yet not have a criminal record and still have a permit to carry a gun that could be brought into a courtroom.

"Can they sit there at the counsel table with a gun?" Sarcone asked.

## Firearms at the Iowa Capitol

One legal issue is clear: The new legislation will allow Iowans who have a permit to carry firearms to have concealed guns as they walk inside the Capitol to visit with legislators, watch debates and attend committee meetings. Visitors to the Capitol are now screened and they aren't allowed to bring guns into the building, although some legislators have acknowledged being armed inside the Capitol. Sen. Jake Chapman, R-Adel, said he believes law-abiding Iowans should be allowed to carry firearms at the Capitol, and in courthouses and city halls as well. "The reality is that this building is owned by the people of Iowa," Chapman said in an interview at the Capitol. "My seat out there is not my seat; it is the seat of the people of Senate District 10. This is their seat. They own the building. If they have a right to keep and bear arms, they have a right to carry in their building." Sen. Tod Bowman, D-Maquoketa, has a different view. He points to an incident in September 2014 in which a man died at the Jackson County Courthouse in Maquoketa after he pulled a gun from a briefcase and pointed it at the county assessor. Francis Glaser, 71, a former Maquoketa city manager, had become agitated and vocal about his property taxes going up during a weekly meeting of Jackson County Board of Supervisors. Glaser pulled a small gun and fired at County Assessor Deb Lane but missed. A struggle ensued with a county supervisor and Glaser died when he was struck by a second shot.

"Most people that I have talked to don't want guns freely floating into these environments where feelings and emotions get high," Bowman said. Bowman voted for the overall gun rights bill, but he supported an unsuccessful effort to amend the measure.

Rep. Dave Heaton, R-Mount Pleasant, was among a handful of Republicans who voted against the gun bill. He said last month he supported most of the gun rights provisions, but the section applying to cities and counties would keep him from voting for it. He pointed to the 1986 murder of then-Mount Pleasant Mayor Edd King, who was shot by an angry constituent during a city council meeting.

"My town will never forget what happened," Heaton said. "They are my constituents. I can't support this bill because of what this bill does."

One of the gun bill's most controversial provisions, which would have prevented the Board of Regents from enacting gun-free zones on college campuses, was previously removed from the bill.

DMR Editorial: Legislature should ban use of traffic cameras



Regulation of the devices won't solve the profit-motive problem

At the beginning of this legislative session, it appeared that Iowa's state lawmakers were finally prepared to ban the use of traffic-enforcement cameras throughout the state.

The proposal seemed to have the support of both the governor and the Senate's Judiciary Committee chairman, Brad Zaun.

Then lawmakers gravitated toward a compromise proposal that would allow the cameras to remain. The final version approved by the Senate sought only to regulate the cameras' use by limiting their deployment to state-approved, high-risk locations, with fines capped and the revenue used for infrastructure improvements and public safety.

Now, however, the pendulum may be swinging back toward an outright ban. More than two dozen representatives in the Iowa House are supporting a bill that would prohibit the use of red-light and speeding cameras.

Not surprisingly, the biggest obstacles to both proposals are the Iowa cities that rely on revenue from the cameras. Cedar Rapids, for example, generates more than \$3 million a year from the cameras. Along with the cities of Muscatine and Des Moines, Cedar Rapids is now suing the Iowa Department of Transportation over the state agency's efforts to regulate the devices. It may be only a few weeks before a judge rules on the question of whether the state has the authority to order cities to take down cameras in locations where they aren't improving traffic safety.

Iowa lawmakers who remain unsure of how to proceed should take a close look at the arguments presented in this case. The cities are opposing a DOT rule that requires 1,000 feet of separation between a traffic camera and a speed-limit reduction. That rule was imposed after research conformed what common sense would indicate: placing the cameras any closer than 1,000 feet leads to more rear-end collisions as law-abiding drivers slam on the brakes to avoid being ticketed for exceeding the reduced speed limit.

It's a clear-cut example of how cities are willing to use the cameras not to make their streets safer, but to raise revenue. In fact, it could be argued that the cities are raising revenue at the expense of public safety — placing cameras in a manner that leads to more, not fewer, crashes.

Lawmakers should also be mindful of what triggered the lawsuit: In 2015, after the DOT examined the cameras' impact on traffic flow around the state, it determined

that 21 of the 31 cameras in use could remain in place due to their positive impact on traffic safety. But almost one-third of the cameras couldn't meet that standard and had to either be eliminated or modified, the DOT said. The cities didn't accept that.

Again and again, backers of the technology have argued that those who don't like the cameras should just watch their speed and they'll have nothing to worry about. Not true. They'll still have to be concerned with rear-end collisions caused by obvious speed traps. They'll also have to be concerned with their local law enforcement agencies being turned into revenue centers by their city council.

As effective as the cameras are in identifying and penalizing violators, they also invite abuse. Some states have been forced to pass laws prohibiting cities from collecting more than 30 or 40 percent of their total revenue from traffic citations.

As the DOT court case makes clear, some Iowa cities not only refuse to respect the DOT's authority to regulate traffic cameras, they are also willing to spend taxpayer money arguing that point in court. They also are unwilling to act appropriately even when their own data shows the cameras aren't being used

in a way that enhances public safety.

That's why the Iowa Legislature needs to move forward with its initial effort to ban the devices outright. It's the only way to prevent cities from continuing to partner with questionable, revenue-sharing companies that spit out citations in the form of civil penalties that completely bypass the criminal courts

## DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES

Warren County may be harbinger of efforts to meld services

GRANT RODGERS

GRODGERS@DMREG.COM

KNOXVILLE, Ia. — The court appearance here Wednesday by Warren County resident Erin Karas lasted just two minutes.

But it pulled Karas away from her restaurant job to make the 35-minute trip east from her home in Indianola to the Marion County Courthouse. Warren County's courthouse has sat mostly empty for more than nine months, evacuated amid worries about mold, plumbing issues and other problems.

"I'm missing out on work today because of this," said Karas, 45, who pleaded guilty to providing alcohol to a minor at her home last month.

For more than two decades, Iowa Supreme Court chief justices have issued intermittent warnings that budget considerations might someday force consolidation of the legal system. The move of Warren County's court operations is temporary, but what residents, attorneys and judges have experienced since June offers a glimpse of what court consolidation could bring.

State Rep. Chip Baltimore, a Boone Republican and attorney, said in an interview with The Des Moines Register that certain measures, such as closing clerks of court offices in certain counties, could be worth considering again — particularly in the age of digital filing.

"I think it has to come up," he said. "We talk about government efficiency and efficient use of tax dollars. ... Not that we are going to close a bunch of clerk's offices, but do they need to be there 40 hours a week, every week of the year with a full staff. I think that's definitely something we need to take a look at."

There is no plan in the works to consolidate court services, said State Court Administrator David Boyd, who is set to retire in September after four decades of working for Iowa's court system. And there are state laws barring certain moves, such as creating regional litigation centers or moving clerk offices out of county seats.

But Boyd admits there may come a time when offering court services in all 99 counties could be reconsidered.

"I really do hope at some point we are in fact considered to be a separate and equal branch of government and properly funded," he said. "That's not to say that we have to continue to do things in a particular way just because we've always done it that way." Legislators in January cut \$3 million from of the judicial branch's current budget as part of cost-cutting effort spread across the entire state government, causing a \$400,000 budget gap. In response, Boyd and court officials chose to close courts for an unpaid furlough day on May 26. The branch was already hamstrung when legislators in 2016 gave the judicial branch the same \$178.7 million it received the year before, forcing a hiring freeze, Chief Justice Mark Cady told lawmakers in January. "We are starting to see delays in our court

process, and I fear that this is going to continue if our needs aren't met," he said at the time.

While the judicial branch administers court services in the counties and employs clerk staff, judges and other workers, the responsibility for maintaining the state's aging courthouses falls to county governments. The average age of an Iowa courthouse is 100 years old. Thirty-eight of the current courthouses were built before 1900.

In May 2016, Warren County voters shot down a \$35 million plan to build a new courthouse and jail to replace the existing courthouse built in 1939 with financial support from the Public Works Administration. One month later, Arthur Gamble, chief judge of the Fifth Judicial District of Iowa, ordered court services to vacate the building amid health concerns.

Court officials hope they can return to Indianola next month. Warren County is renovating a former Fusion Fitness center into temporary courtrooms. It will spend about \$100,000 annually to lease the space while a more permanent solution is found to repair or replace the town square's deteriorating courthouse.

Years of chatter, but opposition remains

In 1991, lawmakers faced a \$300 million budget deficit. In an interview with the Register, former Chief Justice Arthur McGiverin outlined several ideas aimed at saving money, including the creation of regional "litigation centers" that could replace court services in some counties. McGiverin, an Ottumwa resident, emphasized that he would prefer having court in all 99 counties, but admitted "that may well be difficult to do" in the future. In January 1993, McGiverin announced in the annual State of the Judiciary Address to legislators that court administrators were working on plans to move courts out of several county courthouses and into regional centers. But the plan met strong opposition. The Iowa State Bar Association and rural county supervisors organized opposition amid concerns, in part, that closing court services would hurt small-town economies, even if other offices like county auditors and treasurers remained in courthouses.

That same concern would likely be raised again — along with concerns about Iowans' access to justice — if lawmakers and judicial officials were to consider consolidating services again, said Skip Kenyon, president of the Iowa State Bar Association. Kenyon is a longtime attorney in the Union County seat of Creston, where a district court judge travels to the courthouse for hearings one day a week and an associate district court judge comes on a different day.

In neighboring Adams, Taylor and Ringgold counties, a judge comes to the courthouse for hearings every other week, Kenyon said.

"If you don't have that draw to help bring commerce in, I think it's real hard for the town to continue to thrive," he said. "And I think the courthouse is part of that. It brings people to town."

Judicial branch officials under Chief Justice Louis Lavorato in 2001 released a cost-savings restructuring plan that would have moved clerk of court offices out of several counties in the state and into regional centers. But the plan was pulled weeks after it was released when lawyers and county officials again spoke out.

"Chief Justice Lavorato and I took a lot of heat," said Boyd, the deputy court administrator at the time.

Two years later, then-Gov. Tom Vilsack, a Democrat, signed a bill that included language prohibiting the creation of "regional litigation centers" — a reaction borne out of the court's restructuring plan floated in 2001, Boyd said.

In her 2009 address to lawmakers, Chief Justice Marsha Ternus briefly raised the issue again amid a national recession.

“We simply do not want to spend precious time on a concept that you are not prepared to consider, and in the past, you have acted to prevent any movement toward consolidating court operations,” she told lawmakers at the time.

### Consolidation in a microcosm

Warren County attorneys have gotten a taste of space sharing due to the forced closure of the courthouse in June 2016.

Under the order from Gamble, the Fifth District chief judge, most of Warren County’s court services were moved to the neighboring Marion and Madison county courthouses in Knoxville and Winterset, respectively. In the order, Gamble described “periodic” leaks of sewer water found in courtrooms, deteriorating air quality that made some employees sick, and dirty restrooms in the old building.

“Unfortunately, it is likely these alternate places of holding court will not be convenient for the citizens of Warren County. However, the board has not provided an alternative,” Gamble wrote at the time. Warren County Attorney Doug Eichholz, who was appointed to the position, said the emergency closure of the courthouse has put his office approximately \$41,000 over its yearly budget, partly due to the travel costs now associated with cases. To cut down on the costs of driving to Knoxville, the sheriff lent the attorney’s office a spare vehicle, and prosecutors try to carpool, he said.

Sharing space in aging courthouses is a temporary fix.

Several attorneys and others interviewed by the Register agreed that consolidating court services into regional centers would require construction of new facilities. “I think that almost unquestionably that would have to happen,” Boyd said.

Others, such as the Iowa State Bar Association’s Kenyon, suggest that the most worrisome aspect of consolidation is the effect on people using court services.

Since the closure of the Warren County Courthouse, some of the biggest frustrations have come from families involved with juvenile proceedings.

Juvenile matters were moved to Winterset, a 25-mile drive from Indianola and approximately 40 miles one-way from both Carlisle and Southeast Warren Junior-Senior High School in Liberty Center. Juvenile court hearings take place on Monday mornings. Children who are being held by the county have to be driven to and from court by their parents or guardians, said Alex Crabb, the first assistant Warren County attorney. “You’re picking your kid up at school and now you’re driving all the way over to Winterset,” he said. “I think that’s where I’ve had most of the frustration.”

Mason Ouderkirk, whose Indianola law firm sits on the town square directly north of the empty courthouse, said the costs passed on to clients is the chief burden. The travel costs for the average 45 minutes he spends on the road driving to and from Knoxville or Winterset can add “hundreds of dollars to the cost of a hearing for a client,” he said. “It’s a burden directly upon the client,” said Ouderkirk, who specializes in civil cases and family law. “They’re paying me for my time, and that’s unfortunate.”

Kenyon raised a similar concern. A state budget crisis forced the judicial branch to belt-tighten around 2009 and cut back on travel costs for judges and other employees, he said. At the time, he was litigating a personal injury case filed in Adair County that ultimately went to trial at the Dallas County Courthouse to accommodate the judge’s travel schedule. That meant Kenyon and the other attorneys and witnesses were on the road daily to Adel throughout the trial. “It created a lot of additional expense for my client,” he said. “If you go to something like a regional center, that makes it that much more expensive, and the people who need (court services) are the ones that are going to have to be paying for it,” he said. Warren County officials are trying to decide their next move. They could choose to tear down the existing courthouse on the Indianola square and start from scratch at another location. Or they could keep the courthouse where it is, but build a jail at another location. A new bond referendum

is currently scheduled for Aug. 8.

## DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM

State struggles to reduce number of repeat offenders

Since 2005, over 11,300 have been hit with at least their third drunken driving charge

KATHY A. BOLTEN

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

Randy John Stubbe was sent to prison in 2008 for driving while intoxicated in a Butler County crash that killed his wife. After he got out, he was charged twice more with driving drunk and in March returned to prison for two more years.

Deanna Marie Gliem of Des Moines was drinking before she crashed her car into another vehicle in 2015, killing the driver and passenger. Before she could go to trial, she was arrested for drunken driving in Lucas County.

And Donald Dean Gridley of Fairfield served less than a year in prison in the 1990s for causing the death of a passenger in a drunken driving crash. When he got out, he was arrested twice more for drunken driving, then charged with vehicular homicide while intoxicated in a 2012 crash that killed his father.

Talk with Iowa law enforcement officers, and they will tell story after story of people arrested repeatedly for being drunk behind the wheel. It's a constant struggle that is costing lives, they say.

"You would think, as a human being, if I killed somebody while I was drinking and driving that I wouldn't drink and drive anymore," Woodbury County Sheriff Dave Drew said. "That just shows you the power of alcohol in some people's lives. Some people are better off never touching it."

An exclusive Des Moines Register analysis of more than 200,000 Iowa court records involving intoxicated driving over the past 12 years illustrates the magnitude of that struggle:

» Since 2005, 222 people have been charged with vehicular homicide while intoxicated, and nearly one-third previously had been arrested for driving while intoxicated. Several had been arrested multiple times.

» At least 13 of those drivers were caught driving drunk again after they had been charged or convicted of killing someone while driving under the influence.

» More than 11,300 people were charged with intoxicated driving-third or subsequent offense, meaning they had been charged with driving while intoxicated at least three times in the past dozen years. The repercussions of those stark statistics play out daily on Iowa's roads, too often ending in tragedy, such as on Oct. 17, 2006, in Story County. A driver weaving in a van on U.S. Highway 30 slammed head-on into a sedan and killed Jonathan Baugh, a 17-year-old Valley High School senior who was on his way to watch a volleyball match in Ames. The van's driver, Phillip Ray Stephens, had an open bottle in the vehicle and reeked of alcohol, court records show. Stephens had already been convicted of drunken driving in 2000 and had another charge pending for a January 2005 arrest, according to court records.

Stephens was sentenced to up to 18 years in prison for the fatal crash but served only 5 1/2 years

before being released in September 2012 to a community program. In May 2016, he was discharged from parole and within weeks was arrested twice for operating a vehicle while intoxicated, with sentencing scheduled for Monday. “He’s using his vehicle like a weapon when he gets behind the wheel,” said Tracy Baugh, a Baptist minister and father of Jonathan, who was among the 1,100 people who have been killed in alcohol-related crashes in Iowa since 2005. Stephens did not respond to a request for an interview. Tracy and his wife, Pam, who now live in Spencer, want Iowa to require intoxicated drivers who kill someone to serve 80 percent or more of their sentence. And they want to see chronic offenders such as Stephens barred from driving for life. “People on the road with him are escaping death — just like if there’s a gunman in a shopping mall and people walk away unharmed,” Tracy Baugh said.

‘Drinking is like a deadly weapon’

Donald Gridley, who has twice killed people while driving drunk, said people like him are “playing with disaster.”

“Bad things are going to happen to you eventually,” Gridley told the Register during a telephone interview from Mount Pleasant Correctional Facility.

A jury in 2014 convicted after a jury convicted him of vehicular homicide while intoxicated. “Drinking is a like a deadly weapon, and somebody will either be hurt or wind up dead because of it.” Of the 13 drivers in the past dozen years caught driving drunk again after already killing someone while driving drunk, nine, including Gridley, Stephens and Stubbe, had served time in prison. Four, including Gliem, were awaiting trial. Gridley’s first conviction for causing a death came in 1992, when he pleaded guilty to involuntary manslaughter and driving drunk. That was followed by two more arrests for drunken driving before the night of drinking in December 2012 when his father, Patrick Gridley, was killed. Gridley said his father had persuaded him to attend a funeral with him. Afterward, the two went to a bar and drank into the early hours. “I made a bad choice to go to the funeral and then to drink,” Gridley said. “It ended up in a mess.” Gridley said he doesn’t remember the crash or whether he was driving. Court records say he ran a stop sign and drove his father’s Ford pickup into a ditch in rural Wapello County, then walked to a nearby farmhouse for help. A county sheriff’s deputy found his father, 65, dead inside the truck.

A test administered several hours after the crash showed that Donald Gridley’s alcohol concentration was 0.198 percent, more than twice Iowa’s legal limit.

It also detected marijuana, oxycodone and an anxiety medication, court records show. Gridley was sentenced to up to 25 years in prison. His expected release date is December 2025. While in prison, Gridley said he’s attended weekly meetings of Alcoholics Anonymous and Narcotics Anonymous and attended a class called “Thinking for a Change.”

But, he said, he’s not received any treatment or counseling for his addiction to alcohol.

Nonetheless, Donald’s mother, Linda Gridley, said her son has been behind bars long enough.

“He’s not the man he was five years ago,” said Gridley, 69, of Fairfield. “He talks differently and he acts differently. He’s paid his dues — now he’s in there without any rehabilitation and with no treatment.” Donald Gridley also believes he’s ready to be released after more than two years behind bars. He said he won’t drink again because “of all the trouble and pain and agony it caused my mother and the rest of my family.”

‘He should have been sitting in jail’

The Register’s analysis of tens of thousands of intoxicated while driving arrests since 2005 illustrates Iowa’s shortcomings in keeping impaired motorists from getting back behind the wheel.

Intoxicated driving third or subsequent offense, filed against more than 11,300 people in Iowa in the past dozen years, is the state's most serious charge for impaired drivers who haven't hurt or killed anyone. The Register found offenders who had been arrested as many as eight times for impaired driving since 2005, but they still faced the "third or subsequent offense" charge. One of the people who faced that charge was 53-year-old Kirk Arnell Thomas of Marshall County, who was sentenced in February 2016 to up to 15 years in prison as a habitual drunken driving offender after his third arrest in less than six years. In fall 2015, Thomas was arrested twice for driving while intoxicated by Marshalltown police. Preliminary breath tests showed Thomas' blood al-

Continued on Next Page

Signs you may be an alcoholic

People who answer "yes" to at least two questions on the so-called CAGE screening test should investigate whether they may be abusing alcohol. The screening test is widely used to determine potential problems with alcohol, according to the National Institute on Alcohol Abuse and Alcoholism. CAGE is an acronym based on key words from each of four questions: cut down, annoyed, guilty and eye-opener.

The questions to ask yourself are: » Have you ever felt you needed to cut down on your drinking?

» Have people annoyed you by criticizing your drinking?

» Have you ever felt guilty about drinking?

» Have you ever felt you needed a drink first thing in the morning (eye-opener) to steady your nerves or to get rid of a hangover?

Where to get help:

The following are centers or groups that work with people with chemical dependencies: Powell Chemical Dependency Center Iowa Lutheran Hospital 700 E. University Ave., Des Moines 515-263-2424 St. Luke's Chemical Dependency Program Cedar Rapids 319-363-4429 Iowa Substance Abuse Information Center Cedar Rapids Ladd Library 3750 Williams Blvd. Southwest, Cedar Rapids 866-242-4111 Alcoholics Anonymous' Central Office 1620 Pleasant St., Suite 228, Des Moines 800-207-2172 (toll free)

More online

More than 80 people were killed in crashes involving drunken drivers, Review data on the crashes by location and type of crash, plus find information about each of the people killed in those crashes in 2016. Go to [DesMoinesRegister.com/DrivingDrunkData](http://DesMoinesRegister.com/DrivingDrunkData).

cohol concentration at nearly three times the legal limit.

Thomas, in a telephone interview, said he has been attending Alcoholics Anonymous meetings and life-skills classes while incarcerated at Iowa's North Central Correctional Facility in Rockwell City.

He said he's lucky he didn't seriously injure or kill someone when he drove drunk.

"There was no good reason for me to be doing that," Thomas said. "But I did it, for some foolish, unknown reason."

Law enforcement officials say something is wrong that people like Thomas can't be kept from behind the wheel of a vehicle after multiple intoxicated driving charges.

“It’s frustrating to me because, one, he shouldn’t have been driving because he had been barred,” said Marshalltown police Lt. Rick Bellile, who arrested Thomas on Oct. 6, 2015, for third-offense drunken driving. Thomas had also been arrested four weeks earlier for drunken driving.

“The problem with our system is that we let these repeat offenders out of jail while they are waiting (for trial), and they go out” and continue to drive while they are intoxicated, Bellile said.

The fact is most people caught driving drunk have done it before, said Kim Brangoccio, manager of UnityPoint Health’s Powell Chemical Dependency Center in Des Moines.

Alcoholism is a “chronic relapsing disease, and although people can get treatment, sometimes they really don’t want to quit,” she said.

Typically, Iowa requires those charged with third-offense intoxicated driving to undergo treatment. Many are sent to community-based residential correctional facilities, which provide substance abuse treatment programs licensed through the Iowa Department of Public Health.

Treatment isn’t always successful, however, particularly if offenders fall back into old habits. “If they get back into similar life situations with the same stressors and the same friend and the same job, they’ll relapse,” Brangoccio said. “Changing just a few things is not enough — you have to really make some significant changes.” People need to understand what causes them to drink, she said. “If the reason you drink has to do with coping or has to do with your inability to deal with your own self-anxiety — if you don’t get help for those things at the same time you’re getting alcohol or drug help, your chance of relapse is very high.”

Searching for a better way

Meanwhile, Iowa continues to look for ways to better address its drunken driving problem, particularly repeat offenders.

Last year, a coalition submitted 66 proposals for reducing impaired driving in the state. One of those has made its way into a bill making its way through Legislature. The proposal would give law enforcement jurisdictions the option of participating in a program requiring some offenders to provide a breath sample twice a day to prove they haven’t been drinking. A similar program in South Dakota called 24-7 requires repeat drunken drivers to take a Breathalyzer test twice a day as part of their bond or parole conditions. Since the program has been in place, arrests for repeat drunken driving have fallen 12 percent, studies have shown. Polk County associate district court Judge Carol Egly wonders whether some drivers must be saved from themselves.

“There are some people that — maybe one should just assume — should not be driving regardless of what they do with their treatment program,” said Egly, whose assignments include presiding over intoxicated driving sentencing. “Maybe we should be identifying those people and making it possible for them not to be using automobiles.”

That idea appeals to Tracy and Pam Baugh, whose teenage son died in a drunken driving crash 11 years ago. Stephens, the driver who killed their son, was arrested Aug. 26, 2016, after a Johnson County sheriff’s deputy saw him swerving “all over” eastbound Interstate Highway 80 in Iowa City, court records show. Stephens “smelled strongly of ingested alcohol.”

Six weeks earlier, Stephens was arrested at Saylorville Lake in Polk County for operating a boat while intoxicated.

A trial is pending in the Polk County case; Stephens pleaded guilty to the Johnson County charge and will be sentenced Monday.

“It’s like how many more lives does it take before they throw the key away,” Pam Baugh said. “Whose



life is going to be next?”

DMR: Bondurant community remembers killed family

LINH TA

LTA@DMREG.COM

The community of Bondurant is close-knit.

Most people know each other, or know of each other, residents say.

So when they learned that three of their own were killed, they did what close communities do — they gathered to support one another.

“Because it’s Bondurant, people just come to help each other,” said Samantha Hunter, a 24-yearold from the town.

Outside Bondurant-Farrar High School, people cried and embraced during a vigil to remember Mark, Charla and Tawni Nicholson.

In a circle around the flagpole, people stood shoulder-to-shoulder with candles flickering against the night sky.

It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons’ home to conduct a welfare check. There, they found the bodies of Mark Alan Nicholson, 58, Charla Lee Nicholson, 56, and their daughter Tawni Alexis Nicholson, 24.

Chase Marcus Nicholson, 20, is currently in Polk County Jail on a valid material witness warrant, according to a news release. He is being held on a \$2 million cash-only bond. He is the son of Mark and Charla, and is Tawni’s brother.

Hunter and Lindsay Schaper, 24, went to Bondurant- Farrar High School with Tawni.

They also roomed together at Iowa State University, where she graduated in August.

“She was just a ray of sunshine,” Schaper said. “She always had open arms for everybody.”

When they learned both she and her parents were killed, they were shocked.

It’s something that doesn’t happen in the town of about 5,000 people.

“It’s one of those things you can’t believe that happened here,” Hunter said. “They treated you like you were a part of their family.” As Chase Nicholson sits in Polk County Jail, additional charges in relation to the case are possible, according to law enforcement.

But as the community mourned together outside, Jeff Sanderson, pastor at the Federated Church of Bondurant, addressed them. He reminded them of one thing — that in the afterlife, anything is possible.

“I pray that we have the opportunity to watch a mother, a father, a daughter and son embrace.”

DMR: KUTCHER: ‘I ALMOST OWE EVERYTHING OF WHO I AM’ TO IOWA

Actor in W.D.M. to get award for 'good character'

MATTHEW LEIMKUEHLER

MLEIMKUEHLER@DMREG.COM

Ashton Kutcher left Iowa wanting to escape the small towns and endless farmland that surrounds each.

Now, a worldwide success at age 39 and a father of two, he seems pretty happy to be home.

"I left Iowa wanting to get out of Iowa, and the older I get the more I want to come home," he said in an exclusive interview with the Register Saturday evening. "In part, because the more places I go, the more I realize how great it is here, and the more I realize that I almost owe everything of who I am to where I come from."

The eastern Iowa-raised Hollywood superstar appeared at the Ron Pearson Center in West Des Moines Saturday night to receive the Robert D. Ray Pillar of Character Award, an annual honor given by Drake University to "individuals who demonstrate good character as a role model." Outside of acting, Kutcher, 39, is known for multiple philanthropic efforts, including cofounding (alongside Dallas Clark) the Iowa disaster relief organization The Native Fund and Thorn: Digital Defends of Children, which uses technology to combat sexual exploitation of children.

"I think the one thing that you realize the minute you become a parent is that character is the one thing you can give them as a parent," he said. "You can actually, materially impact that ... and then everything else becomes their choice."

The "That '70s Show" and "The Ranch" star was born in Cedar Rapids and went to high school in Homestead; he made his West Des Moines appearance alongside wife and fellow star Mila Kunis. Kutcher's mother, Diane Portwood, and her spouse, Mark, as well as his father Larry and his spouse, Colleen, were also in town to see one of Iowa's most celebrated bring home the award.

On fatherhood, Kutcher said there are three Iowan values that impact how he raises his children: A general kindness, always keeping your word and showing good work ethic. Kutcher and Kunis welcomed their second child, a son, Dimitri Portwood Kutcher, into the world last November. The couple became parents to a girl, Wyatt Isabelle Kutcher, in 2014.

"There's an earnestness and an honest-ness here that lacks in a lot of other places in the world," Kutcher said. "People aren't afraid to work and aren't afraid to work really hard. They understand that working hard actually gets you there."

That earnestness was on display Thursday when Kutcher and Kunis surprised students at Oskaloosa High School. When addressing the students, he delivered a short, galvanizing message: "Just because you're a kid from Iowa, don't think you can't have big dreams."

It wasn't his first time impacting Iowa schools: In 2016 he surprised teachers in more than 100 Iowa schools by fulfilling funding every Donors Choose.org project open in the state on that day. DonorsChoose is an online crowdfunding platform teachers use to finance classroom needs. Kutcher said he wanted to let the students know that you can build "the next great thing," no matter where you're from.

"What I suggested to those kids is (that) they don't limit the scope of their pursuits to the things that see that already exist," he said.

Kutcher received the Pillar of Character award in part due to the launch of The Native Fund, which works primarily in disaster relief for Iowans. Kutcher said he could see the locally-based non-profit

extend the model in place to other states and more causes.

First, he said, the organization must continue to grow capital. After that could come expansion into new regions and different causes.

“For us right now, it’s about raising a significant reserve capital fund for disaster relief,” Kutcher said. “And then really identifying for ourselves what constitutes disaster relief. Who actually needs disaster relief? And how do (we) build this so it’s not some wonky entitlement plan that grows and gets sloppy? ... This is all about helping people. It’s not about doing for people.”

The discussion wasn’t completely dominated by Kutcher’s character and philanthropic efforts; when asked about the Hawkeyes’ football prospects in the fall, he smiled and laughed.

“That’s a set-up,” he laughed. “I know a set-up when I see one.”

Notables intended for the “All Star Evening” featuring Kutcher and Kunis included Gov. Terry Branstad, Lt. Gov. Kim Reynolds, Super Bowl-winning former NFL tight end Dallas Clark, Drake University president Marty Martin and “The Bachelor” alum Chris Soules, a news release said. Past recipients for the award include Hayden Fry, Fred Hoiberg and Shawn Johnson.

DMR: Chinese media take interest in D.M.-based Jasper Winery

While Chinese President Xi Jinping’s first meeting with President Donald Trump has made headlines for the potential implications to trade and international relations, it has also sent reporters looking for off-the-beaten-path stories about the two nations.

That’s what recently led CGTN, China’s state-owned 24-hour English Language TV network, to a winery in Des Moines.

CGTN this week published a feature about Jasper Winery, highlighting the deep economic and political ties between Iowa and China and the growing interest from Hawkeye State companies to do business in the world’s most populous country.

Mason Groban, head winemaker at Jasper said the TV spot could help the small, Des Moines-based winery gain a larger foothold in China.

“If you understand the Chinese consumer, a story like this can be pretty significant,” he said.

The ties between Iowa and China, and specifically those between Gov. Terry Branstad and Xi, who have called each other “old friends,” are well-documented and widely celebrated.

In 1985, Xi visited Iowa on an agricultural research trip and met Branstad for the first time. The two leaders met again in 2011 during a gubernatorial trade mission to China.

In 2012, Xi returned to Iowa, for a farm tour, agricultural forum and state dinner, where he and Branstad toasted with wine from Jasper.

In December, Trump appointed Branstad ambassador to China, noting his deep ties to China and Xi. Branstad is yet to be confirmed.

CGTN toured Jasper’s vineyard and winery and then visited Muscatine, where Xi stayed as a young agricultural researcher.

The network also asked Iowa Republican Party Chair Jeff Kaufmann about the tension between Iowa’s

dependence on exports to China and the state's support for Trump, who has promised to get tough on China, stoking fears of a potential trade war.

"Hopefully, we can find a policy that fits our interests but at the same time doesn't alienate any economic opportunities we have with China," Kauffman told CGTN.

China Daily, a stateowned English-language newspaper, also recently featured the state in a front-page story titled "Iowa hopes to ramp up trade with China."

Jasper Winery has been eyeing the Chinese market ever since the toast between Xi and Branstad. The winery hired The China Iowa Group, a West Des Moines-based trade consulting firm, to help clear regulatory and political hurdles needed to sell wine in China.

In 2015, Jasper made its first shipment, selling about 1,000 bottles in China.

"They don't have a lot of spare capacity, but we sold as much as we could get our hands on," said Li Zhao, founder of the China Iowa Group.

Chinese consumers have a taste for wines from Napa and other well-known grape-growing regions, but few Iowa wines have made it into the market, Li said.

Groban, the winemaker, hopes the CGTN feature, as well as Branstad's pending ambassadorship, open the door to more exports. "Initially, we were just getting our feet wet in the market," he said. "We would love to export more and we definitely have the capacity to ramp up production."

China Iowa Group and LS2group form partnership

The China Iowa Group, meanwhile, recently announced a partnership with LS2group, another Des Moines-area consulting firm. The two firms said they plan to work together to help U.S. companies sell products in China and facilitate the Chinese investment in the U.S.

LS2group will focus on government affairs, lobbying for policies, like those that would allow U.S. eggs, beef and other products to be imported to China. China Iowa Group will focus on finding markets for U.S. products in China and facilitating Chinese investment in the U.S. "It's a perfect relationship because our skill sets complement each other well," said Chuck Larson, a partner with LS2group, and a former state senator and U.S. Ambassador to Latvia.

DMR: COMING OUT CONSERVATIVE

Chadwick Moore was an openly gay socialist at the University of Iowa. Now he's a pariah among New York liberals

For Chadwick Moore, admitting he was a gay man to his "Fox News-watching, gun-toting Republican" dad in Iowa was a breeze compared to coming out as a conservative this year to his liberal friends in New York.

This is the 33-year-old University of Iowa alumnus whose Out Magazine profile of former Breitbart News provocateur and "Internet super villain" Milo Yiannopoulos inspired such outcry against Moore that it made him realize he had been living a lie: He now has more in common with the GOP.

He has been lambasted as a "fake conservative" and "attention whore" on social media. But he insists that his ideological shift was glacial and gradual, not sudden and opportunistic. Even in high school, Moore said, his senior AP English thesis was an argument against hate-crime legislation based on constitutional grounds. "I'm not, like, an establishment Republican," he said. "I'm still very much the

person I've always been. And I've never registered as a Democrat for that reason."

His world was simpler and more neatly defined in 2001, when Moore was a high school graduate en route to his freshman year at the University of Iowa in Iowa City. He rode shotgun in his father's pickup truck.

On the verge of dropping off his son into a teeming throng of 29,000 restless young coeds, Moore's father, Gary, finally broached the topic.

Well, his dad said, your sister told me something about you.

Moore had an inkling of what was next: Oh yeah?

She told me that you're gay. Is that true?

Moore's stomach suddenly was in knots. He already had come out to his liberal mom a few years earlier, with no problem. His parents are divorced; she lives in Nashville. But he was a little more daunted by his dad: a macho, cigarchomping accountant, farmer and hunter in Oskaloosa.

Moore braced himself and answered: Yeah, it's true. Gary was quiet for a minute. Finally, he responded: Well, I guess I'm going to have to tell your boyfriends what I tell your sister's boyfriends.

Moore, still apprehensive, suddenly was intensely curious: What's that?

If you hurt my son

I'll... To complete that sentence no doubt would offend some of you. Suffice it to say that Gary, to quote Iowa Sen. Joni Ernst, was ready to "make 'em squeal" in defense of his son. Moore thanked his dad profusely for the sweetly protective sentiment.

That tender moment, if a bit raw, was a bridge between a father and son who, at the time, stood on opposite ends of the political spectrum.

Once ensconced at the U of I, Moore "became an immediate socialist," he said. He marched and protested his way through college while decked out in a garish wardrobe of thrift store castoffs.

All the while, the identity crisis that seethed within Moore was not hormonal. It was ideological.

"Some people experiment with their sexuality in college," he said. "I experimented with farleft politics."

'Alienated and frightened'

Moore now lives in another liberal enclave — the Williamsburg neighborhood of Brooklyn, New York. He has long since set aside his college dreams of becoming a fiction writer to establish himself as a legitimate working journalist.

His profile of Yiannopoulos was posted Sept.

21 in the publication catering to the LGBT community that serves an audience of a couple hundred thousand readers, on the eve of the bitter presidential election. The Breitbart editor had become a notorious figure thanks to his loud mouth and the rampant protests over his speeches on college campuses.

(This was before Yiannopoulos resigned from Breitbart in reaction to the firestorm spurred by his comments that appeared to condone pedophilia.) Moore faced instant backlash from friends and strangers alike.

His editors went so far as to preface the profile with a lengthy disclaimer to distance themselves from Yiannopoulos' views while simultaneously decrying "social media tribalism," where "the mere act of covering a contentious person can be misrepresented as an endorsement."

Moore kept getting the cold shoulder at his local gay bar. Good friends stopped calling.

He had become a pariah.

"The gay community has been my entire life since I was 15," he said.

"And I love the gay community. I love gay culture. I love drag queens.

I love gay bars. It's been my everything, and now all that's gone. So, yeah, it's sad. I'm mourning the loss of that."

Fed up with all the backlash, Moore in February wrote a manifesto of sorts in the New York Post: "I'm a gay New Yorker — and I'm coming out as conservative." He criticized President Donald Trump for his travel ban and cabinet choices. But mostly the article served as a kiss-off to the left wing that had counted him as one of their own. "All I had done was write a balanced story on an outspoken Trump supporter for a liberal, gay magazine," he said, "and now I was being attacked. I felt alienated and frightened." "It can seem like liberals are actually against free speech if it fails to conform with the way they think," he added.

"And I don't want to be a part of that club anymore."

'It seems like if you choose a side, you're ostracized'

Among those shocked by Moore's conservative coming out were two of his best friends and college classmates, a pair of women from Iowa. Kat Durst, raised in Ottumwa and Davenport, met Moore on their first day in the college dorm, not long after the pivotal scene in the pickup truck with his father. Today, she's a 34-year-old real estate agent. She and her husband, a physician, are raising two kids, 3 and 5, in Gainesville, Florida. Moore was a bridesmaid in her 2010 wedding.

As Moore tangles with critics on Twitter, Durst fills her Facebook feed with liberal commentary fully in keeping with her former undergraduate self. Durst can't take the leap from Democratic socialist to conservatism with her friend, but that doesn't matter to her.

"Even the things that I thought he thought in college... He doesn't owe that to me — to still think that — or owe it to anyone," she said. A third friend entered their circle at the U of I when Haley Niichel spotted Moore in a computer lab clad in a white T-shirt, tight jeans and blue bandanna. She grew up in Orange City, the conservative stronghold of northwest Iowa. This was the first gay person she was aware of meeting.

Moore "knows how to kind of step on a nerve," said Niichel, who now lives in West Des Moines. "He has that innate sense of going in for the kill.

But I think he makes liberals really think about what they're fighting for."

Her job as a mortgage underwriter, as Niichel puts it, is to "document logic." She wonders whether that helps make her more of a libertarian who falls on the political spectrum somewhere between her two friends.

"It seems like if you choose a side, you're ostracized by the other side," she said. "If you're not super liberal, you're a Republican in the liberals' eyes. If you're not actively going to all these protests — in an aggressive, gnashing way — it's not enough for them."

Are we building bridges or silos?

Moore's paternal family roots in Iowa predate the Civil War. He was born in Tennessee and raised in Illinois.

I wouldn't be surprised if he ends up writing his gay, Midwestern variation on J.D. Vance's "Hillbilly Elegy," a New York Times best-selling account of the author's roots in white workingclass Appalachia that has been embraced as a guide to the rural disaffection that helped Trump win the White House.

"I've always known these people," Moore said of his conservative Midwestern friends and family. "I've always liked these people." Moore's dad said that he and his son always have been close and have shared quality political discussions.

"I probably disagree with everybody on certain things," Gary said.

"Talk to me. I will listen.

But don't try to be overbearing and convince me that you're right unless you can really have some facts to prove it." Perhaps surprisingly, Moore in the recent election voted for Hillary Clinton — not Trump. He called it a "pre-emptive defense" against criticism from his liberal neighbors, when he still was worried about mending fences.

Moore's dilemma made me seek out one of Iowa's most prominent, stalwart gay activists: Donna Red Wing. She has fought for decades for gay rights. She's married to a woman. She recently stepped down as director of LGBTQ-advocacy group One Iowa and now directs the Eychaner Foundation that awards its own Matthew Shepard Scholarships.

Red Wing made headlines in recent years by partnering with somebody perceived as her nemesis: Bob Vander Plaats, whose Family Leader pushes the "family values" cause of evangelical conservatives and led the fight against same-sex marriage in Iowa. The unlikely pair turned their private coffee conversations into a public series of dialogues to make a point about the desperate need for civility in our polarized politics.

If not to the extent of Moore, both of them weathered criticism from their respective political camps for breaking bread with the "enemy." But Red Wing considers herself "old and cranky enough" that she's "tired of always making it one side or the other."

"Are we living in this community," she said, "or are we just building silos and living by ourselves?"

She added, "Our sexual orientation and gender identity really have little to do with where we are, in terms of being progressive and conservative."

Not that Red Wing is on the same page as Moore when it comes to Trump. He sees the president as opening up the GOP to new, more diverse voices. He sees the president's trolling of the media and his rivals as a necessary gambit to wrangle with entrenched forces.

"The most powerful institutions in our society are all toting the same narrative," he said, "and they're all left-leaning."

Red Wing, however, sees Trump promoting intolerance. She worries that his actions hampering, say, immigrants and Muslims all too easily may spread to the gay community, or already have through far-right forces grown more powerful in various courts and state and local offices.

I don't have easy answers about when to stand up and shout in protest versus when to sit quietly and talk, extending an olive branch.

Both civility and protest, if we can apply them at the proper times, are crucial to our democracy. I do know that Moore shouldn't have been spurned for writing his original profile of Yiannopoulos when he was simply doing his job as a journalist. Because Red Wing's words echo in my head: Are we living in this community, or are we just building silos and living by ourselves?

As Gary put it, "I don't know if there's ever going to be an answer" to our polarized politics.

"All I can say is I hope people will listen."

If nothing else, Moore as an outed conservative has a lot more to discuss politically with his dad and his other Republican relatives in Iowa. "If Trump does a good job," he said, "I'll be very excited to vote for him in four years." That may not be a rhetorical bomb on par with Yiannopoulos.

But it still won't play very well in Brooklyn.

DMR Editorial: State and federal forfeiture reforms fall short

Civil libertarians and small-government conservatives agree: The government should not be allowed to seize the assets of law-abiding citizens.

Yet, for the past 30 years, state and federal officials have done exactly that, wrapping the practice in the bulletproof vest of "law enforcement." The officials argue that they are keeping our streets safe by laying claim to the cash, cars and real estate belonging to individuals whose only "crime," assuming one was even committed, was a minor traffic offense or drug-possession rap. In 2013, two California men driving home after a gambling tournament in Illinois had their \$100,000 bankroll seized after an Iowa police officer pulled them over for failing to signal a lane change on Interstate 80 in Poweshiek County. Authorities eventually gave back \$90,000 of the money, but after the men sued, the state was forced to pay the men an additional \$60,000 just to settle their case.

Such abuses are numerous and well-documented, but state and federal lawmakers have been slow to enact reforms for fear of being perceived as soft on crime. But changes are in the works.

Under a bill approved late last month by the Iowa Senate, prosecutors would have to convict a suspected offender of illegal activity before seizing any property that's valued at less than \$5,000, and that property will have to be linked to the charged criminal activity.

The intent is to keep the police from shaking clean the pockets of motorists. You might not think such a law would be necessary, but it is.

Last year, there were 822 cases of cash forfeiture made in Iowa under state law, for a total of \$2.6 million. Individually, none of these cases involved more than \$15,000, and only eight cases involved assets worth \$5,000 to \$15,000.

The average value of a cash forfeiture was just \$3,217. So we're not talking about cartel-caliber drug kingpins here.

In fact, the police are only too happy to seize sofa-cushion money. No amount of money seems too small. In one 2015 case, Iowa authorities seized \$13 from an individual and claimed it as their own. That's one reason why the bill approved by the Senate zeroes in on amounts of less than \$5,000. But of course the argument could be made that this limit preserves the profit motive for police and prosecutors to pursue high-dollar assets.

Fortunately, the Senate bill, which has to be approved by the House, would also raise the standard of



proof in forfeiture cases so police and prosecutors would have to present “clear and convincing evidence” that the assets are tied to criminal activity. There’s also a proportionality test that says the assets seized cannot be “grossly disproportionate to the severity of the offense,” which should help ensure that Iowa police aren’t seizing six-figure sums from people who have been convicted of only minor offenses.

The legislation also requires law enforcement agencies to maintain certain records related to asset forfeiture, so lawmakers — and the public — will know if the abuses are continuing.

Even so, this bill is far from perfect. It does nothing to redirect assets away from the police and prosecutors who initiate property seizures, so they can continue to use the process not to enhance public safety but to enhance their own budgets. The bill also says that while police agencies will be required to keep detailed, publicly accessible records of property seizures, these “records shall not identify or enable identification of the individual officer who seized any item of property.” That provision would make it impossible to determine whether any abuses can be traced to one rogue law enforcement officer.

Even if the Senate bill becomes law, it will do nothing to address the larger problem of civil forfeitures initiated by federal authorities. On March 29, the inspector general of the U.S. Department of Justice released a report that details the manner in which the agency has failed to evaluate its own forfeiture data to determine the extent to which these property seizures benefit law enforcement and threaten civil liberties.

The report makes a series of recommendations for improvement, all of which are long overdue. The most urgent is the call to ensure that the DOJ’s state and local task-force officers are adequately trained on federal forfeiture laws.

A newly introduced, GOP-sponsored bill in the U.S. Senate, dubbed the Fifth Amendment Integrity Restoration Act, would help end some of the abuses. It would shift the burden of proof in forfeiture cases to the government; it would provide for indigent defense in all such cases; and it would eliminate the profit motive altogether by steering the proceeds away from police agencies and into the U.S. Treasury. It’s almost identical to a bill first proposed in 2014, but now, at least, it is being given serious consideration by Congress.

These state and federal initiatives represent progress, but they also underscore the fact that when it comes to civil forfeiture, much work remains to be done.

DMR: Did city councilman’s opposition to a pork plant lead to suicide?

The brief life and premature death of a dynamic Iowa politician provokes hard questions

“(One) can easily wreck in a day or two what builders have taken years to do.”

— verse from a poem Mason City Mayor Eric Bookmeyer sent to City Councilman Alex Kuhn

“ There won’t be any bullies to burden your way.

No words that cut like a knife at the end of the day.”

— verse from a poem to Alex Kuhn from his father, Mark, after his son’s death

MASON CITY, Ia. — An overflow crowd turned out for a City Council meeting last May 3 in anticipation of a final vote for construction of a \$240 million, 600,000-square-foot pork-processing plant on Mason City’s southwest side. Processing up to 10,000 pigs a day, it would be the state’s second- largest of its

kind.

State and local officials stood ready to welcome it with generous subsidies. Realtor Dick Mathes addressed the council in favor, citing job losses and Prestage Foods' promise to add up to 2,000 jobs in four years. But the 14 supporters there to speak were outnumbered by 47 opponents, who voiced concern over the plant's potential impact on health, the environment and the community, especially if a concentration of hog confinements followed.

One young man, Dylan Daniels, handed the council a petition he said had nearly 1,000 signatures opposing the plant. "The council is still ignoring the way the majority of citizens feel," he said.

He spoke prematurely. It turned out to be a fateful night for Prestage and its proponents, who had considered passage a done deal: The vote tied at 3-3, effectively killing the proposal.

It was also, some believe, a fateful night for a popular 34-year-old at-large city councilman named Alex Kuhn, who had been heavily courted by proponents and opponents. After much research and questioning, Kuhn was not convinced that the city was getting a good deal for its investment. Unbeknownst to him and everyone else, his hesitation had paved the way for the other two "no" votes.

Two months later, Kuhn shot and killed himself, after his friends and family say he was pressured and blamed for the outcome. Once heralded by people from both parties as destined to go far in politics, praised for his compassion and commitment to the underrepresented as well as to economic development, Kuhn now found himself an outcast among the city's powerful. He became a casualty of the divisive, high-pressured, back-biting political environment.

His father, Mark Kuhn, is blunt: "Alex was being bullied."

#### A promising future

With his youthful good looks, intelligence, political pedigree and knack for getting along with everyone, Alex Kuhn was often likened to a young John Kennedy. He grew up around both politics and farming, having clerked for his father, a former Democratic state representative now on the Floyd County Board of Supervisors, and helped on the family's 850-acre farm in Charles City, southeast of Mason City. After graduating from high school there in 2000 and Iowa State University in 2004, he went to Houston, Texas, to student-teach. But when his father was injured the following year in a farming accident, Alex returned to help.

"He'd get up early in the morning and load corn all day," says his mother, Denise Kuhn. "At night he would do exercises with his dad. He took him to physical therapy."

In 2006, Alex went to work for U.S. Sen. Tom Harkin, directing his mobile office from Des Moines. He moved in 2008 to Mason City, where his ex-wife's family lived, where he taught and did community organizing for United Way. He got elected to the Mason City City Council in 2011. Although a Democrat, he had support from many Republicans, says a Republican friend, Todd Blodgett. "His purpose was to defend people who couldn't defend themselves."

Blodgett introduced me to a man of modest means named Jim Burgess, who previously lived in a rental home where he had awoken daily to the sounds of mice nibbling his food. The landlord's response, Burgess says, was to advise him to get cheese from the local food bank and put it out for the mice. Then Kuhn came by, saw the situation and not only worked to resolve it but also sponsored an ordinance targeting problem landlords, Burgess said.

Nearly all of the 20 people I interviewed said Kuhn was the last person they'd expect to take his own life. But his parents and others who spoke to him before his death also noted his deep distress at the furor that erupted around him after the Prestage Foods deal collapsed.

Mark Kuhn is driven to speak because of a Dec. 18, 2016, front-page story in the Mason City Globe-Gazette, which attributed Alex's suicide to an ongoing struggle with depression. True, Alex had dealt with the fallout from a divorce and co-parenting his two young sons. He had at times seen a therapist and taken anxiety medication, but had no history of depression, his parents say. They say despite their disclosures to the newspaper about Alex being taunted and blamed for his vote, the writer chose to build a narrative around depression, enabling those who had hurt Alex to turn his suffering back on him. Now Mark Kuhn wants to give Alex a voice.

The failure of the Prestage deal inflamed politicians, agribusinesses, local business boosters and government economic development folks, Mark Kuhn says. But it was the wrath of those Alex considered his friends, particularly the mayor, that really hurt him.

Blodgett agrees, saying, "The mayor bullied Alex relentlessly."

"I certainly reject the accusation," responded Mayor Eric Bookmeyer. "Did we have frank conversations? Sure." But "I know that Alex had a lot of other stuff going on in his life. I don't believe under any circumstances that it was just one thing."

Debate divides the town

The Prestage plant was the biggest economic development prospect Mason City residents can remember. It had the vocal support and lobbying of the governor, the mayor and state and local economic development officials.

But as with anything involving hogs in Iowa, the proposal sparked controversy.

"If this processing plant is so good, why not put it in West Des Moines?" bristled state Rep. Sharon Steckman, a Democrat who represents Mason City, in an interview with me last May.

Bookmeyer, in an interview, called farming "our lifeblood," and said he saw an opportunity to help the city grow and use water and sewer systems that taxpayers were already paying for.

Mark Kuhn points out that farming was Alex's lifeblood, too. Both father and son became embroiled in the debate over Big Pork during their political careers. Mark Kuhn was in the Legislature in the 1990s when Gov. Terry Branstad and the Republican majority took actions to prevent neighbors of hog confinements from suing for nuisance and stripped localities of a final say on where confinements were placed. Kuhn was also in the Legislature in 2001 under Democratic Gov. Tom Vilsack, when lawmakers commissioned a study of proposed air pollution rules, which 27 state university scientists spent two years studying and signing off on. Yet repeatedly, in 2003 and 2008 (then under Gov. Chet Culver), the rules were voided by a legislative majority and sent back for further study to satisfy lobbyists, Kuhn says.

Prestage's interest in Mason City first became known to the mayor when state economic development officials contacted Chad Shreck, who heads the North Iowa Corridor Economic Development, on Dec. 17, 2015. Prestage officials arrived the next day. The mayor was excited. "This was not your everyday, average project," Bookmeyer said.

But the mayor doesn't get to vote. So after meeting company representatives, he called council members in a few at a time to rally them in favor, without revealing Prestage's name. Kuhn spotted it in February in the city manager's folder. As mayor pro tem, Kuhn was the first to be called in, along with Councilman Travis Hickey, who is also on the North Iowa Corridor board.

In February, the city's planning and zoning commission rezoned the area from farming to heavy industrial. Secrecy surrounding the move angered some residents, who later accused the council of flouting democracy and ramming the plant through without an independent environmental impact study.

Branstad and Prestage leaders went to Mason City in March to announce the plan, and the Iowa Economic Development Board voted to issue \$34 million in general obligation bonds to support it. After a six-hour meeting April 5, the council voted unanimously to set the terms for a development agreement. But Kuhn had reservations about them. He didn't necessarily oppose Prestage, people close to him say, but didn't think the city should give it a 50 percent tax abatement. And he was wary of the city offering \$15.5 million in tax-increment financing. Kuhn cited reports showing a 50 percent turnover in meat processing. He wanted to require a \$13-per-hour minimum wage, along with a 2.5-mile buffer zone preventing hog confinements around Mason City and Clear Lake.

"I didn't feel it was the role of local government to put that stuff in," Bookmeyer says, but he says he and city staff worked to accommodate Kuhn's concerns. Prestage committed \$1.4 million to Mason City schools over 10 years to help accommodate the expected influx of employees' children, including English-language learners.

On April 21, after a seven-hour meeting, Kuhn broke ranks with the five other council members to vote no on the agreement, noting Prestage had lowered its estimate of the number of hires to 1,772, split in two phases. He brought up odors from rendering, the cost of improvements to the water utility and the fact that Prestage hadn't promised to hire local farmers for feeding operations. And in reference to the hourly wages, he asked, "Does the industry deserve incentives for these kind of wages? Why do we have to give \$15.5 million to get it? I'm not going to vote for a development agreement at any cost." After the meeting, a local pork producer accosted Kuhn, accusing him of putting his career before the community, Mark Kuhn said.

On the day of the final vote, May 3, it was learned that Prestage's planned contribution to the schools fell short of meeting needs. Just before casting their votes, two other council members, John Lee and Bill Schickel, announced they were voting no. Everyone was shocked when the proposal failed, including Kuhn, several people say. Schreck says Kuhn had told him, "'There are five votes and you don't need me.'" Gary Schmit, Kuhn's boss at Henkel Construction, said, "He was hoping they would come back with answers."

#### Reaction spreads beyond Mason City

Opponents celebrated, but the governor told a press conference the City Council made a mistake. Ron Prestage, a principal in the company, blamed racism, and City Councilwoman Janet Solberg agreed. Iowa Economic Development Authority Director Debi Durham warned that Mason City would now be less attractive to site selectors.

Iowa Pork Producers Association CEO Pat McGonegle called it "a vote against agriculture" in the May 2016 Iowa Pork Producer newsletter. In the same issue, Kirk Leeds, CEO of the Iowa Soybean Association, declared that when leadership was needed, "a few elected officials ... apparently caved to a group of activists opposed to livestock production and Iowa agriculture."

The Globe-Gazette, which had editorially supported the project, lamented the "negative light" cast on the community and asked whether new information would change Kuhn's mind.

And Rick Mathes, a local Realtor with his father, Dick, and a Prestage booster on the city's planning and zoning commission, sent out a mass email declaring, "Prestage Blindsided." He organized a petition drive for a revote, and according to Mark Kuhn, would turn up at Alex's office to show him the names of important people who had signed it.

Mathes has since moved to Michigan, after concluding Mason City's future is bleak. He acknowledged lobbying Kuhn in weekly visits but called the idea of harassment "ludicrous."

The local chamber of commerce hosted a closed-door meeting June 2 hoping to resurrect the deal. Schickel was said to be reconsidering his vote, but Kuhn remained unsatisfied with the terms, according to his friend Jodi Draper and others. "Alex wasn't against Prestage. He was against the process," she

said.

On June 2, Prestage announced it was no longer interested in Mason City. In a written statement, it blamed misinformation for the vote.

Still, even after Prestage pulled out, Kuhn approached Schreck, the economic development director, wondering if there was a chance of continued negotiations. But Schreck said the company felt there was “too much animosity” toward it.

“He was made to feel he let people down,” says Denise Kuhn, Alex’s mother.

It’s unclear whether the pressures Kuhn felt included fears the vote would affect his job at Henkel Construction. Schmit says Henkel probably was too small to have a role in the Prestage project, but Bookmeyer says the company might have benefited from side contracts. While Blodgett and others say Kuhn did fear for his job, Schmit insists: “There was no pressure at all on Alex from me.”

A friendship strained

Alex Kuhn and the mayor had been so close, Bookmeyer says, that Kuhn had the code to his garage door, and stopped by regularly for a craft beer and a chat. “We were like brothers.”

Mark Kuhn says his son had received frequent emails and text messages from the mayor’s private email address. But “after the first no vote, he shunned Alex,” Kuhn said. “Alex said, ‘He shut me out.’ “ “We didn’t communicate much,” Bookmeyer acknowledged in an interview in February 2017. “He certainly knew I was disappointed.” On May 11, Alex Kuhn got a call from the mayor that lasted 51 minutes. Mark Kuhn learned that from getting Alex’s cellphone records after his death. The next day, Bookmeyer sent Alex an email from a private account that Mark later found, under the subject line, “So...?” It said: “AK, It is time to find out if you can lead or not.” That was followed by a poem, “A Builder or a Wrecker?” containing the lines, “I can easily wreck in a day or two what builders have taken years to do.” It referred to a wrecker “who walks to town, content with the labor of tearing down.”

Asked about that, Bookmeyer said, “The point was, let’s not lend voice to folks who don’t have our interests in mind.”

His message to Kuhn went on: “One ill-timed, politically expedient vote and commentary set off an amazing set of events. We talked about the repercussions yesterday but maybe you should read it for yourself.”

Attached was an email from California developer Philip Chodur to City Administrator Brent Trout. Chodur was planning to develop a hotel as part of a downtown redevelopment project, but claimed the failed Prestage plan would make it harder to get financing and as a result, he was scrapping plans to add a floor.

However, even Councilman Hickey, who was at odds with Kuhn over Prestage, believes Chodur was using Prestage as an excuse for his failure to get financing.

Family and friends say in the last weeks of his life, Kuhn’s mood grew darker and he rarely went out. He told his father he wasn’t attending City Council meetings in person to avoid seeing Bookmeyer and Hickey. He also stayed away from Democratic functions, says John Stone, the Cerro Gordo County Democratic Party chairman. Kuhn told Stone the mayor was very mad at him.

“Alex wanted to be friends with everyone and help everyone,” Stone said. “I would have attacked back. A lot of people would have.”

Scott Tornquist, a former Mason City City Council member who left last May during his third term, visited Mason City last June 29, and saw Alex Kuhn two weeks before his death. What most struck

Tornquist was Kuhn saying he was grateful that Hy-Vee delivered groceries because he didn't want to be out in public running into people. "That was so diametrically opposite to who he was."

"For one and a half hours, he just unloaded," Tornquist said. "...He said he was catching unbelievable heat and pressure from both Eric (the mayor) and from Travis Hickey."

On July 5, Prestage announced it was going to locate outside Eagle Grove. The Mason City council met that night, with Kuhn participating by phone. Hickey singled him out in remarks when the council voted unanimously to grant Chodur an extension on the downtown hotel project. Noting Kuhn had been the council member most in contact with Chodur, he suggested a conflict of interest since Alex's employer, Henkel Construction, could get a contract for part of the downtown development project.

Blodgett last saw Kuhn 10 or 12 days before his July 15 death. He said during the last two months of his life, Alex made half a dozen stops at the Outing Club, a posh, members-only club near Clear Lake partly owned by Blodgett's family and frequented by Republicans. On the last two visits, he was more distraught than Blodgett had ever seen him.

"He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him," Blodgett said. "He said his life wasn't fun and he found it hard to get up in the mornings."

A week before Kuhn's death, Jodi Draper, who had made an unsuccessful run for city council in 2013, said Kuhn called her and asked if she had considered running again, for the at-large seat. "I said, 'Nobody's going to beat you.'" Now she believes he was already planning to end his life.

"The guilt I feel from that couldn't possibly be put into words," she said choking up. "You wish you could turn back time."

Both Tornquist and Draper had had their own run-ins with the mayor. Draper said she campaigned on giving voice to city employees, to whom she claimed Bookmeyer "was sometimes very mean and rude." At least one city employee filed a hostile work environment complaint against Bookmeyer, the Globe-Gazette reported in 2010. And North Iowa Today reported in 2014 that a lawsuit against the mayor and city council by Lionel Foster, the former director of the city's Human Rights agency, resulted in a \$240,000 settlement. Foster alleged race and age discrimination and retaliation for his civil rights investigations. One of his claims was that Bookmeyer had refused to reappoint three of his commissioners, telling one, a woman, that he wanted younger commissioners with fresher perspectives.

Tornquist said he too felt pushed "to the brink" in his council position, and like Kuhn had thoughts of ending his own life. He said on one occasion, Bookmeyer put him on a committee to look at the future of the city sanitation department, and Tornquist felt he "stacked the deck to get the outcome he wanted," to keep the budget down. Then he learned the press and public were excluded. After more incidents, he left for Indianapolis.

"My wife and I were trapped in our own house. We couldn't go out to dinner," said Tornquist, about having to face constituents after being associated with such tactics.

"I think of Alex every day," said Tornquist. "How could I have not seen it? But nobody saw it in me."

Bookmeyer has his defenders. Council member John Lee was one of the three to change his mind at the last minute and vote against Prestage because of the funding shortfall with the schools. But he says, "The mayor never put undue pressure on me or called to say, 'What the hell are you doing?'" Hickey, who says he, like Bookmeyer, felt "let down" by the vote against Prestage, observed, "As a part-time mayor, Eric takes his role very seriously and does a very good job lobbying folks to go in whatever direction he thinks would be good for the community."

## Kuhn's last days

On July 12, Mark Kuhn attended Alex's 11-year-old son's Little League game and sat with Alex on the bleachers. "I could tell there was really something wrong," he said of Alex's withdrawn mood. "He believed it was all his fault that the community was so divided. When I told him 'No way, most people in Mason City think you are a hero for standing up for what you believe is a bad deal,' Alex replied, " 'That's not what I hear from some people in the business community I work with.' " The Kuhns later learned from his calendar that Alex had plans to see his counselor on Thursday, July 14, (the counselor declined to answer my calls) and also to meet Hickey. "He woke up on the 14th and the very first thing he did was a Google search on conflict of interest legislation," said Mark Kuhn, referring to the other councilman's accusations.

Hickey says Kuhn showed up unexpectedly at his office that day. There had been tension between them, Hickey acknowledged. "We were on opposite sides. I was frustrated with his vote."

During a previous lunch meeting, Kuhn had expressed dismay at Hickey's allegation but neither mind was changed, Hickey said. But calling Kuhn "one of the nicest guys you'd ever want to meet," he said Alex wasn't angry.

On that day Alex also called his employer to say he wouldn't be attending a scheduled pontoon boat ride with the company that evening, according to a cell phone log of Alex's shared with me by his father. Instead, he stopped by his parent's farm and stayed for dinner, seeming OK but revealing little.

He left early, saying he'd see them the next day. They had weekend plans with his two sons.

At 7:12 p.m. he tried to call the mayor, whom he had also messaged late that morning, according to the phone records. The log didn't show what the text said. Asked about that, Bookmeyer emailed me, "I don't believe we spoke, but I sure wish we would have, to have known where he was in his mind." He said he had last seen Alex in his office a number of days earlier. "He wanted to know how I was," Bookmeyer said. "I told him I need time."

Alex then exchanged some text messages with a woman he had dated. She declined to talk to me, but the Kuhns, who are in touch with her, say she had no prior indication of his plans. Then he repeatedly watched a short compilation of clips from the TV series, "Breaking Bad" that had been posted on YouTube. Called "Jesse Pinkman: Civilian," it involved some emotional encounters between a remorseful young man, Pinkman, and the former chemistry professor he had teamed up with to cook meth, Walter White. At the end, Pinkman held a gun to White's face, and White held a gun to his own forehead, urging Pinkman to kill him. A shot was fired.

Earlier, Pinkman called himself "the bad guy," and told White, "Since I met you, everything I've ever cared about is gone. ... I have never been more alone!"

On July 15, Henkel officials showed up at the Kuhn farm wondering where Alex was, since he hadn't turned up for a presentation related to a hospital expansion project. Denise Kuhn drove over to his place, where Henkel CEO Schmit and another employee also showed up. She told them he wasn't there, but one of them went into Alex's room, she said. After picking up Alex's sons, his mother took a different route home, checking the ditches in case he'd had a car accident.

Back home, she asked Mark to check their guns. He discovered a .22-caliber pistol missing. They called police.

It was around noon when the sheriff and a deputy arrived to say they had found Alex's car and body at the end of a dead-end road near a recreation area north of Marble Rock, which is about halfway between their two homes. An autopsy revealed he died from a bullet fired from the gun taken from his parents' cabinet. There were no drugs or alcohol in his system. He didn't leave a note, and was wearing the same clothes they had last seen him in, leading the Kuhns to believe he never went home the night

before.

“We can all say there were times he was pretty upset and down about some things,” said Denise Kuhn. “But I never, ever could have imagined this.”

#### The aftermath

Former Sen. Harkin gave a eulogy at the funeral. Former state Sen. Jack Hatch, who served alongside Mark Kuhn in the Legislature, dedicated his new book “No Surrender” in part to Alex, saying he showed courage with his vote. “Not everyone agreed with Alex’s principled stand, and he took the brunt of public and private scrutiny,” it reads. “He became depressed and was unable to reconcile the differences.”

At the Kuhns’ behest, Blodgett notified the mayor that he would not be welcome at Alex’s funeral. But Bookmeyer said he attended anyway.

Bookmeyer says he was devastated by Kuhn’s death. Asked if he believed Kuhn was bullied, he referred to Prestage opponents, saying, “We were all bullied.”

Max Weaver, a former Mason City council member, says: “Alex was on the brink. Bookmeyer pushed him over.”

In January, Bookmeyer announced he won’t seek re-election in November. He called 2016 “rough,” and noted Alex Kuhn’s contributions to moving the city forward. Asked why he wasn’t running, Bookmeyer told me he had no further political ambitions, and was ready for a new career. He said Alex knew that was his intent.

#### Postscript

It would be irresponsible to blame others for someone’s suicide without hearing a cause in the deceased person’s own words. But as Draper, who works in the mental health field, points out, there can be triggers in the same way that smoking can contribute to the risk of cancer.

Everyone has different triggers, and everyone has periods of particular susceptibility to being demeaned, shunned or blamed. We live in an era when gossip, lies and rumors, spread through social media, can swiftly destroy reputations, careers and relationships. Schools and communities are finally focusing on the effects of such bullying on children. But adults are not immune.

People who go into public service to make a difference sometimes find themselves confronting powerful vested interests, and then back away from a fight. Alex Kuhn neither backed away nor wanted a fight. He wanted to do right by everyone: his constituents, his family, his job, colleagues and friends. One of the tragedies of politics is how limited a space there is for that — and how devastating it can be to an idealistic leader to find out.

“He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him. He said his life wasn’t fun and he found it hard to get up in the mornings.”

TODD BLODGETT, A FRIEND OF ALEX KUHN

DMR Iowa View: On abortion, liberals cite science fiction

By: Joel Kurtinitis

The growing tension between moral relativism and scientific absolutism has produced two related



effects on the left: a growing rift between liberal politics and the scientific community, and the insecure, blustery hollering of the word “science” by progressives — as if repeating it three times in a mirror will summon Bill Nye in a lab coat to validate their worldview.

There’s laughable irony in liberal attempts to squeeze science into the frock of their relativistic priesthood: Science — real science — is consummately objective. It doesn’t care about your feelings, your politics, your identity, or your faith. Science is observable, testable, repeatable, falsifiable.

Even casual political observers will note that leftists rarely seek — or present — specific evidence to back their claims anymore. Rather, their continual allusion to “science” is only an appeal to authority, whether applied to climate change, vaccines, GMOs or abortion.

Such appeals abound in abortion defense pieces like the March 31 column “Myths like life at conception don’t belong in the law.”

In it, Rekha Basu opines that a prolife legislator “is free to believe whatever she wants as a matter of personal faith. But that doesn’t justify the distortion of scientific fact or the imposition of religious beliefs on the public.”

But life at conception isn’t rooted in abstract notions like faith or values — it’s rooted in basic, high-school biology.

It’s amazing that, after decades of pushing sex ed in classrooms across America, liberals still can’t figure out what pregnancy is.

The article quotes Richard J. Paulson of the American Society for Reproductive Medicine: “Life is a continuum,” Paulson wrote. “The egg cell is alive, and it has the potential to become a zygote (a single-celled embryo)” if fertilized by sperm. The resulting cell is also alive, but “from a biological perspective, no new life has been created, because it is nearly identical to the egg cell.”

There’s some good science in the above statement, but there’s also a lot of nakedly unscientific editorializing and deliberate misdirection.

Is life a continuum? In Mufasa’s Circle of Life sense, sure.

In any meaningful scientific sense, absolutely not.

We are conceived, we grow, we are born, we live, we die. Our physical existence has a definite beginning and end.

Science.

Your body can be distinguished from another person’s body by a unique genetic marker known to us as DNA. Sperm cells and egg cells contain only the respective parent’s DNA. Once a zygote is formed, a new organism (read: new life) with DNA distinct from both parents is present within hours of conception. If DNA can convict a murderer for a crime 50 years ago, it should be ample evidence of a new human life in the womb.

Because science.

This new entity is the earliest stage of human life. Prior to this, all cells involved were parts of the parent. A new genetic signature means a new, developing, genetically human organism, whether it looks “nearly identical to the egg cell” or not.

More science. Anyone — scientist or not — attempting to add ambiguity to this simplest of biological truths has an agenda.

Like maybe, I don't know, making money on reproductive tech, or raking in \$127 million in "family planning" profits.

Here's another biological reality: Abortion doesn't "terminate a pregnancy" or "remove the product of conception." It kills developing human beings. That's why Planned Parenthood workers caught in the Center for Medical Progress' 2015 sting operation were shown sorting through refrigerated pans of tiny human arms and legs, discussing organ value.

If you're going to advocate for something so brutal, at least be honest about it and don't hide behind terms like "women's health" or "reproductive rights."

The political left is losing their war on science, because they aren't interested in genuine discovery or progress, only in using it as a cloak to push their own religion — yes, secular humanism is a religion— on those of us who believe every human being is endowed by our creator with an inalienable right to life.

DMR: Grassley pledges to preserve filibuster for legislation

Sen. Chuck Grassley said he doesn't expect any fallout for the future of the U.S. Supreme Court from Senate Republicans' decision to use the "nuclear option."

"It isn't going to change anything whatsoever, because for the first time in the 228-year history of our country, there's a partisan filibuster of a Supreme Court judge. So, this is the first time in 228 years, so if we aren't going to do it anymore, it's not going to be any different than it's been for those 228 years," he said in an interview Thursday.

Got that? In essence, Grassley's saying one bad apple don't spoil the whole bunch, girl.

(But if he actually said that, he'd correct the grammar and credit the Osmond Brothers.

And he wouldn't call me "girl." He's no dummy.) I watched on C-SPAN as history was being made, or unmade, depending on your perspective. Republicans and Democrats alike got up and recited the details of decades-old partisan grudges like a mournful Greek chorus. This isn't one bad apple. The whole barrel is rotten.

I tend to agree with Grassley that this wasn't about Justice Neil Gorsuch, not really.

He's conservative, to be sure.

But Democrats' best efforts to paint him as a corporate shill or heartless ideologue fell flat, in my estimation. He's qualified to serve and his addition to the court does not obviously change the balance that existed before last year's death of Justice Antonin Scalia.

Mostly, this was about Republicans' decision last year to make history by refusing to bring up President Barack Obama's nomination of Judge Merrick Garland. They blamed that on Democrats by inventing the so-called "Biden rule" that never actually delayed any justice's confirmation. It was indeed deplorable, but it worked and is now the standard.

It's all about power and the Republicans have it. So you might think it would follow that Republicans like Grassley don't fear partisan fallout on issues like tax reform or infrastructure because they can also eliminate the filibuster on legislation.

Grassley says no. He said Thursday he just signed a letter being circulated by Sen.

Susan Collins, R-Maine, saying he wouldn't vote to change the 60-vote rule for legislation.

"Because the only significant difference between the House and Senate is that in the House of Representatives, the minority has no rights. As long as the majority sticks together, they can run roughshod over minorities," Grassley said.

Guess he knows from experience what that looks like.

He said it's only happened twice during his 40 years in office that one party has held 60 seats. "If you want minorities to have any voice whatsoever in the legislative process, the only place that can be done is in the United States Senate," he said.

The real power in the nuclear option is the threat of mutually assured destruction. Both parties can imagine they'll eventually be in the minority and will have to live with whatever rules they impose while in the majority.

When it comes to judicial appointments, though, the bombs have already fallen enough times to make the threat seem weak. When a president campaigns on a list of names of potential Supreme Court nominees, as Trump did, there's no expectation of bipartisan support.

Presidents and senators say they want an independent judiciary, but that's true only if it means the courts will reliably support their partisan agenda. Meanwhile, the public's confidence in the courts continues to erode. This is the real danger of nuclear fallout. The damage lasts for generations.

Grassley says one remedy to that is his legislation to allow cameras in the Supreme Court. "I think TV in the courtrooms would help. Let the public know more about how it works," he said.

The Iowa Supreme Court started holding oral arguments on the road so people across the state could attend and learn more about how the court works, Grassley noted.

It's a good idea for many reasons. For one thing, voters might realize they need to hold their legislators accountable for writing clear, unambiguous laws. The old saying "garbage in, garbage out" may have been coined to describe the effect of bad data on computer programming, but it applies to our legal system. Poorly written laws lead to poor judicial rulings.

But real-life court is nothing like the dramas on TV. People other than hardcore court watchers will soon tune out. Video clips taken out of context may show up on the internet and, you guessed it, political campaigns. TV is not a cure for getting politics out of the courtroom.

Meanwhile, we don't know how long the tattered remnants of the filibuster will stand. I'm all for bipartisan cooperation, but there's something to be said for forcing the majority party to be entirely accountable for its action — or inaction.

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN

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Police, others allegedly told: 'I killed three people last night'

»

Material witness on suicide watch after surrender in Missouri

CHARLY HALEY AND KIM NORVELL

CHALEY@DMREG.COM

A Bondurant man considered a material witness in the killing of his parents and sister allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy. Chase Marcus Nicholson, 20, approached Wal-Mart employees in the small southwest Missouri town about 12 hours after his family members were found dead in their Bondurant home. Kennedy said Nicholson allegedly told the Wal-Mart employees the same thing he told police.

Polk County authorities were expected to arrive in Neosho late Friday to question Nicholson in connection to the killing of his parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24. They were found dead in the family home in the 9700 block of Northeast 88th Street, said Lt. Rich Blaylock, spokesman with the Polk County Sheriff's Office.

Chase and Tawni's cousin Seth Nicholson, 28, of Des Moines, said Tawni was at the house to help plan her brother's 21st birthday party.

Nicholson turned himself in at about 10 a.m. Friday in Neosho, a town of 12,000 people about a 5 1/2-hour drive from Bondurant. He is in custody in the Newton County, Missouri, jail and was on suicide watch, Kennedy said.

Seth Nicholson, one of Chase's cousins, said Friday that Chase Nicholson had been treated for mental illness for many years.

"His entire life has been a giant adjustment," he said. It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons' home to conduct a welfare check, which may have been prompted by a friend who had spoken to Chase Nicholson. Investigators cleared the scene late Friday morning. Blaylock declined to say how the victims were killed. The Nicholsons were remembered fondly by neighbors and co-workers.

Charla Nicholson had been a teacher at Des Moines Public Schools since 1986, the school district confirmed. She worked with Goodrell Middle School students until the fall of 1999, when she moved over to Cattell Elementary. Cattell Principal Tiona Sandbulte said Charla was a dedicated teacher who loved her students. She most recently worked with children in kindergarten and first grade as an intervention teacher, who met with students who needed extra support with reading or math. She also helped monitor lunch time.

"The kids looked forward to her coming in," Sandbulte said, adding that Charla would often joke with students. "She just sparkled. She's just so great with the kids."

Charla was adored by co-workers and was always willing to help her colleagues when needed, Sandbulte said.

The school district is making counselors available to help students and staff cope with Charla's death, Sandbulte said. Cattell also planned to email students' families.

Charla's daughter, Tawni, was just starting her career at an area insurance company after graduating from Iowa State University in August, a neighbor said.

She received a bachelor's degree in business with a major in marketing, said university spokeswoman Annette Hacker.

Kali VanBaale, who lives across the street from the Nicholsons, said

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT

Cadets' explicit photos cause annual dinner to be canceled

RYAN J. FOLEY

ASSOCIATED PRESS

The commander of a military training program at Iowa State University canceled an annual formal dinner Friday after news broke that explicit photographs of some male cadets had been posted on Facebook.

Capt. Scott Curtis sent an email to the Naval Reserve Officer Training Corps saying he was calling off Saturday's "Dining In" event in light of publicity about the incident, which a Navy spokesman said involved seven male cadets who were "willing participants" in inappropriate behavior around campus and online.

Curtis said the decision was unfortunate, and he warned students would likely not be refunded the full cost of tickets they bought for the dinner for upperclassmen, alumni and retirees.

"My overarching goal is to ensure that all of you personally, as well as the reputation of the Cyclone Battalion as a whole is protected to the maximum extent possible given the current media situation," Curtis wrote.

The Associated Press reported Thursday that explicit photos were taken of some cadets around campus on March 4 and posted to the Facebook page of a student group connected to the program.

Lt. Sean Brophy, spokesman for the Naval Service Training Command, said other students did the right thing by reporting the photos to program leaders.

The Navy said "appropriate administrative actions" were taken against the midshipmen, who remain with the program. Curtis apologized to Iowa State leaders.

Curtis said the incident doesn't "reflect on the Character of this Battalion — how we respond and move forward does." He called the group fantastic and urged members to "dust yourselves off and move on." A separate email sent by a student leader instructed students in the battalion to decline comment and inform program leaders of any media inquiries.

DMR: Grassley, Ernst back U.S. strike on Syria

LINH TA AND JASON NOBLE

LTA@DMREG.COM

Iowa U.S. Sens. Chuck Grassley and Joni Ernst each voiced support for airstrikes launched late Thursday against a target in Syria. Grassley, in a statement released Friday afternoon, called the airstrike ordered by Republican President Donald Trump "appropriate" following Syrian leader Bashar al-Assad's apparent use of chemical weapons on civilians.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said.

"The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone

else was appropriate.”

He added that the president now must “develop a comprehensive strategy” for ending the six-year-long civil war.

Ernst, meanwhile, praised the strike within hours of its announcement on Thursday, crediting Trump with showing “global leadership” in a statement that also described Assad as a war criminal. “This has been a tragic reality for the past six years and has gone on far too long,” she said. “Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis.” Both of the Republican senators’ statements represent an evolution from 2013, when Assad previously deployed chemical weapons and then-President Barack Obama, a Democrat, proposed a military response. “I don’t think the case for military action has been made. ...” Grassley said in a September 2013 statement. “If the goal is to deter and degrade Assad’s ability to use chemical weapons, how would a limited strike achieve this goal? What are the risks of military action? What is the U.S. national interest in striking Syria?”

That same month, Ernst — then a state senator and a candidate for U.S. Senate — said Obama had not made the case for “why it is in our vital interests to use force in the midst of Syria’s ongoing civil war.”

Grassley’s office clarified the senator’s shift in viewpoint in a statement to the Register, arguing that Trump’s strike was a single, clear action to disrupt Assad’s ability to launch another chemical weapons attack. Obama in 2013, by contrast, considered a wider military action “but the goal, strategy and plan were unclear.”

“Congress and the American people deserve details on the mission, and the plan to achieve it, before entering into a possible long-term conflict, regardless of which president is in the White House,” spokesman Michael Zona said. In a CNN interview on Friday, Ernst likewise argued that Trump has made the case for Thursday’s strike in a way that Obama did not four years ago. “He has laid out the case — humanitarian atrocities of course, and the use of chemical weapons — and we also have ISIS engaged in that region,” she said. “We simply do not want to see chemicals fall into the hands of ISIS operators. There’s an ongoing civil war and that paired with the ISIS threat makes it even more imperative that we make sure we’re destroying any of those deliver systems.”

Another Iowa member of Congress, U.S. Rep. Rod Blum, praised Trump’s “decisive leadership” in a tweet late Thursday, but he said if there was to be a sustained military effort, the president should seek congressional authorization.

Trump ordered the strike against Syria late Thursday in retaliation for the chemical weapons attack that killed 86 people on Tuesday.

The attack, the first conventional assault on another country ordered by Trump, comes a day after he declared that the chemical weapons assault had “crossed many, many lines,” including the deaths of 27 children.

The 59 missiles, fired from the destroyers USS Porter and Ross in the eastern Mediterranean Sea, struck the airfield where Syria based the warplanes used in the chemical attack, according to Navy Capt. Jeff Davis, a Pentagon spokesman.

The missiles destroyed aircraft, hardened hangars, ammunition supply bunkers, air defense systems and radar at the Shayrat Airfield, according to USA TODAY.

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE ‘DOESN’T FIT IN SOCIETY’

LINH TA

LTA@DMREG.COM

For Chase Nicholson's entire life, he's struggled with feeling adequate, his cousin Seth Nicholson of Des Moines said Friday. That struggle also caused friction between him and his family, the 28-year-old said. "His entire life has been a giant adjustment," Seth Nicholson said. Chase Marcus Nicholson, 20, is considered a material witness in the killing of his parents and sister in Bondurant on Thursday night. Chase Nicholson approached Wal-Mart employees in Neosho, Mo., about 12 hours after his family members were found dead in their Bondurant home. He allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy.

His parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24, were found dead in the family home in the 9700 block of Northeast 88th Street, authorities said.

At about 4 a. m. Friday, Seth Nicholson said, his mother called his wife, Kelsea Nicholson. She was bawling on the phone and told them about the deaths. However, she also warned them to lock their doors. "She said every one of them is dead," Seth said. "It was a nightmare."

Chase had been living with his parents in Bondurant. Seth Nicholson said police told relatives that Chase had stopped at a friend's house after the slayings and told him he killed his family. Then he drove south. "His friend called the police just to make sure it wasn't just a story," Seth Nicholson said. The call apparently prompted the welfare check on the Bondurant home.

The last time the family heard from the three victims was around 8 p. m. Thursday, Seth said.

Tawni, who graduated from Iowa State University in August, was at her family's home in Bondurant to help plan her brother's 21st birthday party. It was supposed to be in conjunction with the family's Easter celebration.

Her last text to a family member was discussing plans for the party.

"Tawni was there to plan the birthday party," Seth said. "She was there to help him." Chase Nicholson stayed at Orchard Place, a Des Moines charity that provides mental health treatment for children, from age 16 to 18, his cousin said. He went to school in the Bondurant school district and later attended an area private school.

Seth said Chase seemed to do well at Orchard Place.

"He was good for a little while, and then the assault happened with dad," Seth said, referring to Chase Nicholson's arrest in 2014.

A criminal complaint filed in that incident alleges Chase Nicholson threw a piece of metal from a fireplace set at his father on May 10, 2014. Mark Nicholson was cut on the left side of his face, by his left eye. Chase, who was 18 at the time, told officers that he had thrown a soccer cleat at his dad and said that could have caused the cut, according to the complaint. The criminal charge was eventually dropped.

But Chase was often easy to talk with, his cousin said. During family gatherings, he was upbeat and smiling.

"You would never know he had these issues," Kelsea Nicholson said.

After becoming an adult, Seth Nicholson said, Chase has been in and out of mental health treatment. Nicholson said he had a hard time finding a hospital that would allow him to stay for longer than 24

hours.

In the fall, he was enrolled at the Ankeny Des Moines Area Community College campus studying computer programming.

He did not return for the spring semester because of complications with his mental health, Seth said. He had been working at a local Wal-Mart.

Seth said Chase Nicholson looked up to him, since they grew up together and he was a few years older than him.

He would confide to him about his thoughts, Seth said. He said Chase liked video games and listened to “headbanging” music. He was also interested in weapons, including knives.

Two weeks ago, Seth said, he spoke with Chase on the phone. He said Chase confided in him and told him he “doesn’t fit in society.”

Seth said the family has no ties with people in Missouri, so they’re unsure why he ended up there.

A vigil will be held on Saturday in Bondurant to remember Mark, Charla and Tawni.

It will be held from 7: 30 to 8: 30 p. m. outside Bondurant- Farrar High School at 1000 Grant Street North in Bondurant.

Seth said the tragic story demonstrates the importance of mental health care. He said he was concerned about Chase’s future.

“It is just a classic story of good people who had something really bad happen to them,” he said. “I don’t think he knows peace. I don’t think he’s ever met it.”

DMR: Iowa Senate confirms three appointees to regents board

JEFF CHARIS- CARLSON JCHARISC@PRESS-CITIZEN.COM

The Iowa Senate voted Wednesday to confirm all three of Gov. Terry Branstad’s appointees to the board that oversees Iowa’s three public universities.

In a series of 49-0 votes, the senate approved Branstad’s decision to appoint two former state lawmakers — former Rep. Nancy Dunkel, D-Dyersville, and former Sen. Nancy Boettger, R-Harlan — to the nine-member Iowa Board of Regents. Boettger and Dunkel will join board May 1, replacing regents Bruce Rastetter and Katie Mulholland, whose six-year terms expire April 30. Rastetter did not seek a second term, and Mulholland was not reappointed to one.

In another 49-0 vote, the senate confirmed Wednesday the reappointment of regent Sherry Bates, who has served on the board since 2015 and who heads the board’s Campus and Safety Subcommittee. When reappointing Bates in March, the Governor’s Office said she deserved a full, six-year term on the board. The Senate also voted 49-0 last month to confirm last year’s recess appointment of Regent Mike Richards, who has been serving on the board since May 2016. As with Wednesday’s confirmation vote, there was no debate. Wednesday’s vote will change the gender balance on the board after May 1 to five women and four men, but the partisan balance on the board will stay the same: five Republicans, one Democratic and three independents. With Rastetter and Mulholland stepping down, the board will be without a president and a president pro tem. A new leadership election will need to take place on or after May 1. One of the new board’s first tasks will be to find a replacement for Iowa State University President Steven Leath, who is leaving to become president of Auburn University in Alabama.



Regent Larry McKibben, who served in the Iowa Senate from 1997 to 2008, described Boettger as “the leader on issues of education and educational finance.” He said both former lawmakers are “highly qualified appointees.”

“I care very much about the system,” Boettger told the Register in an earlier phone interview. “Iowa State is what brought me to Iowa in the first place. The state is known for quality education. I want to make sure it stays that way.” Boettger said she plans to learn as much as she can from her fellow Harlan resident, Mary Louise Petersen, who served as president of the regents from 1973 to 1981. Dunkel, a Democrat who served in the House for four years, is a retired banker and a former board member of Iowa Student Loan Liquidity Corporation and the Iowa Values Fund board.

She told the Register that she views Iowa’s public universities as a key part of Iowa’s economic development landscape “in terms of their research and in terms of their business incubators.”

“Have the colleges been not given enough money? Sure. But you know you can say that about a lot of other departments as well,” Dunkel said. “Our job is to make sure they are doing the best they can with the money they are getting,” Dunkel told the Register she initially had been contacted by Lt. Gov. Kim Reynolds to inquire whether she was interested in the position.

Once she agreed, the governor called later that day to make the offer.

With Branstad scheduled to be appointed as the next U.S. ambassador to China, Reynolds will take over the governor’s responsibilities.

The governor office said the choice of appointees was made collaboratively.

“Like all of our appointments the past seven years, they were all decided upon together by Gov. Branstad and Lt. Gov. Reynolds,” Ben Hammes, a gubernatorial spokesman, said Tuesday via email last month.

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

Iowa lawmakers promised to protect a popular tax credit benefiting more than 220,000 low-income working families in their effort to reform the tax code. House Appropriations Committee Chairman Rep. Pat Grassley, R-New Hartford, said at a subcommittee meeting Thursday the Earned Income Tax Credit, along with another that benefits community colleges, would be held harmless as lawmakers work to cut back state spending on tax credits. Grassley said he heard from legislators, advocates and others who opposed reducing benefits under the Earned Income Tax Credit, which primarily benefits those living in or near poverty.

“You have to weigh how difficult of a vote that is versus the savings that you’re going to achieve,” he said. “And I just think that this point, there wasn’t the appetite to take that on.”

Grassley recently introduced House File 187, which would cap and gradually reduce the total amount the state spends on tax credits, funneling the savings into a state account for an as-yet undetermined purpose. It also would roll back some of the most generous benefits associated with some credits, which result in refund checks for individuals and companies that have no tax liability.

But, he said Wednesday, it became too difficult to put an overall cap on state tax credit spending, which

has ballooned by about 180 percent since 2005. Instead, he plans to look at each tax credit individually and find ways to cut back.

According to data from the Department of Revenue, the total value of state tax credits has grown from about \$153 million in 2005 to an expected \$427 million in 2018.

The state spends more on the Earned Income Tax Credit than any other on the books. During the 2016 budget year, it totaled \$71.9 million. That's projected to grow to \$76.3 million in 2021. About 71 percent of those credits were claimed by taxpayers with an adjusted gross income of less than \$25,000.

Rep. Chris Hall, DSioux City and the top Democrat on the House Appropriations Committee, said he supports taking that credit off the table, saying it has been "extremely effective" at accomplishing its intended purpose.

After a year in which spending outpaced revenue by about \$250 million, Hall and other Democrats have pushed for a review of tax credits as a way to save money and shore up the state's budget. But Republicans say cutting back on tax credits would provide savings that could be used to balance out a future tax cut.

"If the goal is tax reform, then you need to begin to achieve the savings from the tax credits, in my opinion," he said.

Hall said he disagrees with that approach.

"We need to make sure that this conversation is linked directly to improving and making the state's budget more sustainable, balanced, transparent and predictable," he said.

DMR: Templeton Rye one step closer to distilling whiskey in Iowa

Iowa-based manufacturer breaks ground on \$26M, 99,000-square-foot complex

THE DES MOINES REGISTER

Templeton Rye, the Iowa-based whiskey manufacturer, has broken ground on its new \$26 million distillery building in Templeton, Iowa.

The new 99,000-square-foot complex includes a 34,500-square-foot distillery as well as a museum and barrel-aging warehouse.

It's expected to be completed in the fall of 2018.

The new facility may muzzle critics who claim Templeton had been misrepresenting its liquor by labeling it as "small-batch rye" and "made in Iowa," when it actually was made from a stock whiskey distilled by MGP Ingredients in Indiana. Complaints culminated in a series of lawsuits over the whiskey's authenticity, which the company settled in 2015 with promises to change its marketing materials and bottle labeling.

Templeton Rye has six fulltime and about 10 part-time employees, the company said.

The distillery project will add 27 jobs and will be able to produce 500,000 proof gallons of rye whiskey annually.

The aging warehouse will be able to store 40,000 barrels.

DMR: Casino in Clinton debuts simulcast horse, dog racing

LINH TA

LTA@DMREG.COM

Iowans looking to bet on video simulcasts of horse and dog races will no longer have to go to a casino with live racing to make their wagers. On Friday, Wild Rose Casino & Resort in Clinton began to offer off-track betting, including races from Santa Anita Park, Aqueduct, Keeneland and Oak Lawn. It's the first state-regulated Iowa casino without live racing to offer off-track betting. "It's something new and fresh we're offering to people on the eastern side of the state," said Tom Timmons, president and chief operating officer of Wild Rose Casinos. "We're hoping to attract people from Clinton and the Quad Cities." The Iowa Legislature agreed in 2014 to allow state-regulated casinos that do not offer live racing to take bets on simulcasts of horse and dog races as part of a broader bill that permitted the state's greyhound tracks to stop offering live racing. The simulcasts are offered through a hub hosted by the Iowa Greyhound Association, which is operating the Dubuque dog track. Iowa's only other recent greyhound track, Bluffs Run in Council Bluffs, shut down in December 2015.

The greyhound association will receive a share of the revenues.

Previously, the only Iowa gambling operations that offered wagering on simulcasts of horse and dog races from outside tracks were Prairie Meadows Racetrack and Casino in Altoona and Iowa Greyhound Park in Dubuque, along with Meskwaki Bingo Casino Hotel at Tama. The Meskwaki casino, which is regulated by a tribal gaming commission, has long been allowed to offer off-track wagering under provisions of the federal Indian Gaming Regulatory Act.

For its debut, The Wild Rose will offer races from 16 different tracks across the country.

People interested in making bets will go into the Coaches Corner — Wild Rose's sports bar and grill. The area includes 56 new televisions including 16 screens that combine for theater-style viewing. Each booth includes screens for watching races.

Patrons can purchase a program and then let a clerk know what they're interested in betting on. They will receive a ticket and can either stay or leave Coaches Corner.

The wagering is parimutuel and people are not betting against the house. The casino will take a cut of the winnings, while the rest will be dispersed towards the winning tickets, Timmons said.

"We're excited," Timmons said "Got everything finalized and tested everything."

Timmons said they may expand simulcasting to its Jefferson and Emmetsburg locations.

"We'll be watching and see how it goes," Timmons said. "There is an investment with it."

The casino will feature the Santa Anita Derby on Saturday.

DMR Editorial: Is Harreld proposing merger or hostile takeover?

This isn't the way to unify the UI foundation and alumni

Perhaps it makes sense for the University of Iowa Foundation to merge with the school's alumni association.

But it seems odd that the school's president, Bruce Harreld, is the man who has decided to make that happen; that he hasn't given much of a rationale for it; and that he's already decided, on his own, who will lead the new organization.

Stranger still, he has done all of this without consulting with the alumni group, leaving its leaders "shocked" by Harreld's actions.

It's important to remember the entities — the school, the foundation and the alumni association — are separate and distinct entities. The University of Iowa is a public institution dedicated to higher learning and run by the Board of Regents. The foundation and alumni groups are two separate, private, tax-exempt organizations run by their own boards of directors.

Obviously, the three have common interests and they collaborate and coordinate while pursuing their individual goals. But they have missions that are fundamentally different. The school exists to educate students; the foundation exists to raise money for the school and the University of Iowa Hospitals; and the alumni association exists to strengthen the school through recruiting, alumni events, networking opportunities and career programs.

Last fall, Harreld asked the leadership of the foundation and alumni association to form a committee that would explore ways the two organizations could work together in supporting the school. He said that after reviewing the committee's recommendations — none of which involved a merger — he decided to "create one, new, unified organization," citing their "overlapping missions and aspirations."

But the report on which Harreld claims to have based his decision doesn't actually recommend the merger of the two organizations.

Still, Harreld says a newly created, single entity will better serve the university by creating "more meaningful alumni engagement and increased philanthropic support" — although it's not clear how that would occur. There's no question the alumni and foundation have overlapping objectives, but they are fundamentally different organizations. The foundation, for example, employs 233 people and recently completed an eight-year fundraising drive by securing almost \$2 billion in pledges. The much smaller alumni organization has 25 employees and one of its biggest contractors is the foundation, which was paid \$137,000 last year for information-technology services.

To put the size of the two organizations in perspective, consider this: Last year, the foundation spent \$124 million, while the alumni association's total spending for the year was \$4 million. In fact, the foundation's fundraising budget was more than three times the total spending by the alumni group.

Can the two be merged without the alumni association losing its identity and focus?

Perhaps. But it's easy to see why the alumni organization's leaders are worried.

"The alumni association's board of directors was not aware that (Harreld) was going to make that decision until the day he did," Clare Kelly, chairwoman of the association's board of directors, told the Cedar Rapids Gazette. "We are not happy with the manner in which it's been handled."

And Harreld has done more than decree that these two nonprofits be combined. He has also decided that once merged, they will be led by Lynette Marshall, who now earns more than a half a million dollars annually as the foundation's president and CEO.

Harreld has also instructed the association to stop accepting new members and stop collecting membership dues.

"The board didn't vote on those decisions," Kelly told the Gazette. At this point, Harreld's "merger" looks more like a hostile corporate takeover than a mutually agreed-upon consolidation. It's almost as if the

two charities' boards of directors have no say in the fate of their organizations or their leadership, and their bylaws are utterly meaningless. If that's the case, the Internal Revenue Service should take a close look at their tax-exempt status and ask why it is that the head of a public university can, by his own edict, reorganize or dissolve these two independent, nonprofit organizations.

A merger might make sense, but the manner in which this one is being pursued does not.

DMR Iowa View: Women deserve to receive equal pay for equal work

This column was signed by Iowa state Sens. Rita Hart, Pam Jochum, Liz Mathis, Janet Petersen, Amanda Ragan; state Reps. Marti Anderson, Liz Bennett, Timi Brown-Powers, Abby Finkenauer, Ruth Ann Gaines, Mary Gaskill, Lisa Heddens, Monica Kurth, Vicki Lensing, Mary Mascher, Helen Miller, Amy Nielsen, Jo Oldson, Kirsten Running-Marquardt, Sharon Steckman, Beth Wessel-Kroeschell, Phyllis Thede, Cindy Winckler, Mary Wolfe.

Equal pay for equal work. It might sound like common sense, but unfortunately it's not reality.

The figures on equal pay are daunting. Women make just 80 cents for every dollar a man makes, according to data released by the Census Bureau. African-American and Hispanic women are even further behind, making just 63 and 54 cents, respectively.

Unfortunately, Iowa lags behind even those disappointing numbers. Iowa women make less than 77 cents on the dollar for what a man earns.

Women and our families are being shortchanged hundreds of thousands of dollars over the course of a lifetime.

Some argue that women choose different jobs, or choose motherhood over career opportunities. But even within the same profession, women are paid less. Female doctors and surgeons make 71 percent of what men make, and female financial specialists make 66 percent compared with men in their profession. For lawyers and judges, the pay gap is 82 percent. And while three-fourths of women who enter the workforce will get pregnant, half of working firsttime mothers receive no paid leave to have their babies, according to the Census Bureau.

Women are much more likely to have career interruptions because of child care being costly or unavailable, often resulting in lost pay raises when they return.

These are difficult financial decisions forced upon women and families because of failing economic policies.

Those are the figures. But they don't tell the whole story or how we can take action.

Tuesday was Equal Pay Day, symbolizing how long into the year women must work to earn what men earned last year. It's a day when we should remember not just the numbers, but the impact on women and families. After all, women are sole, primary, or co-breadwinners in nearly 72 percent of Iowa families.

Hardworking women trying to provide for their families are falling behind because of a discriminatory pay gap and policies that don't support the tough choices facing families.

Thankfully, there are solutions to make pay equitable.

The Legislature can create paid leave and child-care policies allowing mothers to keep their jobs, avoiding long gaps in employment that drive down wages. And we need to raise the minimum wage —

two-thirds of minimum-wage earners are women — and enact other policies to raise wages instead of engaging in a race to the bottom.

Employers can get help to correct their pay practices, through equalpay guidelines from the U.S.

Department of Labor. Women must also be empowered to ask prospective employers to show women and men are paid equally, that their hiring process seeks diversity, and that they can join a union. Women in unions earn over one-third more than women in non-union workplaces.

If there is unequal pay, women should discuss the problem with their employer.

If discrimination continues, every woman has the right to file a complaint with the U.S.

Equal Employment Opportunity Commission.

Equal pay for equal work shouldn't be an idea. It should be reality. Other states are moving forward, and women continue to recognize this issue's importance. We need to move Iowa forward, and we need citizen action, legislative action and participation from the businesses to make it happen. At current pace, the wage gap will not close for 50 years. Women and hardworking Iowa families cannot afford to wait that long.

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?

CHELSEA KEENAN

Top of Form

Bottom of Form

Iowa's insurance market could be the canary in the nation's coal mine if Congress or President Donald Trump doesn't offer clarity soon on the future of the Affordable Care Act, with millions of people losing coverage, one industry expert said Friday.

Two insurers announced this week that they would stop selling individual health plans both on and off the Iowa exchange — Des Moines-based Wellmark Blue Cross and Blue Shield on Monday and Aetna on Thursday. The decisions affect some 57,600 Iowans — 21,400 Wellmark policy holders and 36,200 policy holders with Aetna.

It also leaves the vast majority of the 50,000 Iowans purchasing subsidy-eligible insurance on the exchange with only one option — Minnesota-based Medica. But that insurer is tight-lipped on what it plans to do in 2018, saying Thursday that it is "evaluating the situation and (its) options."

"Iowa is a bit different in that it's happening so early," said Cynthia Cox, associate director for the program for the study of health reform and private insurance at not-for-profit Kaiser Family Foundation. "But it might be the start of many more exits to come."

Iowa has never shown up in any of the health care policy organization's lists of states with fragile markets. States such as Tennessee, Arizona and Oklahoma have had steep premium increases and seen insurers drop out.

"This goes to show that political uncertainty can make an otherwise stable market unstable overnight," she said.

The problem Wellmark, Aetna and other insurers face is that not enough young and healthy people are

choosing to enroll in plans to help spread out costs. Instead, older, sicker individuals with multiple chronic illnesses — who need insurance and coverage — are purchasing the health plans, putting a high concentration of expenses in the individual market.

Wellmark said on Monday it lost \$90 million through the individual market in Iowa.

There's also quite a bit of uncertainty still looming over the future of the ACA. Trump and Congressional Republicans have promised to repeal and replace President Barack Obama's signature health care legislation, but have been stalled by disagreement over the changes they will make.

Insurers have said the unpredictability over which rules will be in place in 2018 — and over the billions of dollars in government subsidies that make the plans more affordable to millions of people — make it difficult to commit to offering such insurance.

Many have asked the government to extend the subsidies for 2018.

This comes as health insurers are preparing 2018 premium rate proposals to submit to federal and state insurance regulators over the next few months.

Whether Medica will stay in Iowa is hard to say, Kaiser's Cox added. Several states have only one insurance option on the exchange — but that insurer typically is the Blue Cross and Blue Shield plan, which are more established.

Medica is a significant player in Minnesota, Cox noted, and it has expanded into additional markets including Iowa and Kansas.

Bottom of Form

"But it's not clear if they have capacity to absorb all the enrollees in Iowa," she said. "It puts them in tough spot."

If Medica were to drop out, there isn't much in terms of a Plan B. Iowans could purchase plans off the exchange without subsidies, but Iowa insurers are pulling out of that market, too.

Trump has indicated he will not enforce the mandate or penalize those without insurance.

But that is hardly a relief if you are sick and in need of medical care, Cox said.

"This is warning sign," Cox said. If Congress "doesn't act soon, ... we can see this happen around the country."

SCJ Editorial: Election bill will strengthen system of voting in Iowa

Top of Form

Iowa's election system will be stronger as a result of a bill advancing through the Legislature.

Last month, the Senate passed and returned to the House for final approval a package of election changes. The House is expected to pass the bill, as well.

Getting the most attention within the bill is a voter ID provision.

As an additional layer of protection for the integrity of elections in this state, we long have supported a requirement that voters show some form of identification before casting a ballot. We are not alone on

this within or outside Iowa.

A February Des Moines Register/Mediacom Iowa Poll showed 69 percent of Iowans support such a requirement. Voter ID requirements vary from state to state, but 34 states have passed laws requiring voters to produce a form of identification at the polls, according to the National Conference of State Legislatures.

Under the bill moving through the Iowa Legislature, voters would need to show an acceptable form of government-issued ID before casting a ballot at polling places. If a voter doesn't have one of the acceptable forms of ID, the state will issue him or her a voter-verification card, free of charge. A request for an absentee ballot would need to include an acceptable personal identification number, as well.

Within today's society, one needs some form of identification to conduct almost any kind of personal business. We do not believe asking the same of voters in the name of ensuring honest elections in our state is at all unreasonable.

Another component of the bill we support and have advocated for in this space because it also speaks to improved integrity within the process of voting is elimination of the straight-party voting option.

#### Bottom of Form

In our view, straight-party voting is lazy voting. We understand voters have every right to vote for all Republicans or all Democrats if they wish and even if a straight-party option didn't exist on the ballot, voters could (and some would) fill in the ovals for all candidates of one party or another.

Still, if this choice wasn't so easily available, we believe more voters would spend more time getting to know more about all of the candidates whose names appear on their ballot.

Another benefit to elimination of the straight-party voting option is this: Nonpartisan questions on the back of the ballot wouldn't be so easily forgotten or ignored.

We look forward to the House joining the Senate and sending this election bill to the governor for signature into law.

LEE: Branstad meets with senators handling his confirmation

#### ROD BOSCHART

Gov. Terry Branstad said Friday he had productive meetings with members of the Senate Foreign Relations Committee during this week's trip to Washington, D.C. However, he doesn't expect a hearing on his confirmation to be the next U.S. ambassador to China to take place until next month at the earliest.

Branstad said he met with committee chairman Sen. Bob Corker, R-Tenn., and ranking member, Sen. Ben Cardin, D-Md., as well as other committee members and Iowa Republican Sens. Chuck Grassley and Joni Ernst, and he plans a return trip the last week in April after the two-week Easter recess. At that time, he'll meet with more members of the committee who will consider his appointment by President Donald Trump to be America's top diplomat in China.

"I had a lot of good meetings with senators," Branstad said Friday during his first public event since his trip. He said he has completed the paperwork phase of the process and now he is "learning as much as I can about the China issues, and there are many."

The governor said he also met with Sonny Perdue, Trump's secretary of agriculture nominee, who has



cleared the committee process but awaits Senate confirmation pending an April 24 vote.

“It’s getting kind of frustrating, I think, for a lot of people. This process has been very slow,” Branstad said of this year’s Senate action. “They’ve now just confirmed Neil Gorsuch to the Supreme Court and that took up a significant amount of time.

“But this has been the most, I guess, disruptive process that we’ve ever seen in terms of appointments. Confirmations usually don’t take nearly this long. But, unfortunately, I think the Democrats have decided that they’re going to just basically attack everybody. I hope that by the time I get there that will have worn out and that won’t be case,” he said.

“They ask tough questions and there are a number of issues. But I’m hopeful that I can generate bipartisan support. Time will tell,” he added.

Grassley said he expects Branstad’s confirmation to “go well.”

Bottom of Form

“He’s personable, professional and has the proven leadership and policy skills to serve in such an important diplomatic position. As members of the Foreign Relations Committee get to know him, they’ll appreciate his trustworthiness, his work ethic and his ability to get the job done for the United States as he has for Iowa for a record number of years,” Grassley added.

Ernst said Branstad would make an excellent ambassador and hopes the Senate moves him through the confirmation process “as soon as possible.”

“Our relationship with China is very important — from agricultural trade to national security — so I look forward to the Senate moving on his nomination soon,” she said.

LEE: Branstad and Xi: From possibilities, an enduring relationship

B.A. MORELLI

Top of Form

Bottom of Form

Jack Kintzle was part of a welcome wagon in 1985 that cast such a positive light on Iowa it sparked a decades-long friendship between Xi Jinping, who would go on to become China’s president, and Iowa Gov. Terry Branstad — now thrusting Branstad and Iowa into the spotlight of U.S.-Chinese relations.

Branstad, who was nominated as U.S. ambassador to China last year although has not yet been confirmed, has met with Chinese officials a handful of times over the past 30-some years. The relationship has blossomed and the impact has been far-reaching for the state, say officials in business, trade and education.

Hospitality laid the groundwork for the good relations, but Kintzle observed a measure of strategy and foresight by Branstad in encouraging the warm, respectful welcome in the midst of the farm crisis.

“Iowa was going through such a tough time with agriculture, especially farm foreclosures,” said Kintzle, 73. “Iowa was at a level we needed publicity and we wanted to open doors. I think that’s one of the reasons they were treated so well. How many million Chinese are there? I think he saw an opportunity to trade. I think the governor sensed the possibilities.”

Pending confirmation, Branstad plans to move to Beijing with his wife, Chris, his daughter and son-in-law and granddaughters as he works to enhance the relationship between the two countries, he said during a celebration with Chinese officials during the Lunar New Year earlier this year in Muscatine.

“I’m an old friend of China,” Branstad said there. “I’ve very honored and very proud that I’ve had a number of interactions with China and the leadership of China. We’ve seen great improvement in terms of exchanges and trade. Exchanges of students is one way to improve personal relationship and friendships. That is critically important to both of our countries and the world.”

Branstad would step in amid heightened tensions between the United States and China over trade equity, punitive tariffs and how to handle North Korea. Branstad was not scheduled to be at the meeting in Florida late last week between President Donald Trump and Xi.

Kintzle was an Iowa Corn Growers Association director with a farm near Coggon in the summer of 1985 when Xi — then a county-level party leader Kintzle equated to a state secretary of agriculture in America — toured Iowa farms as part of a small agricultural delegation from Hebei province.

Kintzle’s farm was right off the highway and convenient, so he got a call wondering if the delegation could visit. Soon, a small group of Chinese men wheeled up and spent a few hours inspecting machinery, grain bins and harvesters, then came inside for coffee. At the end, they took pictures together.

“They go back to China, he becomes president, and I farm for the next 30 years,” Kintzle said. “I should have bought a lottery ticket. Although, having a president on my farm might be better than winning the lottery.”

Branstad, then in his first term as Iowa governor, was instrumental in the visit, including hosting a then-unheralded Xi in his office.

By the time of the visit, Branstad already had signed an agreement establishing a sister-state relationship between Iowa and Hebei. In 1984, he led a 50-person delegation to Hebei. It was the first of six trade missions Branstad led to China.

Branstad next traveled to China as part of a three-country trade mission in fall 1993, marking the 10-year anniversary of the sister-state relationship. The goal was to expand markets for agricultural products, appliances, machinery and other exports, as well as stress in China Iowa’s commitment to human rights and treating people with dignity.

“We think that one of the things that helped lead to the downfall of communism in Russia and Eastern Europe was all the contacts to the West — the sister states, the trade missions and the understanding that the people gain from that,” Branstad said at the time. “I feel somewhat the same way about trade and building relationships in China.

“We can, hopefully, help push the Chinese state in the direction of more freedom and opportunity for the people as opposed to the old policy of trying to isolate them,” he added.

The early legwork has made a difference for Iowa. China is the fourth-largest export market for Iowa, with \$490.6 million worth of manufactured and value-added goods, according to the Iowa Department of Economic Development.

China’s spending supports 4,000 jobs, and 5,000 “young talents” are studying in Iowa universities, Hong Lei, consul general based at the Chinese Consulate of Chicago, said during the recent Muscatine visit.

“I would say because of the sheer fact he’s been involved, he’s never let go,” said Kim Heidemann, executive director of Iowa Sister States. “He’s continued to nurture this relationship. He goes to visit,

goes to meetings. He's hosted meetings. The governor has made it a point. He's simply done things right, especially in the last few years with Xi and done it in such a way he puts Iowa first."

The trips to China, and return visits from Chinese officials, have continued.

Xi returned to visit Muscatine and Des Moines in 2012 for an "old friends" reunion dinner stemming from the 1985 trip, and 20 Iowans traveled to China that same year for another reunion. Branstad also participated in trade missions in 2014 and 2016.

Downing Thomas, a professor and dean of International Programs at the University of Iowa, traveled with Branstad to China in 2012.

The delegation also included elected officials from Wisconsin and Virginia, along with a handful of business people and educational leaders. The significance of Branstad's relationship with Xi was evident in the respect and attention he received compared with the other visitors. The China Daily newspaper sought him out specifically for an interview.

#### Bottom of Form

Iowa universities and colleges have seen enrollment among Chinese students soar in the past 10 years. More than 4,000 Chinese students are enrolled at the three state universities alone. While the influx of Chinese college students is seen beyond Iowa's borders, the relationship between Iowa and China has helped Iowa schools, Thomas said.

"Clearly many of our students are aware of the relationship with Xi and Iowa, and their parents are aware of it." Thomas said.

The economic impact from international students and their families in Iowa topped \$365 million and has supported or created 3,700 jobs, according to an annual report from International Programs. Thomas estimates more UI alumni are living in China than anywhere else outside of Iowa and Chicago.

The visibility of Branstad's relationship with Xi and Branstad's personal involvement has opened doors for Iowa companies, such as West Des Moines-based Hy-Line International.

Tom Dixon, director of international sales and marketing for Hy-Line, which is one of the world's largest breeders of laying hens, said the company received direct and indirect assistance from Branstad's office in forging a relationship between it and the Huayu Group, based in Hebei.

Branstad was present at a deal signing in October 2013 between the companies for a breeder housing project in Hebei province. That show of support was important in a later deal in 2016 for a joint venture to distribute Hy-Line chicks in China. The ceremonial nature of the signing, particularly with someone on friendly terms with Xi, carries a lot of influence for local, state and regional officials in China, Dixon said.

"There's some coincidence, but it certainly helped," Dixon said. "Branstad put more prestige and elevated the deal. It gave more of an official nature, credibility it's a real project. In China, government involvement is so very important for companies. It helped locally (in China) to get approvals."

In China, Dixon explained, support of government officials and good relations between business and government is vital. Government officials need to sign off on acquisitions, permits and land sales, for example.

Dixon is hopeful Branstad's agricultural background will help ease restrictions on poultry imports in China, which have been curtailed since the bird flu outbreak in 2015. He declined to be specific, but said it has cost Hy-Line millions of dollars.

“We’ve been working to try to negotiate things with health officials in China,” Dixon said. “We hope the governor of a large agricultural state could maybe lend influence to motivate or encourage some kind of solution so we can start exporting again. We hope his level of ambassador could facilitate and shed some light on the situation.”

Globe Gazette: Skipper: Government is often one big jigsaw puzzle

JOHN SKIPPER

Top of Form

Bottom of Form

Have you ever worked at putting a jigsaw puzzle together? Are you good at it?

The trick is to put all the corner pieces together first and then work your way in. You would think it would get easier as you go along, but it doesn't.

Often, the intricacies of city government are like putting a jigsaw puzzle together. The good news is you usually have an image of what the completed puzzle is supposed to look like -- the image on the cover of the box. The bad news is you have to put a thousand pieces together to get to the promised land.

Mason City seems to have to deal with one jigsaw puzzle after another. You know about many of them in the past. They're history, and that's where they should remain.

The new one is the proposal of Gatehouse Capital to build a hotel in the parking lot of Southbridge Mall, connect it to The Music Man Square with a skywalk, build a conference center/ballroom inside and relocate the museum on-site.

This is a project that has excited a lot of people, important because without public support, an important piece to the puzzle will be missing.

The city and Gatehouse have begun discussions on a development agreement.

Gatehouse is proposing a \$15 million project that should bring in oodles property tax and sales tax revenue and provide a viable entertainment venue for North Iowa.

The Music Man Square and Southbridge Mall should both benefit -- and both could use a boost. The city tax base will increase. The community will have another asset.

For its efforts, Gatehouse at this point wants a \$150,000 payment to get things moving and a development fee that is still negotiable but would probably be more than \$150,000.

Other negotiating points are an interest-free loan to Gatehouse estimated at between \$3.5 and \$4.3 million to be paid back to the city after 20 years. The city wants provisions on number of jobs created.

As of now, the city would be responsible for paying for the construction of the skywalk and renovations to The Music Man Square. And that brings in another element to the puzzle -- the city's application through the Iowa Economic Development Authority for state funds to help leverage a \$36.2 million River City Renaissance downtown development project.

The state has given pre-application approval for at least \$7 million in funding and more could be coming if final approval is given.

But the project has changed since first approval was given. Instead of a hotel downtown next to City Hall -- the developer, Philip Chodur defaulted on that plan -- the Gatehouse proposal is now in place. The state requires \$10 million in private investment to qualify for state funding. The Gatehouse plan fulfills that requirement.

Bottom of Form

Other parts of the pre-approved plan included a music pavilion, a parking ramp, a mixed-use building and an ice arena/multipurpose center.

When Trout meets with Iowa Economic Development staffers later this month, he will explain the change in hotel developers, how the parking ramp is no longer needed, and that there might be a change regarding the mixed-use building. None of this will be a surprise to the IEDA people because Trout has kept them advised for many months.

The wild card in all of this activity could be a referendum on Nov. 7 which residents petitioned for, regarding bonding for the ice arena.

The ice arena is part of the package for the state funding, so if voters reject it, the proposed state funding will probably die -- and that is the revenue Trout and the city hope to use to fund the renovations of The Music Man Square.

So, it is a big puzzle and one in which there are many opportunities for someone or something to come along and tip over the table.

Why do things have to be so complicated? It's government -- and it's puzzling.

LEE: Iowa's budget pinch: How did we get here?

ERIN MURPHY

A mere five years ago Iowa's state budget had nearly \$1 billion to spare and its reserve accounts were flush with another \$600 million.

And while money coming into the state continues to increase, the state budget has fallen into disrepair. This year, state lawmakers have been forced to cut make \$250 million in budget cuts, and next year's budget figures to be tight as well.

It has been a fast fall from fiscal fitness to this beleaguered budget despite ever-increasing revenue.

Gov. Terry Branstad, a Republican, regularly says a sluggish agricultural economy has slowed state revenue, leading to the current budget pinch.

Capitol Democrats say the state has too many tax breaks that leave too much money in big businesses' accounts rather than the state's.

Experts in state economics say the problem has been created by myriad factors.

Busted budget

Iowa's state budget was a picture of financial health in fiscal year 2013. There was a \$928 million budget surplus — unspent money in the state's general fund — and the state's two reserve accounts — a cash reserve and an emergency fund — were flush with \$622 million.

Fast-forward to fiscal year 2017, which has roughly three months remaining: the budget surplus has been whittled to less than \$50 million, and revenue came in roughly \$250 million under projections. So lawmakers cut \$118 million from state departments and used another \$130 million from the reserve accounts to make the budget whole.

And lawmakers just started work the budget for fiscal 2018, which, likely for the first time in eight years, will spend less than the previous year.

The amount of money coming into the state is not the issue; post-recession revenues have increased each year.

So what is the cause of Iowa's budget pinch?

Farm economy

Branstad regularly cites this as the main issue for the state's budget trouble. Prices for corn and soybeans, Iowa's largest crops, have been low — lower than the cost of production for roughly a year. That puts a drag on farm incomes — and thus the state's income tax collections. It also impacts state manufacturing, much of which is built around agriculture — and thus hinders state sales tax collections.

"Agriculture in Iowa has changed so much," said Pat Grassley, a Republican state legislator who leads the Iowa House's budget committee and a farmer. "It isn't just your corn and soybeans and your hogs and cattle and your chickens. It's the fact then you have a plant that makes a tractor. If they lay off people, those layoffs impact you as well. And it's not just those layoffs. Maybe there's somebody that makes a headlight for them, and they lay off people. ...

"That, in my mind, is the agriculture economy because it ties to how agriculture goes. That's kind of the anchor."

David Roederer, Branstad's budget director and a member of the three-member panel that makes future revenue projections on which the state budget is based, said the average total net farm income in Iowa from 2006 through 2010 was \$3.7 billion, and from 2011 through 2014 that exploded to an annual average of \$7.6 billion. But in 2015 that dropped to \$2.6 billion.

"Iowa still is very tied to agriculture, and generally that has served us well. But some years commodity prices are going to be better than others," Roederer said. "So you can see that in (2011 through 2014) that those were extraordinary years. If you average it out, you're going to be pretty close to what we normally have. The problem is life doesn't work on averages. ... Some years are going to be better than others."

Ernie Goss, an economics professor at Creighton University in Omaha, Nebraska, said the sluggish farm economy is impacting many Midwest states, leading to budget shortfalls in Iowa neighbors Nebraska and Kansas. Goss said net farm income has been falling since 2013, and that impact is felt in state tax collections.

"It really has to do with agriculture and those businesses tied to ag," Goss said. "Farmers are just not purchasing, for example, heavy equipment, and that shows up in the economy in Iowa and across the United States."

But not all economic experts agree the sluggish ag economy is driving Iowa's budget woes.

Dave Swenson, an economics professor at Iowa State University, said the farm economy's role in influencing the state budget often is overstated.

"The farm economy is not the main, nor a major cause of the current situation," Swenson said in an email interview. "Farmers do not contribute as much to the state's coffers as many think, and the ebbs

and flows of farmer incomes are spread out over years — both gains and losses — allowing farmers to truly minimize both their federal and state taxation bites.”

Holly Lyons, who works with the state’s non-partisan fiscal estimating agency and also serves on the budget estimating panel, said the farm economy is only a part of the equation that has led to the current budget situation.

Lyons said income tax revenues turned flat in the spring of 2016, and that can be explained in part by lower commodity prices and a decline in the manufacturing economy — again, which is heavily tied to agriculture.

But Lyons said other factors, such as slowed sales tax revenue, also impacted the budget.

“The farm economy is just one of the factors in the shortfall — it is by no means the primary cause,” Lyons wrote in an email to Democratic state legislator Cindy Winckler, of Davenport, who had asked for Lyons’ assessment of Branstad’s claims that the farm economy is driving the budget issues.

#### Tax cuts and credits

Democratic state legislators insist the biggest driver of state budget issues is money not collected thanks to various tax relief programs.

Iowa’s 67 tax credit programs will cost the state more than \$1 billion in fiscal year 2018.

Statehouse Democrats take particular exception with the tax relief programs that they say go to big businesses that don’t need the help.

The most expensive programs are for commercial and industrial property tax relief (\$152.1 million), the homestead tax credit (\$136 million), and a business property tax credit (\$125 million).

#### Bottom of Form

“Farm prices certainly have affected Iowa’s economy, but our state budget is much more directly impacted by the cost of tax cuts and tax credits that have grown in the last four years at a rate that is just unsustainable,” said Chris Hall, a state legislator from Sioux City and the top Democrat on the House budget committee. “The areas of the budget that have been increasing in cost at the most rapid rate are tax cuts primarily to out-of-state corporations and also tax credits. Both of those numbers have increased exponentially over the last few years at a pace that is faster than the state’s economy is growing.”

Swenson agrees. He said tax relief programs for businesses — including the commercial and industrial property tax relief program, another for companies that perform research and development, and a sales tax break on manufacturing sales — are the primary drivers of the state’s revenue shortage.

Grassley said he is willing to examine the state’s myriad tax credits and whether some could be reduced or eliminated. He has introduced legislation that would start that process.

However, Grassley said he would like any change in state tax credits to be a part of a larger overhaul of state tax laws.

“I think the other party (Democrats) looks at the tax credits saying that money should go to be spent (in other areas of the budget). Philosophically, I would look at it as, can we do tax policy better in the state of Iowa than just doing a bunch of different tax credits. Could we do something that benefits all Iowans,” Grassley said. “But looking at the tax credits, I think, is healthy for us to do if the objective is how can we make Iowa’s tax climate more competitive with other states.”

Roederer said he thinks the impact of tax credits on the budget is overstated. He said two programs that have experienced some of the largest growth in the past half-decade are two programs largely supported by Democrats: the earned income tax credit, which benefits low-income taxpayers, and a program that helps cities rebuild aging buildings.

“To say that is the reason (for the budget troubles) is, I don’t think the numbers support that,” Roederer said.

Missing the mark

Whatever factors may be influencing state revenues, those revenues still continue to increase.

One critical issue that led to this year’s budget cuts was a misjudgment by the budget estimating panel. The group lowered its projections three times, in October, December and January, and the state was forced to cut the current budget with only a few months remaining.

The estimating panel meets quarterly to project the coming year’s state revenue. Its December estimate is used by the governor and state lawmakers to craft the next year’s budget.

This year the panel reduced its estimate by more than \$90 million in December, and then by another \$130 million in March, leaving the governor and state lawmakers to scramble.

The last time the estimating conference guessed too high by such a wide margin was in fiscal years 2009 and 2010 in the immediate wake of the recession.

“Based on indicators we saw at the time, we did our revenue estimate and it appeared, at least we thought, our estimates were going to be accurate. And obviously they were not,” Roederer said. “So you can still have a growing economy, but if your budget is based on an economy that is growing faster than it actually is, then you have a belt-tightening, which is what we’re going through.”

Grassley also has introduced legislation that he said would aim to help streamline the data collection process for the budget estimating panel and make it easier to perform its work. But Grassley conceded at the end of the day legislators will always be working with an estimate.

“That’s like playing the lottery. It’s hard when you’re estimating. There are so many moving parts,” Grassley said. “There is still growth. And that’s why we’ve tried to approach the budgeting process knowing that there’s going to be times when you don’t meet your growth level, and when you spend less you set yourself up in a position that you have a cash reserve or you have some other things that may help you take care of those situations.”

LEE: Iowa Senate leader sees ‘outside chance’ for tax reform this year

JAMES Q. LYNCH

Iowa lawmakers hope to wrap up the 2017 session this month, but Senate President Jack Whitver thinks there’s an “outside chance” tax reform can be accomplished

However, the Ankeny Republican said it will be hard to do this year because of the state’s revenue and budget situation.

“The reality of the situation is our budget is a little tighter than we had hoped,” Whitver said during taping of Iowa Public Television’s Iowa Press Friday. Lawmakers had to cut the current year budget by nearly \$120 million in January and tap the cash reserve fund for about \$130 million last month. So majority Republicans want to “do the fiscally responsible thing and get the budget under control before



looking at reform.”

Reforming Iowa’s taxes is one of the reasons he ran in 2010, Whitver said, and something he’s been working on since.

“I was hoping we could get to it this year, but it’s looking more and more like this might be a 2018 issue,” he said. Whitver acknowledged it won’t get any easier in an election year, but “frankly, to have real, true, lasting, impactful tax reform is a complicated process.”

As GOP senators look at reform possibilities, everything is on the table, including federal deductibility and tax credits, Whitver said. His priority is lowering individual income tax rates because that would affect the most Iowans and Iowa small businesses.

“The states that are growing and thriving and are prospering right now are the states with the lowest — or even no income tax,” he said. “I’m not sitting here today saying next year we’re going to eliminate the income tax, but the lower we can go on that, I think research shows we can be more prosperous.”

Not only would lower individual income tax rates affect most Iowa taxpayers, but Whitver said it would benefit small business owners like him. His food and fitness businesses are “pass through” businesses that pay individual income tax.

Bottom of Form

“When you talk about corporate tax reform, that really isn’t that big a part of our state budget,” he said. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across the state.”

He ruled out a sales tax increase unless it is accompanied by “major tax reform.”

Looking at the final weeks of the session, Whitver predicts the GOP House and Senate majorities are going to iron out differences in their respective 20-week abortion ban bills. The House version called for a 72-hour waiting period and contained no exceptions for fetal anomalies. The Senate bill included a 24-hour waiting period between the time a woman meets with her doctor and has the procedure. It also allowed an exception for abortions beyond 20 weeks in the case of a fetal anomaly.

Whitver also said lawmakers will provide more money for water quality efforts, will not dismantle the Des Moines Water Works, will ban texting while driving and said that if traffic enforcement cameras aren’t banned they will be “heavily regulated.”

Iowa Press can be seen at noon Sunday on IPTV, at 8:30 a.m. Saturday on IPTV World and online at IPTV.org.

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?

JEFF REINITZ

Authorities have declined to comment on any investigation into possible links between Jeff Lee Altmayer and the disappearance and deaths of cousins Lyric Cook-Morrissey and Elizabeth Collins.

Altmayer, 57, of Ankeny, is charged with attempting to lure children into his silver passenger car as far west as Onawa — near the Nebraska border — to a mobile home park just east of Dike. He’s also a person of interest in a similar incident at a Cedar Falls park.

Lyric, 10, and Elizabeth, 8, disappeared while riding their bikes in Evansdale on July 13, 2012, and their

bodies were found Dec. 5, 2012, in a rural wilderness area in Bremer County. No arrests have been made in their deaths.

Black Hawk County Attorney Brian Williams said investigators in the cousins case are aware of Altmayer. The Iowa Division of Criminal Investigation agent who filed the criminal complaint in Altmayer's Jasper County case is the lead agent in the cousins probe.

In the past, authorities have commented about the rarity of double abductions when talking about the cousins case, and Black Hawk County Sheriff Tony Thompson said he found "interesting" the fact at least one of Altmayer's crimes involve approaching a pair of girls at the same time.

The double abduction angle also has been a red herring for cousins investigators. In 2013, authorities began looking into Michael Klunder for possible ties to Lyric and Elizabeth's deaths. Klunder, a 42-year-old farm worker who had served prison time for abductions, picked up two girls near a Dayton bus stop in May 2013. One fled, and he killed the other before taking his own life. Investigators eventually ruled out Klunder as a suspect in the cousins case after accounting for his whereabouts.

Reached Wednesday, Elizabeth's father, Drew Collins, said he wasn't familiar with the Altmayer case and said authorities haven't contacted him about it. However, he remembers hearing about the enticement attempts last summer before Altmayer was arrested.

Collins is skeptical about any connection to his daughter's death.

Bottom of Form

"It doesn't seem like that would fit," Collins said. "Whoever this is, I think if he takes a couple of little girls, why would he let them go if he already killed a couple kids."

Collins said he's heard countless leads and rumors since his daughter's death. It can be maddening, he said.

"I think something different every day, man. I think in my head, 'it could be this,' but the next week or the next day or 20 minutes later, I'm thinking 'it's this guy or that guy.' I've heard a ton of names, I can't keep them all in my brain. All I can do is speculate, and I think about it all day, every day," Collins said.

LEE: Branstad no fan of granting pardons

His rate since 2011 is lowest in more than six decades

Since returning to the governor's office in 2011, Terry Branstad has granted fewer pardons on average than any Iowa governor in more than six decades.

His record of granting reduced jail sentences is similarly stingy.

A review of Iowa gubernatorial records going back to 1949 — a span covering 11 administrations — shows Branstad, since his return to office in 2011, granted fewer pardons than any other Iowa governor during that time span.

Branstad is closer to the middle of that pack for granting commutations, or reduced sentences, since 2011. However, remove the roughly three dozen commutations that were the direct result of a 2012 U. S. Supreme Court ruling that negated lifetime sentences for juveniles, and Branstad once again drops to the fewest granted since at least 1949.

A pardon forgives an individual for a crime committed and restores lost rights.

A commutation reduces an individual's sentence and makes him or her eligible for parole.

"I've always tried to be very thoughtful and very judicious in making these decisions. The governor is given the extraordinary power of being able to grant pardons," said Branstad, a Republican who was a lawyer before being first elected to public office — the Iowa House — in 1972.

Branstad has approved just more than four pardons per year, on average, since 2011.

Not only is that the lowest average of any governor since 1949, it is dramatically lower than the averages posted by Branstad's two immediate predecessors, both of whom were Democrats.

Chet Culver, who governed Iowa from 2007 to 2010, approved an average of nearly 24 pardons per year, a rate six times higher than Branstad. Tom Vilsack, who led Iowa for two terms from 1999 to 2006, approved more than 12 pardons per year.

Even Gov. Robert Ray, a Republican under whom Branstad served as lieutenant governor, granted nearly a dozen pardons per year on average, or a rate three times higher than Branstad's.

Since 2011, Branstad has been slightly stricter even than his previous self: He approved an annual average of seven pardons during his first stint as governor from 1983 to 1999.

Branstad said he believes a governor's power to pardon should be used sparingly. In addition to the normal application process, he requires a face-to-face interview with the applicant.

"I believe a pardon, which is an extraordinary power, which basically eliminates that conviction from their record, should only be granted if you're very confident this person is an exemplary citizen who has given back and helped other people in substantial ways," he said. "So, I have required a personal interview. I want to be able to look them straight in the eye. I want to feel confident that they're never going to commit another crime, that they're never going to embarrass me or the people of the state of Iowa."

Branstad is even less a fan of commutations.

During his first, 16-year term in office, he approved just two reduced sentences. In his second, six-year stint, he has approved 39 commutations, but 38 of those were in response to that U.S. Supreme Court ruling.

Take those out and Branstad, during 22 years in office, has approved three reduced sentences overall.

"Most governors keep in mind they're running for re-election almost always. The worst thing you can do is be called soft on crime," said Robert Rigg, a Drake University Law School professor who specializes in criminal law. "No politician ever wanted to get stuck with being soft on crime. Certainly, Terry Branstad can never be accused of being soft on crime."

Branstad's rare commutations are not as strikingly different from his predecessors as were his pardons. Culver granted no commutations during his four years in office; Vilsack granted seven during his eight years; Ray granted an average of just two per year during his 14 years in office.

The Iowa governors with the highest rates of commutations held office during the 1950s. Leo Hoegh granted 30 in two years, and Herschel C. Loveless averaged 12 per year during his one term.

"Any time you deal with a governor, you're dealing with the political office. And any governor's staff is going to sit there and try to review the downside of doing a parole, or commutations, or a pardon," Rigg said. "I'm sure all governors, whether Terry Branstad or somebody else, is going to take that into the calculus of whether you grant a pardon or commutation. But hopefully that's not the only reason."

When pardons and commutations are combined and averaged, Branstad's separate tenures account for two of the three lowest among all Iowa governors since at least 1949. If those commutations that were the result of that U.S. Supreme Court ruling are removed, Branstad's tenures are the two lowest.

Branstad received nearly 400 requests for pardons since 2011 and approved 26. He received almost 90 requests for commutations and granted 39. Branstad said the application process for pardons and commutations is thorough, and justified his rare approvals as having public safety in mind.

"We go through a very extensive process. We do an extensive (Iowa Division of Criminal Investigation) background investigation, it has to go before the parole board before it ever comes to me," Branstad said. "The good news is we've not had the tragedies that have occurred in some other states where governors haven't been as careful or judicious and people that they pardoned have then committed other serious crimes."

P.S. Ruckman, a professor at Rock Valley College in Rockford, Ill., who writes a blog on executive clemency, said while commutations can be risky, he thinks there is little downside to granting pardons.

"When I see a pardon number that low, I just don't get why that is not in the hundreds," Ruckman said. "Because, again, the political risks there are just about zero."

Ruckman said governors appear to be motivated, in part, by wanting to avoid granting a pardon or a commutation to an individual who then commits another crime. Ruckman and Rigg both noted George H.W. Bush's 1988 campaign ad that used the example of a felon who raped a woman after he escaped while on a weekend furlough program supported by Bush's opponent, Michael Dukakis. Even though that individual was given neither a commutation nor a pardon, Ruckman and Rigg said they think that kind of example weighs on governors when making those decisions.

"There's something to this idea that you should be careful, but you should be careful anyway," Ruckman said. "If you look into those high-profile things, they're almost always about commutations (not pardons). The idea that there is some risk to restoring rights is just lunacy."

#### WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible

Iowa State University is seeing fewer international applications as places of higher education are facing similar issues nationwide.

The school says it has received 20% fewer international applications than the year before. Forty percent of colleges across the country also report reduced interest from international students, and ISU says the reason why is clear.

"Some of our students are just concerned about safety and how welcome they're going to be in the community. So with the executive orders issued, it has some of them a little concerned about will they be welcomed once they get to the U.S.," said Director of Admissions Katharine Johnson Suski.

The executive orders aimed at stopping travel from several predominantly Muslim countries and President Trump's campaign stance on China is not going unnoticed by potential students. ISU's applications from China are down 30%, and those from predominantly Muslim countries are down 60% to 80%.

"Certainly it saddens me when students don't feel safe here because, really, we know students are going to be very welcome here and taken care of in Ames," said Suski.

International student Waasay Mirza came to study from Pakistan, and says the problem is one of perception.

"I didn't feel uncomfortable, especially on this campus. People were really good, they helped me out," said Mirza.

Mirza came four years ago to study electrical engineering, and said being an international student has changed his life for the better.

"You get a lot of exposure, you get to learn a lot of things, and not only that, you get to see and meet so many different cultures and different diverse communities that you learn a lot," he said.

This is a message the college is trying to drive home as they participate in the national "You are Welcome Here Campaign."

"The You are Welcome Here Campaign will be a video of a lot of our students, faculty, and staff standing there saying 'you are welcome,' some in their native languages so students can hear that message from across campus," said Suski.

Suski also said representatives from the school recently returned from a trip to China, where international alumni spoke to prospective students about coming to America to study.

ISU says while international applications to the United States are down, applications to schools in Canada are on the rise.

KCCI: Six years later: Ashley Okland's murder still unsolved

Saturday marks the sixth anniversary of real estate agent Ashley Okland's shooting death.

Okland, 27, was working as a real estate agent in West Des Moines when she was found shot on April 8, 2011, at 558 Stone Creek Court, a model town home for a new development.

She was rushed to Iowa Methodist Medical Center in Des Moines, where she later died.

Investigators have interviewed hundreds of witnesses since her death, but no one has been charged in the case. West Des Moines police have said it remains an active investigation.

The case sparked new calls throughout the real estate industry to increase safety for real estate agents.

Anyone with information on the case is asked to call the West Des Moines Police Department at 515-222-3344 or Crime Stoppers of Polk County at 515-223-1400.

The Gazette: Branstad expects to sign firearms bill following review

Legislation makes 'monumental' changes to Iowa's gun laws

Gov. Terry Branstad said Friday he expects to sign legislation making major changes to Iowa's firearms laws but he is reserving judgment until he and his staff have time to review the provisions of House File 517 that received final House approval on Thursday.

"Obviously, we want to review it in its final form, but generally I've been a strong supporter of the Second Amendment and I believe the legislation passed with bipartisan support with a pretty strong

margin,” Branstad said in an interview. “I’m inclined to be supportive but I want to reserve judgment until I get a chance to review it in its final form.”

Branstad said he had some concerns with the original version passed by the Iowa House but those were addressed in changes adopted by the Iowa Senate that were accepted by representatives Thursday before sending it to his desk for consideration.

“It looks pretty good,” the governor said.

Included in House File 517 is a controversial “stand your ground” provision that states a law-abiding citizen does not have a duty to retreat in a public place before using deadly force when confronted with danger to life or property.

The bill also would allow children below the age of 14 to handle pistols or revolvers under the supervision of an adult parent, guardian or instructor; pre-empt local ordinances restricting gun rights; create a uniform permit to carry weapons; provide for five-year permits to acquire handguns rather than single-year permits; and create confidentiality for those with permits, legalize short-barreled rifles and shotguns and allow those with permits to carry handguns in the Iowa Capitol and other public buildings.

Iowa Republican Party Chairman Jeff Kaufmann praised Speaker Pro Tempore Matt Windschitl and House and Senate Republicans for their work in shepherding the bill through both chambers of the Legislature in a bipartisan fashion. He called the bill “the most monumental piece of pro-Second Amendment legislation in Iowa’s history.”

Earlier in the week, members of Iowans for Gun Safety expressed concerns about the bill and on Friday, the Rev. Jeremy J. Brigham, executive director of the organization, wrote Branstad a letter urging him to veto the bill.

“This bill is particularly dangerous to men of color, women and children and many from these communities have joined us in speaking out,” Brigham said in his letter.

“Gov. Branstad, we believe it is particularly important that you veto this bill. As ambassador to China, like your predecessors, you will be asked to protect the rights of minorities in China. This bill ... threatens the rights of minorities in Iowa and we ask that you veto this bill and protect the rights of minorities in Iowa.”

If the bill becomes law, members of the Iowa Chapter of Moms Demand Action for Gun Sense in America said Iowa will become only the second state to enact a new “stand-your-ground” law since the killing of Trayvon Martin in Florida in 2012.

“In the weeks since this bill was introduced, lawmakers have listened thoughtfully to the widespread concerns about certain portions of it, and we’re grateful they removed dangerous sections that would have gutted Iowa’s background check and permit-to-carry requirements,” said Amber Gustafson of the Iowa Chapter of Moms Demand Action for Gun Sense in America.

“Still, we remain deeply concerned that the stand-your-ground and punitive pre-emption portions of this bill would leave our communities less safe,” Gustafson added in a statement. Stand-your-ground laws embolden people to escalate everyday disputes, and the statistics from states that have passed them are deeply troubling. We’ll be urging the governor to keep our state from following their concerning lead.”

Burlington Hawk-Eye Editorial: A wise move

Rex Troute, Steve Delaney

Top of Form

Bottom of Form

There is a bill on Gov. Terry Branstad's desk that would consolidate elections in Iowa. School board and municipal elections would be held on the same day.

While many times on this page we take exception to what's happening in the Statehouse, this is one measure we can support, and we hope the governor signs this bill into law.

Lobbyists for schools oppose this bill. They haven't articulated why and there really is no objective reason to oppose a measure that would encourage more people to cast a ballot for someone to represent us.

A check of the records over the years reveals school elections, held in early September, have generated embarrassingly low turnout. It's been a disservice to the taxpayers who must pay the bills. It's been a disservice to the people who put their names on the ballot.

We ask people to serve and then hold them accountable for their service. That's the trade-off of public service. Greater voter turnout isn't all that much to ask.

One would think school lobbyists would embrace a law designed to get more people to the polls, get more people involved in the process. Instead, they oppose it.

That's unfortunate. And troubling.

Moreover, school districts typically charge taxpayers more than other government entities. Shouldn't they want more involvement among the public?

And equally, municipal elections have had terrible turnout when not combined with national elections.

We should remember, it's our local representatives — city council members, school board members, county supervisors — who have the most impact on us, and our pocketbooks.

We preach frequently the need for people to get involved in their government. Voting is the most important part of that process. Government should make voting convenient for people. With today's technology, there's no reason voting couldn't be done on someone's home computer. The hope here is that day will soon come.

After all, if we can pay all of our bills online, and grab cash from an ATM machine, and trust that it's secure, surely we can vote online as well. But, as with most things related to government, change takes time.

This new law will, we believe, get more people to participate in the process of electing representatives who are to work on our behalf. It's difficult to imagine why someone would be opposed to that.

Here's hoping the governor isn't opposed to that concept.

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements

Centerville reaches \$1 million benchmark and Ryan Stober receives leadership award during ceremony honoring award winning projects, entrepreneurs and volunteers

Main Street Iowa hosted the 31st annual Main Street Iowa awards celebration on Friday, April 7 at Hoyt Sherman Place in Des Moines. The program honored the efforts of those who work day in and day out in downtown revitalization in Iowa. The event was attended by approximately 550 individuals representing communities across the state.

Main Street Iowa has annually presented awards honoring outstanding accomplishments, activities and people that are making a difference in Iowa's Main Street districts. Projects large and small are recognized and serve as outstanding examples of what historic commercial district revitalization is all about.

Fifteen projects and activities occurring in local Main Street communities were selected to be recognized from the 160 competitive nominations submitted. The honors were presented by Gov. Terry E. Branstad, Lt. Gov. Kim Reynolds and Debi Durham, director of the Iowa Economic Development Authority.

"The Main Street Iowa program has stood the test of time since its introduction in 1985. The program continues to bring businesses, jobs, investment and vitality to our states' communities, both big and small," stated Branstad. "The Main Street Approach works, and Main Street Iowa has been a national model because we are creative, we embrace change, we demand local initiative and action, while holding strong to our roots as an historic preservation program."

"Healthy, historic commercial districts are a key deciding factor for industrial and business recruitment," said Reynolds. "Since 1986, local Main Street programs have made a significant impact on Iowa's economy with 4,514 new businesses and a net gain of 13,402 jobs. More than 740 building projects have been reported with an investment in those rehabs of over \$2 billion. Last year alone, the Main Street Iowa network surpassed 156,135 total documented hours of human capital invested into Iowa's downtown revitalization efforts. This demonstrates a tremendous commitment to Iowa's Main Streets."

During the event, 10 communities were recognized for reaching significant benchmarks based on private dollar investments made in the purchase and revitalization of properties within their respective commercial districts. Centerville and Lansing were recognized for reaching the \$1 million benchmark in the last year and Ft. Madison was honored for \$2 million in local investment. Ames and Guthrie Center were recognized for achieving the \$5 million level. Des Moines Sixth Avenue, Chariton, Corning, State Center and Ottumwa all attained \$10 million in local investment since being designated as local Main Street programs. Four communities were recognized for significant anniversaries. Osceola was recognized for 20 years of participation as a designated Main Street community. Cedar Falls, Spencer and West Des Moines were recognized for 30 year anniversaries.

Two special awards were presented as well. James Walsh received the Spirit of Main Street Award, an honor that recognizes the person, organization, community or project which best demonstrates the true meaning and spirit of "Main Street at Work." The community of Oskaloosa was honored with a Signature Project Award for their inspiring and innovative place-making efforts in beautification, promotion and partnership.

In 1985, the Iowa Legislature adopted the National Main Street Center's Four Point Approach to district revitalization by establishing Main Street Iowa within the agency that is now the Iowa Economic Development Authority. Since its inception, the state program and its communities have been considered examples of excellence in the national effort to revitalize historic commercial districts across the country.

Visit [iowaeconomicdevelopment.com/MainStreetIowa](http://iowaeconomicdevelopment.com/MainStreetIowa), e-mail [mainstreet@iowaEDA.com](mailto:mainstreet@iowaEDA.com) or call 515.725.3051 for more information

## NEW MILLION DOLLAR BENCHMARKS REACHED IN 2016

Private dollars invested in commercial district rehabilitation and property acquisition in the designated



Main Street districts since the programs' inception.

\$1 Million – Centerville and Lansing

#### LEADERSHIP AWARD RECIPIENTS

Special award that recognizes inspirational leadership and volunteers who make significant contributions to the local Main Street programs' downtown revitalization mission.

Ryan Stober, of Centerville with Main Street Centerville.

The Gazette Editorial: Affordable Housing: Second chances & better processes

Elected officials don't often get second chances, or clear-cut strategies for complex problems. Right now Cedar Rapids City Council members have both.

Minnesota-based nonprofit CommonBond Communities has submitted an updated plan for Crestwood Ridge, a northwest side housing project that fell shy of supermajority support last fall amid outcry from neighborhood residents.

Awarded \$8 million in federal tax credits through the Iowa Finance Authority to develop alongside Edgewood and Crestwood roads, Crestwood Ridge included a mix of market rate and affordable apartments, including five supportive housing units. Staff from Willis Dady was tapped to provide case management for those five tenants.

Council members rejected rezoning for the project in October, when a majority neighbors voiced concerns about area sidewalks, increased traffic, lot density and water runoff. The updated Crestwood plan addresses these issues, so the nonprofit is requesting the city forego its typical 1-year delay and reconsider the project now, before the grant expires.

We continue to support the development because it earned city support for its grant application, met the strict criteria of the competitive grant, aligns with the comprehensive plan, won the recommendation of city staff and, most importantly, fills a long-standing affordable supportive housing gap. We also remain impressed by CommonBond and its partnership with Willis Dady.

Although most national reports rate the Midwest, Iowa and Cedar Rapids as generally affordable, the reality is a lack of local housing stock has increased local demand and cost. Rental vacancy rates in the city hover around 2 percent, and more than 40 percent of area renters are cost-burdened. Many households are only one financial crisis away from added reliance on taxpayer-funded safety nets or homelessness.

To make matters worse, the Trump administration wants to cut \$6.2 billion, or 13 percent, from the U.S. Department of Housing and Urban Development. Specifically targeted are two programs that help people secure and sustain affordable housing — Community Development Block Grants, which fund initiatives ranging from disaster aid to police engagement to anti-poverty efforts like Meals on Wheels, and the HOME Investment Partnership, which helps low-income citizens repair existing homes.

Other HUD programs related to housing are in danger as well, including rental assistance, heating and air-conditioning aid, energy-efficiency assistance and various other local government partnerships like AmeriCorps and the Interagency Council on Homelessness. The Self-Help Homeownership Opportunity and Choice Neighborhoods programs, which aim to replace distressed public housing with mixed-income development, are on the chopping block too.

Given what's happening in Washington, you'd think Iowa lawmakers would be doing more to help

communities prepare for worst-case scenarios. Instead, they are supporting similar policies and implementing laws that further erode the middle class, adding more lowans to the list of those searching for housing and other assistance.

That's the economic and political backdrop Cedar Rapids Council members need to consider before they once again refuse \$8 million in housing tax credits, newly offered neighborhood improvements and proven affordable housing project management partners.

This is a multifaceted challenge that needs public-private coordination and public buy-in.

Healthy communities offer diverse housing options for people at all levels of the economic ladder. Business owners, retirees, farm laborers and bus drivers all need a place to live. When they can't find one, negatives ripple out.

For instance, a lack of workforce housing impedes the ability of employers to attract talent, leaving jobs unfilled and companies thinking twice about local expansions. And, when workers can't live near employers, they must travel further. Individual cars increase traffic and impact air quality. Alternatively, public transit faces greater demands in an ever-widening service area, which costs taxpayers.

Throughout Linn County, only eight supportive housing units are open to the public. And yet housing is the foundation for well-being — food security, economic contribution, health management, stability.

This housing gap won't be closed if strategies are limited to owner-occupied, large-lot single-family housing — or if all options are regulated to only certain neighborhoods.

This is a test of political will we cannot afford to fail. Fortunately, the Safe, Equitable and Thriving Communities Task Force subcommittee on housing has recommendations:

- Expand financial incentives for development of affordable housing throughout the city
- Build community capacity for supportive services programming
- Implement ongoing landlord education efforts
- Target nuisance property owners
- Develop partnerships to revitalize aging housing stock
- Remove barriers faced by specific populations
- Strengthen and support neighborhood associations
- Coordinate and unify affordable housing efforts

While these objectives are fully and individually possible, they are more easily accomplished by first focusing on the final item.

As the task force noted “at present, there is no coordinated, collaborative, unifying body or effort that develops and implements a strategic communitywide vision for affordable housing.”

That must change. We agree with the task force that Cedar Rapids needs a group — perhaps something similar to the Johnson County Affordable Housing Coalition or the long-dormant Affordable Housing Commission mandated by municipal code — with the necessary political capital to drive public policy. Ideally, this group will spur additional regional opportunities.

Dr. Mary Wilcynski and Stacey Walker, who served as co-chairs of the SET Task Force, noted that the

group's recommendations were derived from discussions with several housing experts, many of whom served on the subcommittee. They aren't commentary on any one proposal, but an attempt to establish a more comprehensive approach.

"We do know that barriers to affordable housing currently exist in our community and everyone interested in a safe, equitable and thriving community should take the challenge of affordable housing seriously," they said as part of a joint statement.

"It is imperative that local governments work with nonprofit organizations and good developers to bring more affordable housing options to our city. ... The need for safe, affordable housing is not going away, therefore it is incumbent upon leaders to act."

Perhaps due to political aspirations or concern about the next election, needed and initially supported Cedar Rapids housing projects have been successfully derailed by small groups of citizens. Each time this happens, the city's relationships with established housing developers erode, more groups are emboldened to read from the same noisy playbook, and the diverse housing supply needed for the city to thrive is delayed.

Whether the updated Crestwood development stands or falls, it shouldn't have come to this. Taxpayers shell out thousands each year for professionals who use council-approved tools like the comprehensive plan and city ordinances to determine details like landscaping and water retention.

Given the inability of council to consider recent housing projects by the standards of merit they established, we are no longer convinced the current system provides a level playing field for all developers or projects. Time for changes. Let's start with a fearless and politically-savvy team committed to meeting the city's long-term and diversified housing goals.

The Gazette Column: This is no time for a constitutional convention

Todd Dorman

So amid the deepening political divisions and thrill-a-minute volatility of our post-truth Trumpian times, Republicans running our Legislature think the moment is right to grab us by the Constitution.

Last month, the Iowa House voted 58-38 along party lines to petition Congress to convene a constitutional convention under Article V of the U.S. Constitution. The convention, according to House Joint Resolution 12, would be "limited to consideration and support of amendments that impose fiscal restraints on the federal government, and amendments that limit the power and jurisdiction of the federal government, and no amendments on any other topic."

So just money, power and jurisdiction. What else is there?

It's now awaiting action in the Iowa Senate. Its floor manager there, Sen. Jason Schultz, R-Schleswig, said a debate will come "soon."

The resolution's writers have a flare for drama. It addresses our "crushing national debt." It accuses our federal government of "abuses of power" and talks of how it's "invaded the legitimate role of states" through federal mandates. It has "ceased to live under proper interpretation of the Constitution."

Stirring, to be sure. But the convention won't come in time to stop the feds from, for instance, invading Iowa with a fresh \$225 million transfusion to save Gov. Terry Branstad's hemorrhaging Medicaid scheme. Such future federal incursions, funding roads, crop insurance and water quality, surely could be halted. Ask your nearest county supervisor, after lawmakers' 2017 local control pre-emption fest, about abuses of power, legitimate roles and unfunded mandates.

But I digress.

State Rep. Zach Nunn, R-Bondurant, led the charge in the House on March 15, insisting a constitutional convention would be like a “subcommittee,” or simply a “proving ground for new ideas.” It can happen if 34 state legislatures approve petitions. Nine have taken the plunge, including Arizona, Georgia, Alaska, Florida, Alabama, Tennessee, Indiana, Oklahoma and Louisiana. Other states, including Wisconsin and Ohio, are debating the issue.

Some con-con backers claim as many as 30 states have passed resolutions, counting actions taken years or even decades ago. Maryland just rescinded its resolution, passed in 1977.

“If not us, then who? If not now, when?” Nunn asked the House as debate opened.

It was hardly a debate for the ages.

Minority Democrats questioned the wisdom of lecturing Congress at a time when Iowa’s budget is a mess. That didn’t sit well with Rep. Chip Baltimore, R-Boone, who called a “point of order,” accusing Democrats of breaking House rules by going off topic. Apparently you can’t discuss state budgetary imprudence in a debate over federal budgetary imprudence. Somehow, his point was well taken by House Speaker Linda Upmeyer, R-Clear Lake.

It was not until Rep. Tim Kacena, D-Sioux City, rose to speak did we get a solid assessment of the convention drive.

“I can honestly say this resolution scares the hell out of me,” said Kacena, a retired firefighter who probably knows scary when he sees it. “This is dangerous.”

The thought of popping the hood on the Constitution at this point in our history is pretty scary. Our facts now are alternative. Our political cash comes in two flavors, shady and dark. Our nation just put a tweeting huckster in the Oval Office. Scrapping health insurance for 24 million people is what passes for sound public policy. We’re still trying to recover from the Bowling Green massacre.

A convention, now? Maybe the Russians will send delegates.

Sure, it takes 34 states to call a convention and 38 states to ratify any amendments it yields. No worries. That will never happen. Just like Donald Trump will never be president. Thank goodness.

I’m not going to defend the crushing national debt or any other boneheaded action taken by the federal government. There are many. And I can think of ways I’d like to change the Constitution.

But when the hottest trend in governing is called “the nuclear option,” the time to change the Constitution is not now. The people to do it is not us.

Legislatures across the country, including Iowa’s, are shoving through sweeping ideologically-driven initiatives with all the care, caution and concern for consequences of Visigoths on a Roman holiday. They would pick the convention delegates. That ought to work out well.

And a convention would not necessarily be “limited.”

We’ve had one such convention, in 1787. It was called by Congress to amend the Articles of Confederation. Instead, delegates tossed the articles and crafted an entirely new Constitution. It was a masterstroke for the future of America. It is not an example of cautious restraint.

Drake University Professor Dennis Goldford, who teaches constitutional law, said there were strong objections to straying from Congress’ original charge in 1787. James Madison answered those

criticisms in Federalist 40.

"He said, look, if you think things are so tough and difficult right now that we can't stay where we are, then go ahead and vote for this new Constitution, and we'll take that as your consent to the rather irregular procedure we adopted," Goldford said. "If you think that we had a runaway convention ... vote against the new proposed Constitution.

"So we had precisely this issue as far back as 1787-1788. Our only constitutional convention in American history was itself a runaway convention," Goldford said.

And if a convention's actions sparked a court challenge, it's uncertain what jurisdiction the courts would have, Goldford said.

"This opens up a huge can of worms," Goldford said.

I say let's not open that can.

Conservatives who want big changes at the federal level should note they currently control Congress and the White House, with a Supreme Court majority on the way. A convention isn't necessary, unless you want to do things so unpopular they can't be accomplished through the normal political process. Many of these proposals also are known as bad ideas.

And HJR 12 is a bad idea. The Senate should grab it and scrap it.

QC Times: Q-C lawmakers weigh in on Syria strikes

Ed Tibbetts

Top of Form

Bottom of Form

In mostly measured tones, lawmakers representing the Quad-Cities got behind President Donald Trump's decision to launch missile strikes against Syria. But there also were warnings, mostly from Democrats, about the prospect of a deeper commitment there.

The strikes, which came late Thursday, also rekindled calls in some corners of Congress for lawmakers to come up with an authorization for use of military force in the event there was to be further action. Rep. Dave Loebsack, D-Iowa, said Friday that Trump should have come to Congress before launching Thursday's strikes.

Republicans said Trump showed resolve, and that this represented a break from the Obama administration.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said. "The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate."

Sen. Joni Ernst, R-Iowa, praised the strikes Thursday night. "Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis," Ernst said in a statement.

Republicans have long criticized Obama over Syria. In 2013, he raised the prospect of military action after government forces launched a chemical attack. The year before, Obama had said chemical

weapons would cross a red line.

Obama decided ultimately against launching an attack on his own and went to Congress for authorization. But Congress took no action, either.

As for the region's Democrats, Sen. Dick Durbin, D-Illinois, called Thursday's strikes a "measured response." Sen. Tammy Duckworth, D-Illinois, said they sent a "clear and measured message" to Syrian President Bashar al-Assad.

Rep. Cheri Bustos, D- Illinois, called Thursday's action a "proportional response."

However, they also said Trump needs to lay out a strategy before any further action is taken.

Bottom of Form

Duckworth raised concerns about heightened tensions with Russia. "After weeks of sending dangerously mixed signals on Syria, the president owes it to our troops, who are now in greater danger, to clearly and unequivocally outline the long-term strategic end-state he is seeking to achieve in Syria and the region," she said.

Bustos said the president "must present the American people and Congress a clear and transparent strategy to ensure we do not rush into another open-ended conflict in the Middle East."

Loeb sack, meanwhile, also called for a "comprehensive plan." He did not weigh in specifically on the propriety of Thursday's missile strike but said it was important that the U.S. and the world "ensure that Assad is held to account for war crimes committed against his own people."

Grassley also called on the president to "develop a comprehensive strategy with respect to ending the six-year-long crisis in Syria."

QC Times Editorial: No answers in sight as Iowa exchange crumbles

Quad-City Times editorial board

Top of Form

Bottom of Form

Iowa's health insurance exchange this week became the poster child for self-fulfilling prophecies.

In just 72 hours, Iowa's version of the Affordable Care Act, or Obamacare, crumbled under its own weight and the additional heft a Republican White House with no interest in supporting it.

Wellmark Blue Cross and Blue Shield and Aetna last week both announced departures from Iowa's exchange in 2018, citing mounting financial losses and continued "uncertainty." That leaves Iowa's exchange with just one provider, Medica, which has yet to make its future intentions known. Wellmark and Aetna represent a majority of the Iowa exchange's total plans.

So, now what?

What's clear so far is Republicans in Washington have no answers.

Obamacare has always been a highly compromised, deeply troubled program. Even proponents of the massive federal program lamented its shortcomings. It's over-reliance on young, healthy populations to

subsidize the elderly and sick didn't pan out. Obamacare was costly and clunky. But, by most objective measures, it was relatively successful.

Roughly 20 million Americans have health insurance thanks to the ACA. In 2016, national insurance rates reached a record low of 10.6 percent, according to Gallup. That's down from 18 percent in 2013, and it's the working poor -- a population who spent decades one heart attack away from financial ruin -- who benefited most.

An imperfect program, for sure. But Obamacare isn't responsible for the country's astronomically high health care costs. Americans pay more and get less relative to the rest of the developed world, according to the World Health Organization. It even slowed the incessant rise of health insurance premiums, concluded the Congressional Budget Office.

Republicans spent seven years wasting time on meaningless votes to repeal ACA. It was a go-to foil in congressional districts in every purple district throughout the country. It was "evil," they said. They stoked nonsensical fears about "death panels." President Donald Trump has repeatedly called it a "disaster" without bothering to actually understand it and last month promised to let ACA fail when his party couldn't offer any real solutions.

That last bit is the "uncertainty" to which Aetna and Wellmark officials were referring. Trump's promise to starve ACA to death all but doomed an already troubled Iowa exchange.

Bottom of Form

The White House and congressional Republicans, still smarting after last month's failure, spent much of last week in closed-door meetings trying to hash out a replacement to ACA, reported the New York Times. Most of the talks involving the White House concerned placating the GOP's right-wing Freedom Caucus, which killed the party's first attempt at repeal. Proposed concessions included high-risk pools, a downright scam that's failed in multiple states, and the elimination of hugely popular pre-existing conditions protections for consumers.

A bill that already turned the noses of the GOP's reasonable center reeks even worse after this week. Flailing is fine for a minority party. Chaos is not acceptable for the majority that's supposed to govern.

So, we ask again: What now?

Republicans tapped widespread confusion and fear to score political points off Obamacare. They've railed against it without any real solution. They're now actively destabilizing it. And, predictably, Iowa's exchange is quite literally falling apart amid a GOP civil war.

The well-being of thousands of Iowans are at stake here. More than 50,000 benefit from taxpayer subsidized policies on Iowa exchange. Tens of thousands of Iowa's poorest rely on the state's already foundering Medicaid system, expanded as part of the ACA and privatized by Gov. Terry Branstad.

And the very people who sowed discontent and stoked fears have, so far, proven incapable of picking up the pieces.

RI: Ashton Kutcher says good character 'is like your DNA'

APRIL 9, 2017 BY O. KAY HENDERSON

Eastern Iowa native Ashton Kutcher is the latest recipient of a "Pillar of Character" Award named in honor of former Iowa Governor Robert D. Ray.

“Thank you for having me home,” Kutcher said as he took the stage at Saturday’s ceremony in West Des Moines.

The actor who has starred in “That ’70s Show” and the current Netflix series “The Ranch” relied on some of the biochemistry he studied at the University of Iowa to explain the difference between personality and character.

“Personality is kind of the you that you show in the light,” Kutcher said. “...But your character is the you in the light and it’s the you in the darkest moment of your life. It’s just you. It’s like your DNA.”

The Robert D. Ray “Exemplar Award” is presented by the Drake University-based “Character Counts” organization to Iowans who “consistently demonstrate good character as a visible role model.”

Kutcher thanked his wife, his parents, his scoutmaster, his teachers and the neighbors from his childhood for their influence on his character.

“I’m the lucky one, but then I also had the great fortune to fail again and again and again,” Kutcher said. “I had the great fortune of going to jail when I was 18 and getting a deferred judgment, because I knew I never wanted to go back.”

Kutcher also talked about how his twin brother, Michael, has influenced his life.

“My brother was born with cerebral palsy and he taught me that loving people isn’t a choice and that people aren’t actually all created equal,” Kutcher said. “...We’re all created incredibly unequal to one another in our capabilities and what we can do and how we think and what we see, but we all have the equal capacity to love one another...He also taught me that he had gifts that I didn’t have...and that every time I felt sorry for him in life, I made him less.”

Kutcher, who is now 39 and the father of two young children, told his parents that with the experience of being a parent, he finally realized how much his own parents loved him.

“And so actually I didn’t come here, ultimately, to receive this award for myself,” Kutcher said. “I came here to receive it for all of you.”

Iowa’s current governor, Terry Branstad, handed Kutcher’s wife, Mila Kunis, a certificate that makes her an “honorary” Iowan. Other recipients of the Robert D. Ray “Pillar of Character Award” include Norman Borlaug, Hayden Fry, Dan Gable, Fred Hoiberg and Shawn Johnson.

Kutcher has become known as an entrepreneur, investor and philanthropist in addition to his work as an actor. He recently testified against human trafficking during a congressional hearing. Kutcher and his ex-wife, Demi Moore, co-founded a non-profit called “Thorn” that fights “the sexual exploitation of children.”

RI: New leader to take over at the Clarinda prison

APRIL 7, 2017 BY RADIO IOWA CONTRIBUTOR

A new warden has been named for a prison facility in southwest Iowa.

The Board of Corrections has approved the appointment of Randy Gibbs to become Warden of the Clarinda Correctional Facility on April 21. Gibbs is currently Assistant Deputy Director of Institution Operations.

The Clarinda facility currently houses over 900 inmates, many of whom are classified with “special



needs” — offenders with mental health issues or intellectual disabilities.

The warden vacancy at Clarinda was created when Sheryl Dahm was appointed in January as Warden of the Iowa Correctional Institution for Women in Mitchellville. That was after former women’s prison warden Pattie Wachtendorf was named the first female warden of the Iowa State Penitentiary in Fort Madison. She replaced Nick Ludwick, who retired.

RI: Grassley, others comment on Supreme Court confirmation vote

Iowa Senator Chuck Grassley, a Republican from New Hartford, spoke to reporters today after the U.S. Senate voted to confirm Neil Gorsuch to the Supreme Court.

“I think that we just witnessed one of the most important votes that a member of the Senate can cast,” Grassley says. “Judge Gorsuch will be an independent voice on that Supreme Court. He proved that by answering questions for 20 hours.”

Grassley is the chair of the Senate Judiciary Committee which holds hearings on the Supreme Court nominees. The Senate used the so-called “nuclear option” to change the rules so Gorsuch would not need 60 votes to be confirmed. Grassley would ask if that would be a constant negative for Gorsuch in his time on the High Court. The senator says it will not be because Democrats set the precedent of changing the rules back in 2001.

“When they said ‘we’ve got to change the ground rules.’ We’ll they did change the ground rules. Those ground rules were changed for a lot of nominees that George W. Bush had, those same ground rule...continued through the Obama administration,” Grassley says. “So those Democrats who met back in 2001 poisoned the well that got us to where we are.”

Some Democrats said they were against Gorsuch’s nomination because Grassley would not hold a hearing on a judge President Obama nomination. He was asked how the whole fight over the Supreme Court nomination will impact other work in the U-S Senate.

“I think the comity will be back to the Senate in regards to legislation — but I think it’s going to take somebody like Senator Schumer who started this whole slippery slope back in 2001 — to drill a new well that’s not going to be poisoned,” Grassley replied.

Grassley says there are plenty of Republicans and Democrats who are willing to work together to make that new start when it comes to selecting Supreme Court judges.

Iowa other U.S. Senator Joni Ernst, a Republican from Red Oak, voted for Gorsuch and released this statement on her vote:

“I am thrilled that a bipartisan majority has voted to confirm Judge Gorsuch, who is eminently qualified to serve on our nation’s highest court,” said Senator Ernst. “Throughout his career, Judge Gorsuch has shown an unparalleled depth of understanding and respect for our Constitution. He is dedicated to interpreting the text of the Constitution and statutes as they are written, rather than attempting to legislate from the bench. It’s easy to see why Judge Gorsuch was previously confirmed by the Senate with unanimous support – including the support of Minority Leader Chuck Schumer.

“The American people are behind Judge Gorsuch, and I look forward to seeing him take his seat on the bench very soon.”

The group Why Courts Matter Iowa issued this statement in response to the confirmation of Neil Gorsuch, to the U.S. Supreme Court:

“Senator Grassley and Republicans in the Senate just ensured that the Supreme Court will be far more partisan and political than at any time in our country’s history, after voting to end the filibuster for Judge Gorsuch and future nominees. The so-called ‘nuclear option’ completes the partisan hatchet job on the independence of the judiciary that began last year when Grassley and Republicans engaged in unprecedented obstruction of Merrick Garland’s nomination.”

“Working side by side, President Trump, Senator Grassley, and Senate Republicans have undermined the U.S. Senate, an American institution. And their vote today undermines the independence of our highest court in the land.”

“This move to further politicize the judiciary is unfortunate, and it did not have to come to this. Republicans made a choice to strip away more than two centuries of Senate tradition. If they truly cared about bipartisanship, they would have worked across the aisle to put forward a consensus nominee who could receive the 60 votes that 25 of the past 26 justices have earned.”

“President Trump, Senator Grassley, and Senate Republicans won their vote today, but the American people lost. A judge who does not believe in protecting the constitutional rights of every citizen will be given a lifetime appointment because of a partisan vote. That’s not what we expect from our judiciary, or from our Senators, and we deserve far better.”

RI: Key senator: ‘outside chance’ for tax cuts, reform in 2017

The president of the Iowa Senate today said he and other Republicans are anxious to reform and cut Iowa income taxes, but with about two-weeks of scheduled work left in the 2017 legislative session, the task may be tabled ‘til next year.

“I was that hoping we could get to it this year,” Senate President Jack Whitver of Ankeny said. “There’s still an outside chance we could do something, but it’s looking more and more like this might be a 2018 issue.”

Whitver said the delay is mainly because when state tax revenues started falling below expectations, it forced two rounds of cuts to state budget plans.

“The reality of our situation right now in the state of Iowa is our budget is a little tighter than we hoped and we want to focus on getting our budget under control, do the fiscally responsible thing there,” Whitver said, “and then start looking at tax policy.”

After decades of resistance from within the Republican Party, Whitver said it is possible GOP lawmakers will get rid of the deduction that lets Iowans subtract their federal income taxes from their state income tax liability. Only one other state has that deduction and it makes Iowa’s income tax rates appear higher than they actually are.

“The states that are growing and thriving and are prospering right now are the states that have the lowest or even no income tax,” Whitver said. “I’m not sitting here today and saying: ‘Next year we’re going to eliminate the income tax,’ but the lower we can go on that, I think research shows we can be more prosperous.”

Whitver said he is willing to “consider anything” — including a single-rate “flat tax” on income — if it reduces the tax burden “on hard-working Iowans.” Cutting individual income taxes is a higher priority for Whitver than reducing the state’s tax rate on corporate income.

“That really isn’t that big a (part) of our state budget,” Whitver says. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across our state.”

That's because the majority of small business owners do not operate a corporation. They pay taxes on their small business by filing Iowa individual income forms. Whitver made his comments during taping of tonight's "Iowa Press" program that will air on Iowa Public Television at 7:30.

RI: Iowa Supreme Court rules against request for a hospital safety report

The Iowa Supreme Court says information gathered for a patient safety study cannot be used in a lawsuit against a hospital.

Dennis Willard was seriously injured in an accident in Davenport in November of 2011 and was transferred from the hospital there to the University of Iowa Hospitals in Iowa City.

He was sedated for a scan of his stomach to check for injuries. After returning from the scan he had problems with his left arm, and an x-ray found his shoulder was dislocated.

The x-rays taken before the scan had not shown the dislocated shoulder and Willard believed the shoulder was dislocated as he was moved for the scan, so he filed a lawsuit against the hospital. He sought to get a copy of what's called a Patient Safety Net report that was filed about an incident during the scan.

The incident reports are intended to help improve the safety of hospitals and under Iowa law are required to remain confidential. The district court ruled he should be given the report as part of the discovery phase of the lawsuit.

The Iowa Supreme Court ruled Willard cannot have the report as the confidentiality given the reports allows hospital staff to feel comfortable reporting problems and that information is utilized to improve patient safety by reducing preventable medical errors. The ruling says the protection is intended to apply to documents or communications that constitute "patient safety work product."

Here's the full ruling: [Hospital safety report ruling PDF](#)

POLITICO: White House on edge as 100-day judgment nears

'We've got essentially two-and-a-half weeks to turn everything around,' says one Trump staffer.

By SHANE GOLDMACHER

President Donald Trump has far more than three years left in his first term. But inside his pressure-cooker of a White House, aides and advisers are sweating the next three weeks.

The symbolic 100-day mark by which modern presidents are judged menaces for an image-obsessed chief executive whose opening sprint has been marred by legislative stumbles, legal setbacks, senior staff kneecapping one another, the resignation of his national security adviser and near-daily headlines and headaches about links to Russia.

The date, April 29, hangs over the West Wing like the sword of Damocles as the unofficial deadline to find their footing— or else.

But however real Trump's frustrations are with the three rival power centers he has installed — chief of staff Reince Priebus, son-in-law Jared Kushner and chief strategist Stephen Bannon — top officials inside and around the White House don't expect Trump to make any drastic changes until after 100

days, lest staff turmoil stories swamp a key stretch of media coverage.

That reprieve — unless Trump simply decides he's had enough — has both bought his staff a little time and put them on edge.

"One hundred days is the marker, and we've got essentially two-and-a-half weeks to turn everything around," said one White House official. "This is going to be a monumental task."

For a president who often begins and ends his days imbibing cable news, the burden has fallen heavily on a press team that recognizes how well they sell Trump's early tenure in the media will likely color the president's appetite for an internal shake-up.

That was the backdrop for a tense planning session for the 100-day mark last week.

More than 30 Trump staffers piled into a conference room in the Eisenhower Executive Office Building adjoining the White House, according to a half-dozen attendees who described the Tuesday meeting.

Mike Dubke, Trump's communications director, and his deputy, Jessica Ditto, kicked off the discussion of how to package Trump's tumultuous first 100 days by pitching the need for a "rebranding" to get Trump back on track.

"I think the president's head would explode if he heard that," one of the White House officials present said.

Staffers, including counselor Kellyanne Conway, were broken into three groups, complete with whiteboards, markers and giant butcher-block-type paper to brainstorm lists of early successes. One group worked in the hallway.

"It made me feel like I was back in 5th grade," complained another White House aide who was there. "That's the best way I could describe it."

Dubke, who did not work on the campaign, told the assembled aides that international affairs would present a messaging challenge because the president lacks a coherent foreign policy. Three days later, Trump would order missile strikes in Syria in a reversal of years of previous opposition to such intervention.

"There is no Trump doctrine," Dubke declared.

Some in the room were stunned by the remark.

"It rubbed people the wrong way because on the campaign we were pretty clear about what he wanted to do," said a third White House official in the room, "He was elected on a vision of America First. America First is the Trump doctrine."

One of the administration officials lamented, "We've got a comms team supposedly articulating the president's message [that] does not appear to understand the president's message."

Dubke told POLITICO he was disappointed White House staff would complain in the press rather than in real time.

"It was a brainstorming session and I really wish they had spoken up in the room so that we could have had an open and honest conversation," he said. "It is unproductive adjudicating internal discussions through the media."

As for the rebranding remark, Dubke said that had been misinterpreted. "There is not a need for a rebranding but there is a need to brand the first 100 days," Dubke said. "Because if we don't do it the

media is going to do it. That's what our job is."

Trump's communications team is now plotting to divide their first 100 days into three categories of accomplishments, according to people familiar with plans: "prosperity" (such as new manufacturing jobs, reduced regulations and pulling out of the Trans-Pacific Partnership trade deal), "accountability" (following through on swamp-draining campaign promises such as lobbying restrictions) and "safety/security" (including the dramatic reduction in border crossing and the strike in Syria).

Amid near-constant talk of staff shuffling, Dubke's name has fallen below the radar, in part because he cuts such a low profile. He was a late addition to Trump's team after the initial pick for the job, Jason Miller, bowed out for personal reasons. A behind-the-scenes operator, Dubke has yet to appear on television, Trump's favorite medium.

But as most of Trump's senior team — Cabinet members, military and economic advisers, Bannon, Priebus, Kushner and White House press secretary Sean Spicer — went to Mar-a-Lago last week for the bilateral meeting with China amid the unfolding Syrian situation, Dubke was conspicuously absent and back in D.C.

"That would tell you exactly how he is perceived," said one of the White House officials.

However, another White House official defended Dubke's internal role, saying before his arrival people in the press operation were "doing whatever they wanted to do without a broader set of goals being defined." Dubke imposed structure "and that's going to ruffle some feathers."

Still, the more sympathetic aide to Dubke admitted, "He has not yet integrated into the senior leadership."

The constant presence of senior advisers encircling Trump has created a vicious — and some officials say self-defeating — cycle in which top aides feel they cannot leave his side, lest they lose influence or be perceived to have.

"People are saying, 'Why is everyone traveling with the president?' and in the next breath, 'You must not be important, you're not traveling with the president?'" another White House official complained. "You can't have it both ways."

Trump hired Dubke in mid-February after a frustrating first month of bad press, telling Fox News later that month "in terms of messaging, I would give myself a C or a C+." But even after Dubke's arrival, Trump and his senior team have continued to seek outside advice.

During the failed push to pass health care legislation, Miller drafted a short messaging memo with four bullet points that was given to top White House officials, including Kushner and Bannon, according to four people familiar with the matter.

Miller, who now works for Teneo, the consulting firm created by former aides to Bill and Hillary Clinton, has been spotted around the White House twice in recent weeks, though he has made clear to friends in the administration that he has no interest in joining the White House.

The constant palace intrigue and internal jockeying has left the White House in a state of paralysis.

Trump parted with deputy chief of staff Katie Walsh in late March, his aides are discussing a reorganization and Trump himself has begun floating names to replace Priebus, his chief of staff, for feedback, according to a person close to the White House. On Friday, Trump ordered his two other senior-most advisers, Kushner and Bannon, to settle their differences in a Mar-a-Lago sit down after a week of their increasing shadowboxing through anonymous accusations in the press.

One White House official last week questioned why Bannon was taking on a member of Trump's family

so openly.

“For a Svengali that doesn’t seem like a smart thing to do,” the official said. “I don’t think that ends well for him.”

A White House ally of Bannon noted that despite bumping up against Trump’s son-in-law, he had held sway over the most crucial policy rollouts, such as Trump’s hard line on immigration and trade. “Anyone who thinks that Steve has lost his influence, they don’t know what the f--- they’re talking about,” this person said.

The strikes on Syria, a successful summit with President Xi Jinping of China and Friday’s sit-down between Bannon and Kushner appear to have calmed some frayed nerves. Two people who have spoken with the president in recent days said Trump’s mood has improved.

Still, the question of how to frame the first 100 days remains a challenge.

Trump aides are grappling with the reality that they will end this opening period with no significant legislative achievements other than rolling back Obama-era regulations. Even the White House’s most far-reaching success, the confirmation of Justice Neil Gorsuch to the Supreme Court, required the Senate rewriting its own rules to overcome Democratic opposition.

Though the White House continues to push for progress on stalled health care legislation, there are only five legislative days remaining once Congress returns from a two-week spring break. Plus, another deadline looms: Trump and the Republican-controlled Congress must still pass a bill before April 28 to keep the government running.

If they fail, a shutdown would begin on Trump’s 100th day in office.

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings

Egyptian President Declares 3-Month State of Emergency

Suspected suicide bombers struck two Egyptian churches on Palm Sunday, killing more than 40 people in the deadliest assault on civilians since President Abdel-Fattah El-Sisi’s election nearly three years ago.

Islamic State claimed the attacks on the St. George church in the Nile Delta city of Tanta and St. Mark’s cathedral in Alexandria, according to the U.S.-based SITE Intel Group, which monitors jihadist channels on social media. At least 27 people were killed in the Tanta bombing, the day’s first blast, Health Ministry spokesman Khaled Mogahed said. In Alexandria, at least 16 were killed in an attack on the seat of the Coptic Orthodox church there.

The violence demonstrates Islamic State’s intent to expand its presence in Egypt beyond the rugged confines of the Sinai Peninsula. That will likely add more pressure on El-Sisi to restore order as he seeks to attract foreign capital and placate a population increasingly frustrated with economic hardship.

The bombings come less than a week after El-Sisi met President Donald Trump at the White House, where he was praised for his efforts to fight terrorism. Targeting two major cities outside Sinai lets Islamic State show it’s “still able to operate -- despite this growing pressure -- and to embarrass the Egyptian government after Sisi’s visit to Washington” and before Pope Francis’s visit this month, said Michael Horowitz, director of intelligence at the political risk consultancy Prime Source.

‘Great Confidence’

Trump tweeted that he's "sad to hear about the terrorist attack in Egypt" and has "great confidence that President Al Sisi will handle the situation properly." The U.S. "will continue to support Egypt's security and stability in its efforts to defeat terrorism," State Department spokesman Mark Toner said in a statement. Al Sisi ordered the deployment of military units to help protect vital installations nationwide, the presidency said in a statement.

Egyptian shares dropped after the bombings, with the benchmark EGX 30 Index retreating 1.6 percent, the most since Feb. 27, at the close in Cairo.

The incidents bore the hallmarks of the Islamic State -- multi-pronged attacks aimed at inflicting as much damage as possible while minimizing the group's losses. In Alexandria, one of the casualties was a police officer who blocked the suspected suicide bomber from entering the church after he evaded a metal detector, security footage aired on television showed. In Tanta, the remains of a suspected suicide bomber were found in the church, the state-run Middle East News Agency said, citing an unidentified security official.

The bombings were "a mixed bag" for El-Sisi, said Samuel Tadros, a senior fellow at the Hudson Institute in Washington.

#### 'Dangerous Development'

"On the one hand it reinforces his narrative that Egypt is in war against terrorism, rallying the nation around the flag and so forth," Tadros said. "At the same time the attacks send a message of incompetence of the security apparatus" in containing the militancy, he said.

If the jihadist group proves able to operate more extensively outside of Sinai, "that would be a very dangerous development," he added.

El-Sisi declared that the attacks "will not undermine the resolve and true will of the Egyptian people to counter the forces of evil," according to a statement from the presidency. But the violence against civilians dealt the president a new blow at a time when his support is already being tested by the hardships Egyptians are being forced to endure as part of his economic reform program.

#### Currency Controls

A November decision to abandon currency controls helped to secure a \$12 billion International Monetary Fund loan and attract foreign investors. Yet it has also caused the pound to lose half its value against the dollar, sending prices soaring and annual core inflation climbing to over 33 percent in February.

#### Bottom of Form

The militant threat exploded after the 2013 military-backed popular uprising against Islamist President Mohamed Mursi and the deadly crackdown on his Muslim Brotherhood group that followed. The expansion of the attacks outside the confines of Sinai and, according to Egyptian media, a new focus on targeting Christians have only proven the jihadists' resilience. A deadly bombing at the Cairo cathedral in December, claimed by Islamic State's local affiliate, killed at least 25 worshippers.

The latest bombing "won't be the last terrorist attack because the state fights terrorism but doesn't fight terrorism-inspiring ideas, which is the main cause of the problem," billionaire Naguib Sawiris wrote on his official Twitter account.

#### Loyal Backers

Christians, who are widely estimated to make up around 10 percent of the nation's 92 million residents, have long complained of discrimination in the Muslim majority nation. They were among El-Sisi's

strongest backers after Mursi was pushed from power, but that loyalty, too, is being strained by the government's failure to contain the assaults on their community.

"This type of attack is the most dangerous, since it inflicts maximum amount of damage on human lives, disrupts tourism, and shakes the image of the state," said Ghanem Nuseibeh, founder of London-based consulting firm Cornerstone Global Associates. "It turns the conflict from a confrontation in the desert to a civil conflict in the heart of Egypt."

"This attack is likely to embolden the government, and provide it with even more legitimacy in its crackdown on Islamists and on dissent," he said.

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely

GOP attempts to reach across the aisle are complicated by lack of agreement on priorities

By RICHARD RUBIN

Democrats are starting to settle on a price for participating in a tax-code overhaul, and many Republicans won't want to pay it.

Democrats say they oppose net tax cuts and will resist proposals that mostly benefit high-income households. Those priorities diverge from President Donald Trump's repeated promise to "cut the hell out of taxes" and congressional Republicans' plans to lower marginal tax rates and repeal the estate tax.

"Tax reform's got to be responsible and it's got to be progressive," said Sen. Ben Cardin (D., Md.).

Republicans made overtures across the aisle in recent weeks and, in theory, Democratic participation on tax policy could ease legislative challenges for Republicans vexed by slim House and Senate majorities and internal disagreements. By attracting Democratic votes, Republicans could overcome procedural hurdles without uniting fractious wings of their own party.

## TRUMP'S FIRST 100 DAYS

There is, at some level, rhetorical room for agreement. Mr. Trump says middle-class tax cuts are a top priority. House Speaker Paul Ryan (R., Wis.) says he's aiming for his plan to be revenue neutral—collecting as much money over the next decade as the current system does. Mix Mr. Trump's class rhetoric, Mr. Ryan's budgetary promise and the prospect of spending on infrastructure and there is a recipe for bipartisanship.

But so far, those priorities aren't widely shared among Republicans and GOP plans haven't matched them. Mr. Trump's campaign plan delivered half its tax cuts to the top 1% of households, according to the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. House Republicans haven't shown in detail how their plan adds up and don't want to tie infrastructure and taxes together. Lower tax rates on businesses, investors and top earners are a unifying force in the GOP, and many lawmakers are reluctant to give that up to get a deal with Democrats.

Even if the White House and Democrats reach a conceptual agreement on taxes, any accord would drive many Republicans away and require the Trump administration and lawmakers to make decisions on hundreds of details.

Still, White House officials, who declared they are taking the lead on tax policy, have been meeting with Democratic lawmakers. House Ways and Means Chairman Rep. Kevin Brady (R., Texas) met with two groups of Democrats last week.



Democrats say they are wary but listening.

Mr. Trump's unpopularity, especially among Democratic voters, gives lawmakers political advantages in opposing the admin

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: igovpio@iowa.gov <igovpio@iowa.gov>  
Subject: MORNING/WEEKEND CLIPS 4.10.17  
Date: Mon Apr 10 2017 07:13:13 CDT  
Attachments:

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## Contents

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences' 1

DMR: Duel on guns at public venues in Iowa. 4

DMR Editorial: Legislature should ban use of traffic cameras. 6

DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES. 8

DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM... 11

DMR: Bondurant community remembers killed family. 16

DMR: KUTCHER: 'I ALMOST OWE EVERYTHING OF WHO I AM' TO IOWA.. 17

DMR: Chinese media take interest in D.M.-based Jasper Winery. 19

DMR: COMING OUT CONSERVATIVE. 20

DMR Editorial: State and federal forfeiture reforms fall short. 25

DMR: Did city councilman's opposition to a pork plant lead to suicide?. 26

DMR Iowa View: On abortion, liberals cite science fiction. 35

DMR: Grassley pledges to preserve filibuster for legislation. 37

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN.. 39

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT. 40

DMR: Grassley, Ernst back U.S. strike on Syria. 41

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE 'DOESN'T FIT IN SOCIETY' 42

DMR: Iowa Senate confirms three appointees to regents board. 44

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts. 45

DMR: Templeton Rye one step closer to distilling whiskey in Iowa. 46

DMR: Casino in Clinton debuts simulcast horse, dog racing. 47

DMR Editorial: Is Harreld proposing merger or hostile takeover?. 48

DMR Iowa View: Women deserve to receive equal pay for equal work. 49

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?. 51

SCJ Editorial: Election bill will strengthen system of voting in Iowa. 52

LEE: Branstad meets with senators handling his confirmation. 53

LEE: Branstad and Xi: From possibilities, an enduring relationship. 54

Globe Gazette: Skipper: Government is often one big jigsaw puzzle. 57

LEE: Iowa's budget pinch: How did we get here?. 59

LEE: Iowa Senate leader sees 'outside chance' for tax reform this year. 63

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?. 64

LEE: Branstad no fan of granting pardons. 65

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible 67

KCCI: Six years later: Ashley Okland's murder still unsolved. 68

The Gazette: Branstad expects to sign firearms bill following review.. 68

Burlington Hawk-Eye Editorial: A wise move. 70

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements. 71

The Gazette Editorial: Affordable Housing: Second chances & better processes. 72

The Gazette Column: This is no time for a constitutional convention. 75

QC Times: Q-C lawmakers weigh in on Syria strikes. 77

QC Times Editorial: No answers in sight as Iowa exchange crumbles. 79

RI: Ashton Kutcher says good character 'is like your DNA' 80

RI: New leader to take over at the Clarinda prison. 81

RI: Grassley, others comment on Supreme Court confirmation vote. 81

RI: Key senator: 'outside chance' for tax cuts, reform in 2017. 83

RI: Iowa Supreme Court rules against request for a hospital safety report. 84

POLITICO: White House on edge as 100-day judgment nears. 84

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings. 88

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely. 90

Bloomberg: McFarland to Exit White House as McMaster Consolidates Power. 92

Bloomberg: Trump Preparing Order to Expand Offshore Oil Drilling. 93

REUTERS: U.S. air strike gives Tillerson a boost for Moscow talks. 95

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences'

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

In December 2013, Miranda Lalla was sent away for up to 25 years after she pleaded guilty to vehicular homicide while intoxicated for running over her friend in a pickup truck.

But two years, one month and eight days later, Lalla walked out of prison a free woman.

"It makes it feel like her life didn't matter," said Jessica Anderson, 28, the niece of Pamela Gross, the 44-year-old Iowa City woman Lalla killed. "I don't understand how you can take someone's life and then suffer very few consequences."

It's a common refrain from families whose loved ones have been killed in crashes caused by intoxicated drivers: Offenders are serving only a fraction of their sentences, which is evidence, they say, that Iowa doesn't treat drunken driving with the seriousness it deserves.

A Des Moines Register analysis of Iowa felony sentences lends credence to their argument.

Over the past six years, 47 people convicted of vehicular homicide while intoxicated were released after serving an average of 6 years and 4 months in prison — roughly one-fourth of their maximum sentence, Iowa Department of Corrections data show.

That's far less on average than inmates serving time for Iowa's other Class B felonies, including arson, robbery and manslaughter, all of which are punishable by up to 25 years in prison.

For example, released offenders serving time for second-degree murder or manslaughter spent 12 years on average behind bars, Iowa Board of Parole data show.

And prisoners doing time for arson or robbery, crimes where a victim may have been injured but not killed, spent seven to 15½ years on average in prison before they were released, a parole board report shows. "What message is that sending Iowa residents? That it's OK to get intoxicated, get in your car and go out and kill someone?" said Frank Harris, director of state government affairs for Mothers Against Drunk Driving, who has spent time in Iowa lobbying lawmakers for legislation that would strengthen Iowa's intoxicated driving laws. "Unfortunately, this is par for the course nationwide."

Others, however, caution that while there should be serious consequences for killing someone while

driving drunk, it's equally important to provide treatment to offenders struggling with alcohol addiction. "The sentences should be done on a person-to-person basis," said Lilly Wisely of Clinton, who in 2006 pleaded guilty to vehicular homicide-reckless or eluding and served one year. "I didn't have a previous criminal history or a drunk driving history. "I was scared straight in prison. Serving a longer sentence would not have been beneficial to me at all."

How much time is enough?

Despite decades of attention on the issue, Iowa has struggled to curb the state's problem with drunken driving, which in 2016 resulted in the deaths of at least 84 people from alcohol-related crashes.

The state is investigating another 16 fatal crashes where alcohol is suspected, potentially driving that number higher. Vehicular homicide while intoxicated has been a criminal offense in Iowa since 1911, according to a guide written by the state's Legislative Services Agency.

In 1986, Iowa lawmakers, citing its serious nature, made the offense its own chapter in the state criminal code. They designated the crime as a Class D felony, punishable by up to five years in prison and fines up to \$7,500.

Harsher sentences and fines were passed during the next decade, and by 1997, vehicular homicide while intoxicated was designated a Class B felony punishable up to 25 years.

Iowa is one of 14 states that sentences offenders up to 25 years or more for killing someone while driving impaired, but it also has one of the nation's most generous earnedtime policies for inmates. Depending on the crime, many offenders see their sentences cut by more than half the first day they are incarcerated.

On Dec. 2, 2005, Teresa Fagen, 15, was driving home after a Perry High School basketball game when a man fleeing police in a pickup rear-ended her vehicle, killing her. Joseph Phillip Long pleaded guilty to four charges, including vehicular homicide while intoxicated and was sentenced to up to 35 years in prison.

In late 2015, Long, now 46, was released to parole after serving 8 years and 10 months in prison.

"Once a sentence is handed down, you should be required to serve all of that sentence," said Michelle Brecht, 35, of Des Moines, who is Teresa's oldest sister. "When you go through the trial and the sentencing, it's all about the victim, which is the way it should be.

"But when you get to the prison part, it's like they forget there's a victim because they are so busy focusing on ways to get (the offender) out."

Efforts to reach Long were unsuccessful.

Through a spokesperson, parole board chairman John Hodges declined interview requests on what the board considers when deciding whether to release someone on parole. Hodges was appointed in May 2014 to the board, a full-time, taxpayer-paid position.

A spokeswoman provided the Register with criteria the board considers, including previous criminal and recidivism records, participation in prison programs, drug and alcohol history and propensity for violence.

Matthew Lindholm, a defense attorney whose practice is in West Des Moines, said the parole board also must take other factors into consideration, such as crowding in the state's prisons and whether there is room for "more dangerous offenders who need to be housed." "Everybody is so quick to point the finger at the offender — let's put them in jail and throw away the key," Lindholm said. "Statistics show that incarceration doesn't work. These are people with an addiction, and we need to look at solving their

addictions.”

Wisconsin lawmakers for the past three years have debated whether to require offenders convicted of vehicular homicide while intoxicated to serve a mandatory minimum sentence before becoming parole eligible. Polk County Attorney John Sarcone said that is worth exploring.

“The penalty (now) is such that it’s almost like you’re forgiving certain things,” Sarcone said. “Maybe it should be higher, like second-degree murder, which has a 70 percent mandatory minimum” on the sentence.

‘They haven’t learned their lesson’

Intoxicated driving third or subsequent offense is Iowa’s most serious charge for impaired drivers who haven’t hurt or killed anyone, no matter how many times they’re charged. Other states have added graduated levels and increased penalties for repeat drunken drivers. Beginning in January, Wisconsin can punish someone convicted of a fourth intoxicated driving charge with up to six years in prison. In addition, someone convicted of their 10th lifetime drunken-driving offense in Wisconsin must serve at least four years before becoming eligible for parole. However, an Iowa coalition that made recommendations last year for getting impaired drivers off the state’s roads did not include stiffer penalties for current drunken driving charges.

In past years, the Iowa Peace Officers Association has supported strengthening Iowa’s drunken driving laws. A spokeswoman said the group stopped advocating for changes because of the lack of interest from Iowa lawmakers. Sarcone said he would favor stricter sentences for repeat drunken driving offenders, particularly for those with three or more convictions.

“That’s the one area that ought to be looked at because for that small group, they are a danger to everyone,” Sarcone said. “It’s obvious they haven’t learned their lesson.” Since 2005, at least 11,390 people have been charged in Iowa with operating while intoxicated third or subsequent offense, a Register review of court record records shows. Among them is Leon Kurt Shivers, who in May 2012 and June 2014 was charged with third or subsequent offense drunken driving. Shivers eventually was sentenced to up to five years in prison but served 8 months and 25 days. Eight months after his release to parole, Shivers was driving drunk when he slammed into the minivan of John McCartney, 82, killing him. “The lack of teeth to our laws is frustrating,” said Story County Attorney Jessica Reynolds, whose staff prosecuted Shivers on the June 2014 charge. “When we send someone to prison for five years, we believe that they should go to prison for five years.” A review of data provided by the Iowa Justice Data Warehouse shows that on average, people convicted of third or subsequent drunken driving spend less than three months in prison before they are released to an OWI treatment center. Offenders who don’t go to a treatment center typically spend 15 months or less in prison, the data show. “It’s every prosecutor’s worst nightmare to have something like this happen,” Reynolds said, “that you work hard to send someone to prison for a certain amount of time, they are let out and re-offend and kill someone.”

‘People know drunk driving is wrong’

Pamela Gross’ family remains puzzled why Lalla served less than three years of her 25-year sentence.

Gross and Lalla had gotten into a fight in a parking lot after the two had been at a bar, court records show. Lalla got into her truck to leave, knocked Gross down with the truck and then ran over her, killing her.

Lalla spent more than a year in the Johnson County jail before she entered a guilty plea and was sentenced.

That jail time, as well as her time in prison, contributed toward her early release, as did her completion of a prison program, a parole board spokesman told the Iowa City Press-Citizen last year.

Lalla declined an interview request. Her parole was revoked in January because she was consuming alcohol and living with a felon. She's at a community- based corrections facility in Cedar Rapids.

Gross' family remains unsatisfied with her punishment.

"People know drunk driving is wrong and the risks involved with doing it," said Dianne Hesseltine, Gross' sister. "There should be mandatory sentences when you kill someone when you're driving drunk."

DMR: Duel on guns at public venues in Iowa

Bill's passage spurs debate on potential allowance at sites such as courts, Capitol

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The passage of a wide-ranging gun rights bill by Iowa lawmakers is raising questions about whether local officials can stop gun-carrying citizens from entering courthouses and city halls, although supporters of the measure insist there won't be any problems.

Sen. Nate Boulton, D-Des Moines, an attorney who voted against House File 517, said the legislation lacks clarity in defining local government control over firearms in public buildings. A "pre-emption" section of the bill says that Iowans can sue any city, county or township that enacts firearms bans if they believe they are adversely affected by the ban.

"I think there were a lot of missed opportunities to expressly define where these rights and limitations are," Boulton said. "Right now there are a lot of grey areas and it is going to require court interpretation."

But Sen. Dan Dawson, R-Council Bluffs, the bill's floor manager, said nothing has changed in current law regarding security in Iowa's public buildings. The legislation

does include a "just cause" provision for people who believe they have been adversely affected, he added.

"Our position is that it doesn't change the status-quo out there," said Dawson, who is also an Iowa Division of Criminal Investigation agent. For courthouses in Polk County and Pottawattamie County, for example, where dangerous weapons are banned and people must pass through a metal detector, there would be a "pretty high threshold" for someone to prove that while the buildings are highly secure, they are adversely affected, Dawson said. He believes city officials can prohibit weapons in city halls and he noted that schools will remain gun-free zones under a different section of state law.

The Iowa Judicial Branch, representing the state's courts, is officially opposed to the legislation, which received final approval Thursday from the Iowa House.

"The Judicial Branch registered against HF 517 solely because we are unsure if the pre-emption section of the bill (Division VII) will maintain the status-quo on courthouse security," said Steve Davis, communications director for the Iowa Judicial Branch.

Iowa Attorney General Tom Miller, the Iowa County Attorneys Association, and the Iowa Judges Association are also registered as opposed to the gun bill, which has a host of other provisions. They includes a controversial "stand your ground" section that says a law-abiding person does not have a

duty to retreat before using deadly force with a gun.

## Bill headed to Branstad

The bill now goes to Gov. Terry Branstad, who must decide whether to sign it or veto it. Branstad spokesman Ben Hammes said the governor is reserving judgment until he has time to carefully review the bill, as he does with all legislation. Polk County Attorney John Sarcone, a Democrat, told The Des Moines Register on Friday he wants Branstad to veto the gun bill. There is no question that local rules banning guns in courthouses and city halls will be challenged in the courts, Sarcone said, and he is concerned how the legislation will be interpreted. He also has concerns about possible difficulties in prosecuting homicide cases as a result of the stand your ground provisions. He described his stance as not political, but pro-public safety. "We come to the courthouse to resolve disputes in a peaceful fashion, not to fear if someone is carrying a weapon if they don't like the result," Sarcone said. "Banning all types of weapons from the courthouse just makes sense."

Sarcone said the gun legislation raises the possibility that someone could be charged with a felony crime, yet not have a criminal record and still have a permit to carry a gun that could be brought into a courtroom.

"Can they sit there at the counsel table with a gun?" Sarcone asked.

## Firearms at the Iowa Capitol

One legal issue is clear: The new legislation will allow Iowans who have a permit to carry firearms to have concealed guns as they walk inside the Capitol to visit with legislators, watch debates and attend committee meetings. Visitors to the Capitol are now screened and they aren't allowed to bring guns into the building, although some legislators have acknowledged being armed inside the Capitol. Sen. Jake Chapman, RAdel, said he believes law-abiding Iowans should be allowed to carry firearms at the Capitol, and in courthouses and city halls as well. "The reality is that this building is owned by the people of Iowa," Chapman said in an interview at the Capitol. "My seat out there is not my seat; it is the seat of the people of Senate District 10. This is their seat. They own the building. If they have a right to keep and bear arms, they have a right to carry in their building." Sen. Tod Bowman, DMAquoketa, has a different view. He points to an incident in September 2014 in which a man died at the Jackson County Courthouse in Maquoketa after he pulled a gun from a briefcase and pointed it at the county assessor. Francis Glaser, 71, a former Maquoketa city manager, had become agitated and vocal about his property taxes going up during a weekly meeting of Jackson County Board of Supervisors. Glaser pulled a small gun and fired at County Assessor Deb Lane but missed. A struggle ensued with a county supervisor and Glaser died when he was struck by a second shot.

"Most people that I have talked to don't want guns freely floating into these environments where feelings and emotions get high," Bowman said. Bowman voted for the overall gun rights bill, but he supported an unsuccessful effort to amend the measure.

Rep. Dave Heaton, RMount Pleasant, was among a handful of Republicans who voted against the gun bill. He said last month he supported most of the gun rights provisions, but the section applying to cities and counties would keep him from voting for it. He pointed to the 1986 murder of then-Mount Pleasant Mayor Edd King, who was shot by an angry constituent during a city council meeting.

"My town will never forget what happened," Heaton said. "They are my constituents. I can't support this bill because of what this bill does."

One of the gun bill's most controversial provisions, which would have prevented the Board of Regents from enacting gun-free zones on college campuses, was previously removed from the bill.

DMR Editorial: Legislature should ban use of traffic cameras



Regulation of the devices won't solve the profit-motive problem

At the beginning of this legislative session, it appeared that Iowa's state lawmakers were finally prepared to ban the use of traffic-enforcement cameras throughout the state.

The proposal seemed to have the support of both the governor and the Senate's Judiciary Committee chairman, Brad Zaun.

Then lawmakers gravitated toward a compromise proposal that would allow the cameras to remain. The final version approved by the Senate sought only to regulate the cameras' use by limiting their deployment to state-approved, high-risk locations, with fines capped and the revenue used for infrastructure improvements and public safety.

Now, however, the pendulum may be swinging back toward an outright ban. More than two dozen representatives in the Iowa House are supporting a bill that would prohibit the use of red-light and speeding cameras.

Not surprisingly, the biggest obstacles to both proposals are the Iowa cities that rely on revenue from the cameras. Cedar Rapids, for example, generates more than \$3 million a year from the cameras. Along with the cities of Muscatine and Des Moines, Cedar Rapids is now suing the Iowa Department of Transportation over the state agency's efforts to regulate the devices. It may be only a few weeks before a judge rules on the question of whether the state has the authority to order cities to take down cameras in locations where they aren't improving traffic safety.

Iowa lawmakers who remain unsure of how to proceed should take a close look at the arguments presented in this case. The cities are opposing a DOT rule that requires 1,000 feet of separation between a traffic camera and a speed-limit reduction. That rule was imposed after research conformed what common sense would indicate: placing the cameras any closer than 1,000 feet leads to more rear-end collisions as law-abiding drivers slam on the brakes to avoid being ticketed for exceeding the reduced speed limit.

It's a clear-cut example of how cities are willing to use the cameras not to make their streets safer, but to raise revenue. In fact, it could be argued that the cities are raising revenue at the expense of public safety — placing cameras in a manner that leads to more, not fewer, crashes.

Lawmakers should also be mindful of what triggered the lawsuit: In 2015, after the DOT examined the cameras' impact on traffic flow around the state, it determined

that 21 of the 31 cameras in use could remain in place due to their positive impact on traffic safety. But almost one-third of the cameras couldn't meet that standard and had to either be eliminated or modified, the DOT said. The cities didn't accept that.

Again and again, backers of the technology have argued that those who don't like the cameras should just watch their speed and they'll have nothing to worry about. Not true. They'll still have to be concerned with rear-end collisions caused by obvious speed traps. They'll also have to be concerned with their local law enforcement agencies being turned into revenue centers by their city council.

As effective as the cameras are in identifying and penalizing violators, they also invite abuse. Some states have been forced to pass laws prohibiting cities from collecting more than 30 or 40 percent of their total revenue from traffic citations.

As the DOT court case makes clear, some Iowa cities not only refuse to respect the DOT's authority to regulate traffic cameras, they are also willing to spend taxpayer money arguing that point in court. They also are unwilling to act appropriately even when their own data shows the cameras aren't being used

in a way that enhances public safety.

That's why the Iowa Legislature needs to move forward with its initial effort to ban the devices outright. It's the only way to prevent cities from continuing to partner with questionable, revenue-sharing companies that spit out citations in the form of civil penalties that completely bypass the criminal courts

## DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES

Warren County may be harbinger of efforts to meld services

GRANT RODGERS

GRODGERS@DMREG.COM

KNOXVILLE, Ia. — The court appearance here Wednesday by Warren County resident Erin Karas lasted just two minutes.

But it pulled Karas away from her restaurant job to make the 35-minute trip east from her home in Indianola to the Marion County Courthouse. Warren County's courthouse has sat mostly empty for more than nine months, evacuated amid worries about mold, plumbing issues and other problems.

"I'm missing out on work today because of this," said Karas, 45, who pleaded guilty to providing alcohol to a minor at her home last month.

For more than two decades, Iowa Supreme Court chief justices have issued intermittent warnings that budget considerations might someday force consolidation of the legal system. The move of Warren County's court operations is temporary, but what residents, attorneys and judges have experienced since June offers a glimpse of what court consolidation could bring.

State Rep. Chip Baltimore, a Boone Republican and attorney, said in an interview with The Des Moines Register that certain measures, such as closing clerks of court offices in certain counties, could be worth considering again — particularly in the age of digital filing.

"I think it has to come up," he said. "We talk about government efficiency and efficient use of tax dollars. ... Not that we are going to close a bunch of clerk's offices, but do they need to be there 40 hours a week, every week of the year with a full staff. I think that's definitely something we need to take a look at."

There is no plan in the works to consolidate court services, said State Court Administrator David Boyd, who is set to retire in September after four decades of working for Iowa's court system. And there are state laws barring certain moves, such as creating regional litigation centers or moving clerk offices out of county seats.

But Boyd admits there may come a time when offering court services in all 99 counties could be reconsidered.

"I really do hope at some point we are in fact considered to be a separate and equal branch of government and properly funded," he said. "That's not to say that we have to continue to do things in a particular way just because we've always done it that way." Legislators in January cut \$3 million from of the judicial branch's current budget as part of cost-cutting effort spread across the entire state government, causing a \$400,000 budget gap. In response, Boyd and court officials chose to close courts for an unpaid furlough day on May 26. The branch was already hamstrung when legislators in 2016 gave the judicial branch the same \$178.7 million it received the year before, forcing a hiring freeze, Chief Justice Mark Cady told lawmakers in January. "We are starting to see delays in our court

process, and I fear that this is going to continue if our needs aren't met," he said at the time.

While the judicial branch administers court services in the counties and employs clerk staff, judges and other workers, the responsibility for maintaining the state's aging courthouses falls to county governments. The average age of an Iowa courthouse is 100 years old. Thirty-eight of the current courthouses were built before 1900.

In May 2016, Warren County voters shot down a \$35 million plan to build a new courthouse and jail to replace the existing courthouse built in 1939 with financial support from the Public Works Administration. One month later, Arthur Gamble, chief judge of the Fifth Judicial District of Iowa, ordered court services to vacate the building amid health concerns.

Court officials hope they can return to Indianola next month. Warren County is renovating a former Fusion Fitness center into temporary courtrooms. It will spend about \$100,000 annually to lease the space while a more permanent solution is found to repair or replace the town square's deteriorating courthouse.

Years of chatter, but opposition remains

In 1991, lawmakers faced a \$300 million budget deficit. In an interview with the Register, former Chief Justice Arthur McGiverin outlined several ideas aimed at saving money, including the creation of regional "litigation centers" that could replace court services in some counties. McGiverin, an Ottumwa resident, emphasized that he would prefer having court in all 99 counties, but admitted "that may well be difficult to do" in the future. In January 1993, McGiverin announced in the annual State of the Judiciary Address to legislators that court administrators were working on plans to move courts out of several county courthouses and into regional centers. But the plan met strong opposition. The Iowa State Bar Association and rural county supervisors organized opposition amid concerns, in part, that closing court services would hurt small-town economies, even if other offices like county auditors and treasurers remained in courthouses.

That same concern would likely be raised again — along with concerns about Iowans' access to justice — if lawmakers and judicial officials were to consider consolidating services again, said Skip Kenyon, president of the Iowa State Bar Association. Kenyon is a longtime attorney in the Union County seat of Creston, where a district court judge travels to the courthouse for hearings one day a week and an associate district court judge comes on a different day.

In neighboring Adams, Taylor and Ringgold counties, a judge comes to the courthouse for hearings every other week, Kenyon said.

"If you don't have that draw to help bring commerce in, I think it's real hard for the town to continue to thrive," he said. "And I think the courthouse is part of that. It brings people to town."

Judicial branch officials under Chief Justice Louis Lavorato in 2001 released a cost-savings restructuring plan that would have moved clerk of court offices out of several counties in the state and into regional centers. But the plan was pulled weeks after it was released when lawyers and county officials again spoke out.

"Chief Justice Lavorato and I took a lot of heat," said Boyd, the deputy court administrator at the time.

Two years later, then-Gov. Tom Vilsack, a Democrat, signed a bill that included language prohibiting the creation of "regional litigation centers" — a reaction borne out of the court's restructuring plan floated in 2001, Boyd said.

In her 2009 address to lawmakers, Chief Justice Marsha Ternus briefly raised the issue again amid a national recession.

“We simply do not want to spend precious time on a concept that you are not prepared to consider, and in the past, you have acted to prevent any movement toward consolidating court operations,” she told lawmakers at the time.

### Consolidation in a microcosm

Warren County attorneys have gotten a taste of space sharing due to the forced closure of the courthouse in June 2016.

Under the order from Gamble, the Fifth District chief judge, most of Warren County’s court services were moved to the neighboring Marion and Madison county courthouses in Knoxville and Winterset, respectively. In the order, Gamble described “periodic” leaks of sewer water found in courtrooms, deteriorating air quality that made some employees sick, and dirty restrooms in the old building.

“Unfortunately, it is likely these alternate places of holding court will not be convenient for the citizens of Warren County. However, the board has not provided an alternative,” Gamble wrote at the time. Warren County Attorney Doug Eichholz, who was appointed to the position, said the emergency closure of the courthouse has put his office approximately \$41,000 over its yearly budget, partly due to the travel costs now associated with cases. To cut down on the costs of driving to Knoxville, the sheriff lent the attorney’s office a spare vehicle, and prosecutors try to carpool, he said.

Sharing space in aging courthouses is a temporary fix.

Several attorneys and others interviewed by the Register agreed that consolidating court services into regional centers would require construction of new facilities. “I think that almost unquestionably that would have to happen,” Boyd said.

Others, such as the Iowa State Bar Association’s Kenyon, suggest that the most worrisome aspect of consolidation is the effect on people using court services.

Since the closure of the Warren County Courthouse, some of the biggest frustrations have come from families involved with juvenile proceedings.

Juvenile matters were moved to Winterset, a 25-mile drive from Indianola and approximately 40 miles one-way from both Carlisle and Southeast Warren Junior-Senior High School in Liberty Center. Juvenile court hearings take place on Monday mornings. Children who are being held by the county have to be driven to and from court by their parents or guardians, said Alex Crabb, the first assistant Warren County attorney. “You’re picking your kid up at school and now you’re driving all the way over to Winterset,” he said. “I think that’s where I’ve had most of the frustration.”

Mason Ouderkirk, whose Indianola law firm sits on the town square directly north of the empty courthouse, said the costs passed on to clients is the chief burden. The travel costs for the average 45 minutes he spends on the road driving to and from Knoxville or Winterset can add “hundreds of dollars to the cost of a hearing for a client,” he said. “It’s a burden directly upon the client,” said Ouderkirk, who specializes in civil cases and family law. “They’re paying me for my time, and that’s unfortunate.”

Kenyon raised a similar concern. A state budget crisis forced the judicial branch to belt-tighten around 2009 and cut back on travel costs for judges and other employees, he said. At the time, he was litigating a personal injury case filed in Adair County that ultimately went to trial at the Dallas County Courthouse to accommodate the judge’s travel schedule. That meant Kenyon and the other attorneys and witnesses were on the road daily to Adel throughout the trial. “It created a lot of additional expense for my client,” he said. “If you go to something like a regional center, that makes it that much more expensive, and the people who need (court services) are the ones that are going to have to be paying for it,” he said. Warren County officials are trying to decide their next move. They could choose to tear down the existing courthouse on the Indianola square and start from scratch at another location. Or they could keep the courthouse where it is, but build a jail at another location. A new bond referendum

is currently scheduled for Aug. 8.

## DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM

State struggles to reduce number of repeat offenders

Since 2005, over 11,300 have been hit with at least their third drunken driving charge

KATHY A. BOLTEN

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

Randy John Stubbe was sent to prison in 2008 for driving while intoxicated in a Butler County crash that killed his wife. After he got out, he was charged twice more with driving drunk and in March returned to prison for two more years.

Deanna Marie Gliem of Des Moines was drinking before she crashed her car into another vehicle in 2015, killing the driver and passenger. Before she could go to trial, she was arrested for drunken driving in Lucas County.

And Donald Dean Gridley of Fairfield served less than a year in prison in the 1990s for causing the death of a passenger in a drunken driving crash. When he got out, he was arrested twice more for drunken driving, then charged with vehicular homicide while intoxicated in a 2012 crash that killed his father.

Talk with Iowa law enforcement officers, and they will tell story after story of people arrested repeatedly for being drunk behind the wheel. It's a constant struggle that is costing lives, they say.

"You would think, as a human being, if I killed somebody while I was drinking and driving that I wouldn't drink and drive anymore," Woodbury County Sheriff Dave Drew said. "That just shows you the power of alcohol in some people's lives. Some people are better off never touching it."

An exclusive Des Moines Register analysis of more than 200,000 Iowa court records involving intoxicated driving over the past 12 years illustrates the magnitude of that struggle:

» Since 2005, 222 people have been charged with vehicular homicide while intoxicated, and nearly one-third previously had been arrested for driving while intoxicated. Several had been arrested multiple times.

» At least 13 of those drivers were caught driving drunk again after they had been charged or convicted of killing someone while driving under the influence.

» More than 11,300 people were charged with intoxicated driving-third or subsequent offense, meaning they had been charged with driving while intoxicated at least three times in the past dozen years. The repercussions of those stark statistics play out daily on Iowa's roads, too often ending in tragedy, such as on Oct. 17, 2006, in Story County. A driver weaving in a van on U.S. Highway 30 slammed head-on into a sedan and killed Jonathan Baugh, a 17-year-old Valley High School senior who was on his way to watch a volleyball match in Ames. The van's driver, Phillip Ray Stephens, had an open bottle in the vehicle and reeked of alcohol, court records show. Stephens had already been convicted of drunken driving in 2000 and had another charge pending for a January 2005 arrest, according to court records.

Stephens was sentenced to up to 18 years in prison for the fatal crash but served only 5 1/2 years

before being released in September 2012 to a community program. In May 2016, he was discharged from parole and within weeks was arrested twice for operating a vehicle while intoxicated, with sentencing scheduled for Monday. “He’s using his vehicle like a weapon when he gets behind the wheel,” said Tracy Baugh, a Baptist minister and father of Jonathan, who was among the 1,100 people who have been killed in alcohol-related crashes in Iowa since 2005. Stephens did not respond to a request for an interview. Tracy and his wife, Pam, who now live in Spencer, want Iowa to require intoxicated drivers who kill someone to serve 80 percent or more of their sentence. And they want to see chronic offenders such as Stephens barred from driving for life. “People on the road with him are escaping death — just like if there’s a gunman in a shopping mall and people walk away unharmed,” Tracy Baugh said.

‘Drinking is like a deadly weapon’

Donald Gridley, who has twice killed people while driving drunk, said people like him are “playing with disaster.”

“Bad things are going to happen to you eventually,” Gridley told the Register during a telephone interview from Mount Pleasant Correctional Facility.

A jury in 2014 convicted after a jury convicted him of vehicular homicide while intoxicated. “Drinking is a like a deadly weapon, and somebody will either be hurt or wind up dead because of it.” Of the 13 drivers in the past dozen years caught driving drunk again after already killing someone while driving drunk, nine, including Gridley, Stephens and Stubbe, had served time in prison. Four, including Gliem, were awaiting trial. Gridley’s first conviction for causing a death came in 1992, when he pleaded guilty to involuntary manslaughter and driving drunk. That was followed by two more arrests for drunken driving before the night of drinking in December 2012 when his father, Patrick Gridley, was killed. Gridley said his father had persuaded him to attend a funeral with him. Afterward, the two went to a bar and drank into the early hours. “I made a bad choice to go to the funeral and then to drink,” Gridley said. “It ended up in a mess.” Gridley said he doesn’t remember the crash or whether he was driving. Court records say he ran a stop sign and drove his father’s Ford pickup into a ditch in rural Wapello County, then walked to a nearby farmhouse for help. A county sheriff’s deputy found his father, 65, dead inside the truck.

A test administered several hours after the crash showed that Donald Gridley’s alcohol concentration was 0.198 percent, more than twice Iowa’s legal limit.

It also detected marijuana, oxycodone and an anxiety medication, court records show. Gridley was sentenced to up to 25 years in prison. His expected release date is December 2025. While in prison, Gridley said he’s attended weekly meetings of Alcoholics Anonymous and Narcotics Anonymous and attended a class called “Thinking for a Change.”

But, he said, he’s not received any treatment or counseling for his addiction to alcohol.

Nonetheless, Donald’s mother, Linda Gridley, said her son has been behind bars long enough.

“He’s not the man he was five years ago,” said Gridley, 69, of Fairfield. “He talks differently and he acts differently. He’s paid his dues — now he’s in there without any rehabilitation and with no treatment.” Donald Gridley also believes he’s ready to be released after more than two years behind bars. He said he won’t drink again because “of all the trouble and pain and agony it caused my mother and the rest of my family.”

‘He should have been sitting in jail’

The Register’s analysis of tens of thousands of intoxicated while driving arrests since 2005 illustrates Iowa’s shortcomings in keeping impaired motorists from getting back behind the wheel.

Intoxicated driving third or subsequent offense, filed against more than 11,300 people in Iowa in the past dozen years, is the state's most serious charge for impaired drivers who haven't hurt or killed anyone. The Register found offenders who had been arrested as many as eight times for impaired driving since 2005, but they still faced the "third or subsequent offense" charge. One of the people who faced that charge was 53-year-old Kirk Arnell Thomas of Marshall County, who was sentenced in February 2016 to up to 15 years in prison as a habitual drunken driving offender after his third arrest in less than six years. In fall 2015, Thomas was arrested twice for driving while intoxicated by Marshalltown police. Preliminary breath tests showed Thomas' blood al-

Continued on Next Page

Signs you may be an alcoholic

People who answer "yes" to at least two questions on the so-called CAGE screening test should investigate whether they may be abusing alcohol. The screening test is widely used to determine potential problems with alcohol, according to the National Institute on Alcohol Abuse and Alcoholism. CAGE is an acronym based on key words from each of four questions: cut down, annoyed, guilty and eye-opener.

The questions to ask yourself are: » Have you ever felt you needed to cut down on your drinking?

» Have people annoyed you by criticizing your drinking?

» Have you ever felt guilty about drinking?

» Have you ever felt you needed a drink first thing in the morning (eye-opener) to steady your nerves or to get rid of a hangover?

Where to get help:

The following are centers or groups that work with people with chemical dependencies: Powell Chemical Dependency Center Iowa Lutheran Hospital 700 E. University Ave., Des Moines 515-263-2424 St. Luke's Chemical Dependency Program Cedar Rapids 319-363-4429 Iowa Substance Abuse Information Center Cedar Rapids Ladd Library 3750 Williams Blvd. Southwest, Cedar Rapids 866-242-4111 Alcoholics Anonymous' Central Office 1620 Pleasant St., Suite 228, Des Moines 800-207-2172 (toll free)

More online

More than 80 people were killed in crashes involving drunken drivers, Review data on the crashes by location and type of crash, plus find information about each of the people killed in those crashes in 2016. Go to [DesMoinesRegister.com/DrivingDrunkData](http://DesMoinesRegister.com/DrivingDrunkData).

cohol concentration at nearly three times the legal limit.

Thomas, in a telephone interview, said he has been attending Alcoholics Anonymous meetings and life-skills classes while incarcerated at Iowa's North Central Correctional Facility in Rockwell City.

He said he's lucky he didn't seriously injure or kill someone when he drove drunk.

"There was no good reason for me to be doing that," Thomas said. "But I did it, for some foolish, unknown reason."

Law enforcement officials say something is wrong that people like Thomas can't be kept from behind the wheel of a vehicle after multiple intoxicated driving charges.

“It’s frustrating to me because, one, he shouldn’t have been driving because he had been barred,” said Marshalltown police Lt. Rick Bellile, who arrested Thomas on Oct. 6, 2015, for third-offense drunken driving. Thomas had also been arrested four weeks earlier for drunken driving.

“The problem with our system is that we let these repeat offenders out of jail while they are waiting (for trial), and they go out” and continue to drive while they are intoxicated, Bellile said.

The fact is most people caught driving drunk have done it before, said Kim Brangoccio, manager of UnityPoint Health’s Powell Chemical Dependency Center in Des Moines.

Alcoholism is a “chronic relapsing disease, and although people can get treatment, sometimes they really don’t want to quit,” she said.

Typically, Iowa requires those charged with third-offense intoxicated driving to undergo treatment. Many are sent to community-based residential correctional facilities, which provide substance abuse treatment programs licensed through the Iowa Department of Public Health.

Treatment isn’t always successful, however, particularly if offenders fall back into old habits. “If they get back into similar life situations with the same stressors and the same friend and the same job, they’ll relapse,” Brangoccio said. “Changing just a few things is not enough — you have to really make some significant changes.” People need to understand what causes them to drink, she said. “If the reason you drink has to do with coping or has to do with your inability to deal with your own self-anxiety — if you don’t get help for those things at the same time you’re getting alcohol or drug help, your chance of relapse is very high.”

Searching for a better way

Meanwhile, Iowa continues to look for ways to better address its drunken driving problem, particularly repeat offenders.

Last year, a coalition submitted 66 proposals for reducing impaired driving in the state. One of those has made its way into a bill making its way through Legislature. The proposal would give law enforcement jurisdictions the option of participating in a program requiring some offenders to provide a breath sample twice a day to prove they haven’t been drinking. A similar program in South Dakota called 24-7 requires repeat drunken drivers to take a Breathalyzer test twice a day as part of their bond or parole conditions. Since the program has been in place, arrests for repeat drunken driving have fallen 12 percent, studies have shown. Polk County associate district court Judge Carol Egly wonders whether some drivers must be saved from themselves.

“There are some people that — maybe one should just assume — should not be driving regardless of what they do with their treatment program,” said Egly, whose assignments include presiding over intoxicated driving sentencing. “Maybe we should be identifying those people and making it possible for them not to be using automobiles.”

That idea appeals to Tracy and Pam Baugh, whose teenage son died in a drunken driving crash 11 years ago. Stephens, the driver who killed their son, was arrested Aug. 26, 2016, after a Johnson County sheriff’s deputy saw him swerving “all over” eastbound Interstate Highway 80 in Iowa City, court records show. Stephens “smelled strongly of ingested alcohol.”

Six weeks earlier, Stephens was arrested at Saylorville Lake in Polk County for operating a boat while intoxicated.

A trial is pending in the Polk County case; Stephens pleaded guilty to the Johnson County charge and will be sentenced Monday.

“It’s like how many more lives does it take before they throw the key away,” Pam Baugh said. “Whose



life is going to be next?”

DMR: Bondurant community remembers killed family

LINH TA

LTA@DMREG.COM

The community of Bondurant is close-knit.

Most people know each other, or know of each other, residents say.

So when they learned that three of their own were killed, they did what close communities do — they gathered to support one another.

“Because it’s Bondurant, people just come to help each other,” said Samantha Hunter, a 24-yearold from the town.

Outside Bondurant-Farrar High School, people cried and embraced during a vigil to remember Mark, Charla and Tawni Nicholson.

In a circle around the flagpole, people stood shoulder-to-shoulder with candles flickering against the night sky.

It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons’ home to conduct a welfare check. There, they found the bodies of Mark Alan Nicholson, 58, Charla Lee Nicholson, 56, and their daughter Tawni Alexis Nicholson, 24.

Chase Marcus Nicholson, 20, is currently in Polk County Jail on a valid material witness warrant, according to a news release. He is being held on a \$2 million cash-only bond. He is the son of Mark and Charla, and is Tawni’s brother.

Hunter and Lindsay Schaper, 24, went to Bondurant- Farrar High School with Tawni.

They also roomed together at Iowa State University, where she graduated in August.

“She was just a ray of sunshine,” Schaper said. “She always had open arms for everybody.”

When they learned both she and her parents were killed, they were shocked.

It’s something that doesn’t happen in the town of about 5,000 people.

“It’s one of those things you can’t believe that happened here,” Hunter said. “They treated you like you were a part of their family.” As Chase Nicholson sits in Polk County Jail, additional charges in relation to the case are possible, according to law enforcement.

But as the community mourned together outside, Jeff Sanderson, pastor at the Federated Church of Bondurant, addressed them. He reminded them of one thing — that in the afterlife, anything is possible.

“I pray that we have the opportunity to watch a mother, a father, a daughter and son embrace.”

DMR: KUTCHER: ‘I ALMOST OWE EVERYTHING OF WHO I AM’ TO IOWA

Actor in W.D.M. to get award for 'good character'

MATTHEW LEIMKUEHLER

MLEIMKUEHLER@DMREG.COM

Ashton Kutcher left Iowa wanting to escape the small towns and endless farmland that surrounds each.

Now, a worldwide success at age 39 and a father of two, he seems pretty happy to be home.

"I left Iowa wanting to get out of Iowa, and the older I get the more I want to come home," he said in an exclusive interview with the Register Saturday evening. "In part, because the more places I go, the more I realize how great it is here, and the more I realize that I almost owe everything of who I am to where I come from."

The eastern Iowa-raised Hollywood superstar appeared at the Ron Pearson Center in West Des Moines Saturday night to receive the Robert D. Ray Pillar of Character Award, an annual honor given by Drake University to "individuals who demonstrate good character as a role model." Outside of acting, Kutcher, 39, is known for multiple philanthropic efforts, including cofounding (alongside Dallas Clark) the Iowa disaster relief organization The Native Fund and Thorn: Digital Defends of Children, which uses technology to combat sexual exploitation of children.

"I think the one thing that you realize the minute you become a parent is that character is the one thing you can give them as a parent," he said. "You can actually, materially impact that ... and then everything else becomes their choice."

The "That '70s Show" and "The Ranch" star was born in Cedar Rapids and went to high school in Homestead; he made his West Des Moines appearance alongside wife and fellow star Mila Kunis. Kutcher's mother, Diane Portwood, and her spouse, Mark, as well as his father Larry and his spouse, Colleen, were also in town to see one of Iowa's most celebrated bring home the award.

On fatherhood, Kutcher said there are three Iowan values that impact how he raises his children: A general kindness, always keeping your word and showing good work ethic. Kutcher and Kunis welcomed their second child, a son, Dimitri Portwood Kutcher, into the world last November. The couple became parents to a girl, Wyatt Isabelle Kutcher, in 2014.

"There's an earnestness and an honest-ness here that lacks in a lot of other places in the world," Kutcher said. "People aren't afraid to work and aren't afraid to work really hard. They understand that working hard actually gets you there."

That earnestness was on display Thursday when Kutcher and Kunis surprised students at Oskaloosa High School. When addressing the students, he delivered a short, galvanizing message: "Just because you're a kid from Iowa, don't think you can't have big dreams."

It wasn't his first time impacting Iowa schools: In 2016 he surprised teachers in more than 100 Iowa schools by fully funding every Donors Choose.org project open in the state on that day. DonorsChoose is an online crowdfunding platform teachers use to finance classroom needs. Kutcher said he wanted to let the students know that you can build "the next great thing," no matter where you're from.

"What I suggested to those kids is (that) they don't limit the scope of their pursuits to the things that see that already exist," he said.

Kutcher received the Pillar of Character award in part due to the launch of The Native Fund, which works primarily in disaster relief for Iowans. Kutcher said he could see the locally-based non-profit

extend the model in place to other states and more causes.

First, he said, the organization must continue to grow capital. After that could come expansion into new regions and different causes.

“For us right now, it’s about raising a significant reserve capital fund for disaster relief,” Kutcher said. “And then really identifying for ourselves what constitutes disaster relief. Who actually needs disaster relief? And how do (we) build this so it’s not some wonky entitlement plan that grows and gets sloppy? ... This is all about helping people. It’s not about doing for people.”

The discussion wasn’t completely dominated by Kutcher’s character and philanthropic efforts; when asked about the Hawkeyes’ football prospects in the fall, he smiled and laughed.

“That’s a set-up,” he laughed. “I know a set-up when I see one.”

Notables intended for the “All Star Evening” featuring Kutcher and Kunis included Gov. Terry Branstad, Lt. Gov. Kim Reynolds, Super Bowl-winning former NFL tight end Dallas Clark, Drake University president Marty Martin and “The Bachelor” alum Chris Soules, a news release said. Past recipients for the award include Hayden Fry, Fred Hoiberg and Shawn Johnson.

DMR: Chinese media take interest in D.M.-based Jasper Winery

While Chinese President Xi Jinping’s first meeting with President Donald Trump has made headlines for the potential implications to trade and international relations, it has also sent reporters looking for off-the-beaten-path stories about the two nations.

That’s what recently led CGTN, China’s state-owned 24-hour English Language TV network, to a winery in Des Moines.

CGTN this week published a feature about Jasper Winery, highlighting the deep economic and political ties between Iowa and China and the growing interest from Hawkeye State companies to do business in the world’s most populous country.

Mason Groban, head winemaker at Jasper said the TV spot could help the small, Des Moines-based winery gain a larger foothold in China.

“If you understand the Chinese consumer, a story like this can be pretty significant,” he said.

The ties between Iowa and China, and specifically those between Gov. Terry Branstad and Xi, who have called each other “old friends,” are well-documented and widely celebrated.

In 1985, Xi visited Iowa on an agricultural research trip and met Branstad for the first time. The two leaders met again in 2011 during a gubernatorial trade mission to China.

In 2012, Xi returned to Iowa, for a farm tour, agricultural forum and state dinner, where he and Branstad toasted with wine from Jasper.

In December, Trump appointed Branstad ambassador to China, noting his deep ties to China and Xi. Branstad is yet to be confirmed.

CGTN toured Jasper’s vineyard and winery and then visited Muscatine, where Xi stayed as a young agricultural researcher.

The network also asked Iowa Republican Party Chair Jeff Kaufmann about the tension between Iowa’s

dependence on exports to China and the state's support for Trump, who has promised to get tough on China, stoking fears of a potential trade war.

"Hopefully, we can find a policy that fits our interests but at the same time doesn't alienate any economic opportunities we have with China," Kauffman told CGTN.

China Daily, a stateowned English-language newspaper, also recently featured the state in a front-page story titled "Iowa hopes to ramp up trade with China."

Jasper Winery has been eyeing the Chinese market ever since the toast between Xi and Branstad. The winery hired The China Iowa Group, a West Des Moines-based trade consulting firm, to help clear regulatory and political hurdles needed to sell wine in China.

In 2015, Jasper made its first shipment, selling about 1,000 bottles in China.

"They don't have a lot of spare capacity, but we sold as much as we could get our hands on," said Li Zhao, founder of the China Iowa Group.

Chinese consumers have a taste for wines from Napa and other well-known grape-growing regions, but few Iowa wines have made it into the market, Li said.

Groban, the winemaker, hopes the CGTN feature, as well as Branstad's pending ambassadorship, open the door to more exports. "Initially, we were just getting our feet wet in the market," he said. "We would love to export more and we definitely have the capacity to ramp up production."

China Iowa Group and LS2group form partnership

The China Iowa Group, meanwhile, recently announced a partnership with LS2group, another Des Moines-area consulting firm. The two firms said they plan to work together to help U.S. companies sell products in China and facilitate the Chinese investment in the U.S.

LS2group will focus on government affairs, lobbying for policies, like those that would allow U.S. eggs, beef and other products to be imported to China. China Iowa Group will focus on finding markets for U.S. products in China and facilitating Chinese investment in the U.S. "It's a perfect relationship because our skill sets complement each other well," said Chuck Larson, a partner with LS2group, and a former state senator and U.S. Ambassador to Latvia.

DMR: COMING OUT CONSERVATIVE

Chadwick Moore was an openly gay socialist at the University of Iowa. Now he's a pariah among New York liberals

For Chadwick Moore, admitting he was a gay man to his "Fox News-watching, gun-toting Republican" dad in Iowa was a breeze compared to coming out as a conservative this year to his liberal friends in New York.

This is the 33-year-old University of Iowa alumnus whose Out Magazine profile of former Breitbart News provocateur and "Internet super villain" Milo Yiannopoulos inspired such outcry against Moore that it made him realize he had been living a lie: He now has more in common with the GOP.

He has been lambasted as a "fake conservative" and "attention whore" on social media. But he insists that his ideological shift was glacial and gradual, not sudden and opportunistic. Even in high school, Moore said, his senior AP English thesis was an argument against hate-crime legislation based on constitutional grounds. "I'm not, like, an establishment Republican," he said. "I'm still very much the

person I've always been. And I've never registered as a Democrat for that reason.”

His world was simpler and more neatly defined in 2001, when Moore was a high school graduate en route to his freshman year at the University of Iowa in Iowa City. He rode shotgun in his father's pickup truck.

On the verge of dropping off his son into a teeming throng of 29,000 restless young coeds, Moore's father, Gary, finally broached the topic.

Well, his dad said, your sister told me something about you.

Moore had an inkling of what was next: Oh yeah?

She told me that you're gay. Is that true?

Moore's stomach suddenly was in knots. He already had come out to his liberal mom a few years earlier, with no problem. His parents are divorced; she lives in Nashville. But he was a little more daunted by his dad: a macho, cigarchomping accountant, farmer and hunter in Oskaloosa.

Moore braced himself and answered: Yeah, it's true. Gary was quiet for a minute. Finally, he responded: Well, I guess I'm going to have to tell your boyfriends what I tell your sister's boyfriends.

Moore, still apprehensive, suddenly was intensely curious: What's that?

If you hurt my son

I'll... To complete that sentence no doubt would offend some of you. Suffice it to say that Gary, to quote Iowa Sen. Joni Ernst, was ready to “make 'em squeal” in defense of his son. Moore thanked his dad profusely for the sweetly protective sentiment.

That tender moment, if a bit raw, was a bridge between a father and son who, at the time, stood on opposite ends of the political spectrum.

Once ensconced at the U of I, Moore “became an immediate socialist,” he said. He marched and protested his way through college while decked out in a garish wardrobe of thrift store castoffs.

All the while, the identity crisis that seethed within Moore was not hormonal. It was ideological.

“Some people experiment with their sexuality in college,” he said. “I experimented with farleft politics.”

‘Alienated and frightened’

Moore now lives in another liberal enclave — the Williamsburg neighborhood of Brooklyn, New York. He has long since set aside his college dreams of becoming a fiction writer to establish himself as a legitimate working journalist.

His profile of Yiannopoulos was posted Sept.

21 in the publication catering to the LGBT community that serves an audience of a couple hundred thousand readers, on the eve of the bitter presidential election. The Breitbart editor had become a notorious figure thanks to his loud mouth and the rampant protests over his speeches on college campuses.

(This was before Yiannopoulos resigned from Breitbart in reaction to the firestorm spurred by his comments that appeared to condone pedophilia.) Moore faced instant backlash from friends and strangers alike.

His editors went so far as to preface the profile with a lengthy disclaimer to distance themselves from Yiannopoulos' views while simultaneously decrying "social media tribalism," where "the mere act of covering a contentious person can be misrepresented as an endorsement."

Moore kept getting the cold shoulder at his local gay bar. Good friends stopped calling.

He had become a pariah.

"The gay community has been my entire life since I was 15," he said.

"And I love the gay community. I love gay culture. I love drag queens.

I love gay bars. It's been my everything, and now all that's gone. So, yeah, it's sad. I'm mourning the loss of that."

Fed up with all the backlash, Moore in February wrote a manifesto of sorts in the New York Post: "I'm a gay New Yorker — and I'm coming out as conservative." He criticized President Donald Trump for his travel ban and cabinet choices. But mostly the article served as a kiss-off to the left wing that had counted him as one of their own. "All I had done was write a balanced story on an outspoken Trump supporter for a liberal, gay magazine," he said, "and now I was being attacked. I felt alienated and frightened." "It can seem like liberals are actually against free speech if it fails to conform with the way they think," he added.

"And I don't want to be a part of that club anymore."

'It seems like if you choose a side, you're ostracized'

Among those shocked by Moore's conservative coming out were two of his best friends and college classmates, a pair of women from Iowa. Kat Durst, raised in Ottumwa and Davenport, met Moore on their first day in the college dorm, not long after the pivotal scene in the pickup truck with his father. Today, she's a 34-year-old real estate agent. She and her husband, a physician, are raising two kids, 3 and 5, in Gainesville, Florida. Moore was a bridesmaid in her 2010 wedding.

As Moore tangles with critics on Twitter, Durst fills her Facebook feed with liberal commentary fully in keeping with her former undergraduate self. Durst can't take the leap from Democratic socialist to conservatism with her friend, but that doesn't matter to her.

"Even the things that I thought he thought in college... He doesn't owe that to me — to still think that — or owe it to anyone," she said. A third friend entered their circle at the U of I when Haley Niichel spotted Moore in a computer lab clad in a white T-shirt, tight jeans and blue bandanna. She grew up in Orange City, the conservative stronghold of northwest Iowa. This was the first gay person she was aware of meeting.

Moore "knows how to kind of step on a nerve," said Niichel, who now lives in West Des Moines. "He has that innate sense of going in for the kill.

But I think he makes liberals really think about what they're fighting for."

Her job as a mortgage underwriter, as Niichel puts it, is to "document logic." She wonders whether that helps make her more of a libertarian who falls on the political spectrum somewhere between her two friends.

"It seems like if you choose a side, you're ostracized by the other side," she said. "If you're not super liberal, you're a Republican in the liberals' eyes. If you're not actively going to all these protests — in an aggressive, gnashing way — it's not enough for them."

Are we building bridges or silos?

Moore's paternal family roots in Iowa predate the Civil War. He was born in Tennessee and raised in Illinois.

I wouldn't be surprised if he ends up writing his gay, Midwestern variation on J.D. Vance's "Hillbilly Elegy," a New York Times best-selling account of the author's roots in white workingclass Appalachia that has been embraced as a guide to the rural disaffection that helped Trump win the White House.

"I've always known these people," Moore said of his conservative Midwestern friends and family. "I've always liked these people." Moore's dad said that he and his son always have been close and have shared quality political discussions.

"I probably disagree with everybody on certain things," Gary said.

"Talk to me. I will listen.

But don't try to be overbearing and convince me that you're right unless you can really have some facts to prove it." Perhaps surprisingly, Moore in the recent election voted for Hillary Clinton — not Trump. He called it a "pre-emptive defense" against criticism from his liberal neighbors, when he still was worried about mending fences.

Moore's dilemma made me seek out one of Iowa's most prominent, stalwart gay activists: Donna Red Wing. She has fought for decades for gay rights. She's married to a woman. She recently stepped down as director of LGBTQ-advocacy group One Iowa and now directs the Eychaner Foundation that awards its own Matthew Shepard Scholarships.

Red Wing made headlines in recent years by partnering with somebody perceived as her nemesis: Bob Vander Plaats, whose Family Leader pushes the "family values" cause of evangelical conservatives and led the fight against same-sex marriage in Iowa. The unlikely pair turned their private coffee conversations into a public series of dialogues to make a point about the desperate need for civility in our polarized politics.

If not to the extent of Moore, both of them weathered criticism from their respective political camps for breaking bread with the "enemy." But Red Wing considers herself "old and cranky enough" that she's "tired of always making it one side or the other."

"Are we living in this community," she said, "or are we just building silos and living by ourselves?"

She added, "Our sexual orientation and gender identity really have little to do with where we are, in terms of being progressive and conservative."

Not that Red Wing is on the same page as Moore when it comes to Trump. He sees the president as opening up the GOP to new, more diverse voices. He sees the president's trolling of the media and his rivals as a necessary gambit to wrangle with entrenched forces.

"The most powerful institutions in our society are all toting the same narrative," he said, "and they're all left-leaning."

Red Wing, however, sees Trump promoting intolerance. She worries that his actions hampering, say, immigrants and Muslims all too easily may spread to the gay community, or already have through far-right forces grown more powerful in various courts and state and local offices.

I don't have easy answers about when to stand up and shout in protest versus when to sit quietly and talk, extending an olive branch.

Both civility and protest, if we can apply them at the proper times, are crucial to our democracy. I do know that Moore shouldn't have been spurned for writing his original profile of Yiannopoulos when he was simply doing his job as a journalist. Because Red Wing's words echo in my head: Are we living in this community, or are we just building silos and living by ourselves?

As Gary put it, "I don't know if there's ever going to be an answer" to our polarized politics.

"All I can say is I hope people will listen."

If nothing else, Moore as an outed conservative has a lot more to discuss politically with his dad and his other Republican relatives in Iowa. "If Trump does a good job," he said, "I'll be very excited to vote for him in four years." That may not be a rhetorical bomb on par with Yiannopoulos.

But it still won't play very well in Brooklyn.

DMR Editorial: State and federal forfeiture reforms fall short

Civil libertarians and small-government conservatives agree: The government should not be allowed to seize the assets of law-abiding citizens.

Yet, for the past 30 years, state and federal officials have done exactly that, wrapping the practice in the bulletproof vest of "law enforcement." The officials argue that they are keeping our streets safe by laying claim to the cash, cars and real estate belonging to individuals whose only "crime," assuming one was even committed, was a minor traffic offense or drug-possession rap. In 2013, two California men driving home after a gambling tournament in Illinois had their \$100,000 bankroll seized after an Iowa police officer pulled them over for failing to signal a lane change on Interstate 80 in Poweshiek County. Authorities eventually gave back \$90,000 of the money, but after the men sued, the state was forced to pay the men an additional \$60,000 just to settle their case.

Such abuses are numerous and well-documented, but state and federal lawmakers have been slow to enact reforms for fear of being perceived as soft on crime. But changes are in the works.

Under a bill approved late last month by the Iowa Senate, prosecutors would have to convict a suspected offender of illegal activity before seizing any property that's valued at less than \$5,000, and that property will have to be linked to the charged criminal activity.

The intent is to keep the police from shaking clean the pockets of motorists. You might not think such a law would be necessary, but it is.

Last year, there were 822 cases of cash forfeiture made in Iowa under state law, for a total of \$2.6 million. Individually, none of these cases involved more than \$15,000, and only eight cases involved assets worth \$5,000 to \$15,000.

The average value of a cash forfeiture was just \$3,217. So we're not talking about cartel-caliber drug kingpins here.

In fact, the police are only too happy to seize sofa-cushion money. No amount of money seems too small. In one 2015 case, Iowa authorities seized \$13 from an individual and claimed it as their own. That's one reason why the bill approved by the Senate zeroes in on amounts of less than \$5,000. But of course the argument could be made that this limit preserves the profit motive for police and prosecutors to pursue high-dollar assets.

Fortunately, the Senate bill, which has to be approved by the House, would also raise the standard of



proof in forfeiture cases so police and prosecutors would have to present “clear and convincing evidence” that the assets are tied to criminal activity. There’s also a proportionality test that says the assets seized cannot be “grossly disproportionate to the severity of the offense,” which should help ensure that Iowa police aren’t seizing six-figure sums from people who have been convicted of only minor offenses.

The legislation also requires law enforcement agencies to maintain certain records related to asset forfeiture, so lawmakers — and the public — will know if the abuses are continuing.

Even so, this bill is far from perfect. It does nothing to redirect assets away from the police and prosecutors who initiate property seizures, so they can continue to use the process not to enhance public safety but to enhance their own budgets. The bill also says that while police agencies will be required to keep detailed, publicly accessible records of property seizures, these “records shall not identify or enable identification of the individual officer who seized any item of property.” That provision would make it impossible to determine whether any abuses can be traced to one rogue law enforcement officer.

Even if the Senate bill becomes law, it will do nothing to address the larger problem of civil forfeitures initiated by federal authorities. On March 29, the inspector general of the U.S. Department of Justice released a report that details the manner in which the agency has failed to evaluate its own forfeiture data to determine the extent to which these property seizures benefit law enforcement and threaten civil liberties.

The report makes a series of recommendations for improvement, all of which are long overdue. The most urgent is the call to ensure that the DOJ’s state and local task-force officers are adequately trained on federal forfeiture laws.

A newly introduced, GOP-sponsored bill in the U.S. Senate, dubbed the Fifth Amendment Integrity Restoration Act, would help end some of the abuses. It would shift the burden of proof in forfeiture cases to the government; it would provide for indigent defense in all such cases; and it would eliminate the profit motive altogether by steering the proceeds away from police agencies and into the U.S. Treasury. It’s almost identical to a bill first proposed in 2014, but now, at least, it is being given serious consideration by Congress.

These state and federal initiatives represent progress, but they also underscore the fact that when it comes to civil forfeiture, much work remains to be done.

DMR: Did city councilman’s opposition to a pork plant lead to suicide?

The brief life and premature death of a dynamic Iowa politician provokes hard questions

“(One) can easily wreck in a day or two what builders have taken years to do.”

— verse from a poem Mason City Mayor Eric Bookmeyer sent to City Councilman Alex Kuhn

“ There won’t be any bullies to burden your way.

No words that cut like a knife at the end of the day.”

— verse from a poem to Alex Kuhn from his father, Mark, after his son’s death

MASON CITY, Ia. — An overflow crowd turned out for a City Council meeting last May 3 in anticipation of a final vote for construction of a \$240 million, 600,000-square-foot pork-processing plant on Mason City’s southwest side. Processing up to 10,000 pigs a day, it would be the state’s second- largest of its

kind.

State and local officials stood ready to welcome it with generous subsidies. Realtor Dick Mathes addressed the council in favor, citing job losses and Prestage Foods' promise to add up to 2,000 jobs in four years. But the 14 supporters there to speak were outnumbered by 47 opponents, who voiced concern over the plant's potential impact on health, the environment and the community, especially if a concentration of hog confinements followed.

One young man, Dylan Daniels, handed the council a petition he said had nearly 1,000 signatures opposing the plant. "The council is still ignoring the way the majority of citizens feel," he said.

He spoke prematurely. It turned out to be a fateful night for Prestage and its proponents, who had considered passage a done deal: The vote tied at 3-3, effectively killing the proposal.

It was also, some believe, a fateful night for a popular 34-year-old at-large city councilman named Alex Kuhn, who had been heavily courted by proponents and opponents. After much research and questioning, Kuhn was not convinced that the city was getting a good deal for its investment. Unbeknownst to him and everyone else, his hesitation had paved the way for the other two "no" votes.

Two months later, Kuhn shot and killed himself, after his friends and family say he was pressured and blamed for the outcome. Once heralded by people from both parties as destined to go far in politics, praised for his compassion and commitment to the underrepresented as well as to economic development, Kuhn now found himself an outcast among the city's powerful. He became a casualty of the divisive, high-pressured, back-biting political environment.

His father, Mark Kuhn, is blunt: "Alex was being bullied."

#### A promising future

With his youthful good looks, intelligence, political pedigree and knack for getting along with everyone, Alex Kuhn was often likened to a young John Kennedy. He grew up around both politics and farming, having clerked for his father, a former Democratic state representative now on the Floyd County Board of Supervisors, and helped on the family's 850-acre farm in Charles City, southeast of Mason City. After graduating from high school there in 2000 and Iowa State University in 2004, he went to Houston, Texas, to student-teach. But when his father was injured the following year in a farming accident, Alex returned to help.

"He'd get up early in the morning and load corn all day," says his mother, Denise Kuhn. "At night he would do exercises with his dad. He took him to physical therapy."

In 2006, Alex went to work for U.S. Sen. Tom Harkin, directing his mobile office from Des Moines. He moved in 2008 to Mason City, where his ex-wife's family lived, where he taught and did community organizing for United Way. He got elected to the Mason City City Council in 2011. Although a Democrat, he had support from many Republicans, says a Republican friend, Todd Blodgett. "His purpose was to defend people who couldn't defend themselves."

Blodgett introduced me to a man of modest means named Jim Burgess, who previously lived in a rental home where he had awoken daily to the sounds of mice nibbling his food. The landlord's response, Burgess says, was to advise him to get cheese from the local food bank and put it out for the mice. Then Kuhn came by, saw the situation and not only worked to resolve it but also sponsored an ordinance targeting problem landlords, Burgess said.

Nearly all of the 20 people I interviewed said Kuhn was the last person they'd expect to take his own life. But his parents and others who spoke to him before his death also noted his deep distress at the furor that erupted around him after the Prestage Foods deal collapsed.

Mark Kuhn is driven to speak because of a Dec. 18, 2016, front-page story in the Mason City Globe-Gazette, which attributed Alex's suicide to an ongoing struggle with depression. True, Alex had dealt with the fallout from a divorce and co-parenting his two young sons. He had at times seen a therapist and taken anxiety medication, but had no history of depression, his parents say. They say despite their disclosures to the newspaper about Alex being taunted and blamed for his vote, the writer chose to build a narrative around depression, enabling those who had hurt Alex to turn his suffering back on him. Now Mark Kuhn wants to give Alex a voice.

The failure of the Prestage deal inflamed politicians, agribusinesses, local business boosters and government economic development folks, Mark Kuhn says. But it was the wrath of those Alex considered his friends, particularly the mayor, that really hurt him.

Blodgett agrees, saying, "The mayor bullied Alex relentlessly."

"I certainly reject the accusation," responded Mayor Eric Bookmeyer. "Did we have frank conversations? Sure." But "I know that Alex had a lot of other stuff going on in his life. I don't believe under any circumstances that it was just one thing."

Debate divides the town

The Prestage plant was the biggest economic development prospect Mason City residents can remember. It had the vocal support and lobbying of the governor, the mayor and state and local economic development officials.

But as with anything involving hogs in Iowa, the proposal sparked controversy.

"If this processing plant is so good, why not put it in West Des Moines?" bristled state Rep. Sharon Steckman, a Democrat who represents Mason City, in an interview with me last May.

Bookmeyer, in an interview, called farming "our lifeblood," and said he saw an opportunity to help the city grow and use water and sewer systems that taxpayers were already paying for.

Mark Kuhn points out that farming was Alex's lifeblood, too. Both father and son became embroiled in the debate over Big Pork during their political careers. Mark Kuhn was in the Legislature in the 1990s when Gov. Terry Branstad and the Republican majority took actions to prevent neighbors of hog confinements from suing for nuisance and stripped localities of a final say on where confinements were placed. Kuhn was also in the Legislature in 2001 under Democratic Gov. Tom Vilsack, when lawmakers commissioned a study of proposed air pollution rules, which 27 state university scientists spent two years studying and signing off on. Yet repeatedly, in 2003 and 2008 (then under Gov. Chet Culver), the rules were voided by a legislative majority and sent back for further study to satisfy lobbyists, Kuhn says.

Prestage's interest in Mason City first became known to the mayor when state economic development officials contacted Chad Shreck, who heads the North Iowa Corridor Economic Development, on Dec. 17, 2015. Prestage officials arrived the next day. The mayor was excited. "This was not your everyday, average project," Bookmeyer said.

But the mayor doesn't get to vote. So after meeting company representatives, he called council members in a few at a time to rally them in favor, without revealing Prestage's name. Kuhn spotted it in February in the city manager's folder. As mayor pro tem, Kuhn was the first to be called in, along with Councilman Travis Hickey, who is also on the North Iowa Corridor board.

In February, the city's planning and zoning commission rezoned the area from farming to heavy industrial. Secrecy surrounding the move angered some residents, who later accused the council of flouting democracy and ramming the plant through without an independent environmental impact study.

Branstad and Prestage leaders went to Mason City in March to announce the plan, and the Iowa Economic Development Board voted to issue \$34 million in general obligation bonds to support it. After a six-hour meeting April 5, the council voted unanimously to set the terms for a development agreement. But Kuhn had reservations about them. He didn't necessarily oppose Prestage, people close to him say, but didn't think the city should give it a 50 percent tax abatement. And he was wary of the city offering \$15.5 million in tax-increment financing. Kuhn cited reports showing a 50 percent turnover in meat processing. He wanted to require a \$13-per-hour minimum wage, along with a 2.5-mile buffer zone preventing hog confinements around Mason City and Clear Lake.

"I didn't feel it was the role of local government to put that stuff in," Bookmeyer says, but he says he and city staff worked to accommodate Kuhn's concerns. Prestage committed \$1.4 million to Mason City schools over 10 years to help accommodate the expected influx of employees' children, including English-language learners.

On April 21, after a seven-hour meeting, Kuhn broke ranks with the five other council members to vote no on the agreement, noting Prestage had lowered its estimate of the number of hires to 1,772, split in two phases. He brought up odors from rendering, the cost of improvements to the water utility and the fact that Prestage hadn't promised to hire local farmers for feeding operations. And in reference to the hourly wages, he asked, "Does the industry deserve incentives for these kind of wages? Why do we have to give \$15.5 million to get it? I'm not going to vote for a development agreement at any cost." After the meeting, a local pork producer accosted Kuhn, accusing him of putting his career before the community, Mark Kuhn said.

On the day of the final vote, May 3, it was learned that Prestage's planned contribution to the schools fell short of meeting needs. Just before casting their votes, two other council members, John Lee and Bill Schickel, announced they were voting no. Everyone was shocked when the proposal failed, including Kuhn, several people say. Schreck says Kuhn had told him, "'There are five votes and you don't need me.'" Gary Schmit, Kuhn's boss at Henkel Construction, said, "He was hoping they would come back with answers."

#### Reaction spreads beyond Mason City

Opponents celebrated, but the governor told a press conference the City Council made a mistake. Ron Prestage, a principal in the company, blamed racism, and City Councilwoman Janet Solberg agreed. Iowa Economic Development Authority Director Debi Durham warned that Mason City would now be less attractive to site selectors.

Iowa Pork Producers Association CEO Pat McGonegle called it "a vote against agriculture" in the May 2016 Iowa Pork Producer newsletter. In the same issue, Kirk Leeds, CEO of the Iowa Soybean Association, declared that when leadership was needed, "a few elected officials ... apparently caved to a group of activists opposed to livestock production and Iowa agriculture."

The Globe-Gazette, which had editorially supported the project, lamented the "negative light" cast on the community and asked whether new information would change Kuhn's mind.

And Rick Mathes, a local Realtor with his father, Dick, and a Prestage booster on the city's planning and zoning commission, sent out a mass email declaring, "Prestage Blindsided." He organized a petition drive for a revote, and according to Mark Kuhn, would turn up at Alex's office to show him the names of important people who had signed it.

Mathes has since moved to Michigan, after concluding Mason City's future is bleak. He acknowledged lobbying Kuhn in weekly visits but called the idea of harassment "ludicrous."

The local chamber of commerce hosted a closed-door meeting June 2 hoping to resurrect the deal. Schickel was said to be reconsidering his vote, but Kuhn remained unsatisfied with the terms, according to his friend Jodi Draper and others. "Alex wasn't against Prestage. He was against the process," she

said.

On June 2, Prestage announced it was no longer interested in Mason City. In a written statement, it blamed misinformation for the vote.

Still, even after Prestage pulled out, Kuhn approached Schreck, the economic development director, wondering if there was a chance of continued negotiations. But Schreck said the company felt there was “too much animosity” toward it.

“He was made to feel he let people down,” says Denise Kuhn, Alex’s mother.

It’s unclear whether the pressures Kuhn felt included fears the vote would affect his job at Henkel Construction. Schmit says Henkel probably was too small to have a role in the Prestage project, but Bookmeyer says the company might have benefited from side contracts. While Blodgett and others say Kuhn did fear for his job, Schmit insists: “There was no pressure at all on Alex from me.”

A friendship strained

Alex Kuhn and the mayor had been so close, Bookmeyer says, that Kuhn had the code to his garage door, and stopped by regularly for a craft beer and a chat. “We were like brothers.”

Mark Kuhn says his son had received frequent emails and text messages from the mayor’s private email address. But “after the first no vote, he shunned Alex,” Kuhn said. “Alex said, ‘He shut me out.’ “ “We didn’t communicate much,” Bookmeyer acknowledged in an interview in February 2017. “He certainly knew I was disappointed.” On May 11, Alex Kuhn got a call from the mayor that lasted 51 minutes. Mark Kuhn learned that from getting Alex’s cellphone records after his death. The next day, Bookmeyer sent Alex an email from a private account that Mark later found, under the subject line, “So...?” It said: “AK, It is time to find out if you can lead or not.” That was followed by a poem, “A Builder or a Wrecker?” containing the lines, “I can easily wreck in a day or two what builders have taken years to do.” It referred to a wrecker “who walks to town, content with the labor of tearing down.”

Asked about that, Bookmeyer said, “The point was, let’s not lend voice to folks who don’t have our interests in mind.”

His message to Kuhn went on: “One ill-timed, politically expedient vote and commentary set off an amazing set of events. We talked about the repercussions yesterday but maybe you should read it for yourself.”

Attached was an email from California developer Philip Chodur to City Administrator Brent Trout. Chodur was planning to develop a hotel as part of a downtown redevelopment project, but claimed the failed Prestage plan would make it harder to get financing and as a result, he was scrapping plans to add a floor.

However, even Councilman Hickey, who was at odds with Kuhn over Prestage, believes Chodur was using Prestage as an excuse for his failure to get financing.

Family and friends say in the last weeks of his life, Kuhn’s mood grew darker and he rarely went out. He told his father he wasn’t attending City Council meetings in person to avoid seeing Bookmeyer and Hickey. He also stayed away from Democratic functions, says John Stone, the Cerro Gordo County Democratic Party chairman. Kuhn told Stone the mayor was very mad at him.

“Alex wanted to be friends with everyone and help everyone,” Stone said. “I would have attacked back. A lot of people would have.”

Scott Tornquist, a former Mason City City Council member who left last May during his third term, visited Mason City last June 29, and saw Alex Kuhn two weeks before his death. What most struck

Tornquist was Kuhn saying he was grateful that Hy-Vee delivered groceries because he didn't want to be out in public running into people. "That was so diametrically opposite to who he was."

"For one and a half hours, he just unloaded," Tornquist said. "...He said he was catching unbelievable heat and pressure from both Eric (the mayor) and from Travis Hickey."

On July 5, Prestage announced it was going to locate outside Eagle Grove. The Mason City council met that night, with Kuhn participating by phone. Hickey singled him out in remarks when the council voted unanimously to grant Chodur an extension on the downtown hotel project. Noting Kuhn had been the council member most in contact with Chodur, he suggested a conflict of interest since Alex's employer, Henkel Construction, could get a contract for part of the downtown development project.

Blodgett last saw Kuhn 10 or 12 days before his July 15 death. He said during the last two months of his life, Alex made half a dozen stops at the Outing Club, a posh, members-only club near Clear Lake partly owned by Blodgett's family and frequented by Republicans. On the last two visits, he was more distraught than Blodgett had ever seen him.

"He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him," Blodgett said. "He said his life wasn't fun and he found it hard to get up in the mornings."

A week before Kuhn's death, Jodi Draper, who had made an unsuccessful run for city council in 2013, said Kuhn called her and asked if she had considered running again, for the at-large seat. "I said, 'Nobody's going to beat you.'" Now she believes he was already planning to end his life.

"The guilt I feel from that couldn't possibly be put into words," she said choking up. "You wish you could turn back time."

Both Tornquist and Draper had had their own run-ins with the mayor. Draper said she campaigned on giving voice to city employees, to whom she claimed Bookmeyer "was sometimes very mean and rude." At least one city employee filed a hostile work environment complaint against Bookmeyer, the Globe-Gazette reported in 2010. And North Iowa Today reported in 2014 that a lawsuit against the mayor and city council by Lionel Foster, the former director of the city's Human Rights agency, resulted in a \$240,000 settlement. Foster alleged race and age discrimination and retaliation for his civil rights investigations. One of his claims was that Bookmeyer had refused to reappoint three of his commissioners, telling one, a woman, that he wanted younger commissioners with fresher perspectives.

Tornquist said he too felt pushed "to the brink" in his council position, and like Kuhn had thoughts of ending his own life. He said on one occasion, Bookmeyer put him on a committee to look at the future of the city sanitation department, and Tornquist felt he "stacked the deck to get the outcome he wanted," to keep the budget down. Then he learned the press and public were excluded. After more incidents, he left for Indianapolis.

"My wife and I were trapped in our own house. We couldn't go out to dinner," said Tornquist, about having to face constituents after being associated with such tactics.

"I think of Alex every day," said Tornquist. "How could I have not seen it? But nobody saw it in me."

Bookmeyer has his defenders. Council member John Lee was one of the three to change his mind at the last minute and vote against Prestage because of the funding shortfall with the schools. But he says, "The mayor never put undue pressure on me or called to say, 'What the hell are you doing?'" Hickey, who says he, like Bookmeyer, felt "let down" by the vote against Prestage, observed, "As a part-time mayor, Eric takes his role very seriously and does a very good job lobbying folks to go in whatever direction he thinks would be good for the community."

## Kuhn's last days

On July 12, Mark Kuhn attended Alex's 11-year-old son's Little League game and sat with Alex on the bleachers. "I could tell there was really something wrong," he said of Alex's withdrawn mood. "He believed it was all his fault that the community was so divided. When I told him 'No way, most people in Mason City think you are a hero for standing up for what you believe is a bad deal,' Alex replied, " 'That's not what I hear from some people in the business community I work with.' " The Kuhns later learned from his calendar that Alex had plans to see his counselor on Thursday, July 14, (the counselor declined to answer my calls) and also to meet Hickey. "He woke up on the 14th and the very first thing he did was a Google search on conflict of interest legislation," said Mark Kuhn, referring to the other councilman's accusations.

Hickey says Kuhn showed up unexpectedly at his office that day. There had been tension between them, Hickey acknowledged. "We were on opposite sides. I was frustrated with his vote."

During a previous lunch meeting, Kuhn had expressed dismay at Hickey's allegation but neither mind was changed, Hickey said. But calling Kuhn "one of the nicest guys you'd ever want to meet," he said Alex wasn't angry.

On that day Alex also called his employer to say he wouldn't be attending a scheduled pontoon boat ride with the company that evening, according to a cell phone log of Alex's shared with me by his father. Instead, he stopped by his parent's farm and stayed for dinner, seeming OK but revealing little.

He left early, saying he'd see them the next day. They had weekend plans with his two sons.

At 7:12 p.m. he tried to call the mayor, whom he had also messaged late that morning, according to the phone records. The log didn't show what the text said. Asked about that, Bookmeyer emailed me, "I don't believe we spoke, but I sure wish we would have, to have known where he was in his mind." He said he had last seen Alex in his office a number of days earlier. "He wanted to know how I was," Bookmeyer said. "I told him I need time."

Alex then exchanged some text messages with a woman he had dated. She declined to talk to me, but the Kuhns, who are in touch with her, say she had no prior indication of his plans. Then he repeatedly watched a short compilation of clips from the TV series, "Breaking Bad" that had been posted on YouTube. Called "Jesse Pinkman: Civilian," it involved some emotional encounters between a remorseful young man, Pinkman, and the former chemistry professor he had teamed up with to cook meth, Walter White. At the end, Pinkman held a gun to White's face, and White held a gun to his own forehead, urging Pinkman to kill him. A shot was fired.

Earlier, Pinkman called himself "the bad guy," and told White, "Since I met you, everything I've ever cared about is gone. ... I have never been more alone!"

On July 15, Henkel officials showed up at the Kuhn farm wondering where Alex was, since he hadn't turned up for a presentation related to a hospital expansion project. Denise Kuhn drove over to his place, where Henkel CEO Schmit and another employee also showed up. She told them he wasn't there, but one of them went into Alex's room, she said. After picking up Alex's sons, his mother took a different route home, checking the ditches in case he'd had a car accident.

Back home, she asked Mark to check their guns. He discovered a .22-caliber pistol missing. They called police.

It was around noon when the sheriff and a deputy arrived to say they had found Alex's car and body at the end of a dead-end road near a recreation area north of Marble Rock, which is about halfway between their two homes. An autopsy revealed he died from a bullet fired from the gun taken from his parents' cabinet. There were no drugs or alcohol in his system. He didn't leave a note, and was wearing the same clothes they had last seen him in, leading the Kuhns to believe he never went home the night

before.

“We can all say there were times he was pretty upset and down about some things,” said Denise Kuhn. “But I never, ever could have imagined this.”

#### The aftermath

Former Sen. Harkin gave a eulogy at the funeral. Former state Sen. Jack Hatch, who served alongside Mark Kuhn in the Legislature, dedicated his new book “No Surrender” in part to Alex, saying he showed courage with his vote. “Not everyone agreed with Alex’s principled stand, and he took the brunt of public and private scrutiny,” it reads. “He became depressed and was unable to reconcile the differences.”

At the Kuhns’ behest, Blodgett notified the mayor that he would not be welcome at Alex’s funeral. But Bookmeyer said he attended anyway.

Bookmeyer says he was devastated by Kuhn’s death. Asked if he believed Kuhn was bullied, he referred to Prestage opponents, saying, “We were all bullied.”

Max Weaver, a former Mason City council member, says: “Alex was on the brink. Bookmeyer pushed him over.”

In January, Bookmeyer announced he won’t seek re-election in November. He called 2016 “rough,” and noted Alex Kuhn’s contributions to moving the city forward. Asked why he wasn’t running, Bookmeyer told me he had no further political ambitions, and was ready for a new career. He said Alex knew that was his intent.

#### Postscript

It would be irresponsible to blame others for someone’s suicide without hearing a cause in the deceased person’s own words. But as Draper, who works in the mental health field, points out, there can be triggers in the same way that smoking can contribute to the risk of cancer.

Everyone has different triggers, and everyone has periods of particular susceptibility to being demeaned, shunned or blamed. We live in an era when gossip, lies and rumors, spread through social media, can swiftly destroy reputations, careers and relationships. Schools and communities are finally focusing on the effects of such bullying on children. But adults are not immune.

People who go into public service to make a difference sometimes find themselves confronting powerful vested interests, and then back away from a fight. Alex Kuhn neither backed away nor wanted a fight. He wanted to do right by everyone: his constituents, his family, his job, colleagues and friends. One of the tragedies of politics is how limited a space there is for that — and how devastating it can be to an idealistic leader to find out.

“He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him. He said his life wasn’t fun and he found it hard to get up in the mornings.”

TODD BLODGETT, A FRIEND OF ALEX KUHN

DMR Iowa View: On abortion, liberals cite science fiction

By: Joel Kurtinitis

The growing tension between moral relativism and scientific absolutism has produced two related



effects on the left: a growing rift between liberal politics and the scientific community, and the insecure, blustery hollering of the word “science” by progressives — as if repeating it three times in a mirror will summon Bill Nye in a lab coat to validate their worldview.

There’s laughable irony in liberal attempts to squeeze science into the frock of their relativistic priesthood: Science — real science — is consummately objective. It doesn’t care about your feelings, your politics, your identity, or your faith. Science is observable, testable, repeatable, falsifiable.

Even casual political observers will note that leftists rarely seek — or present — specific evidence to back their claims anymore. Rather, their continual allusion to “science” is only an appeal to authority, whether applied to climate change, vaccines, GMOs or abortion.

Such appeals abound in abortion defense pieces like the March 31 column “Myths like life at conception don’t belong in the law.”

In it, Rekha Basu opines that a prolife legislator “is free to believe whatever she wants as a matter of personal faith. But that doesn’t justify the distortion of scientific fact or the imposition of religious beliefs on the public.”

But life at conception isn’t rooted in abstract notions like faith or values — it’s rooted in basic, high-school biology.

It’s amazing that, after decades of pushing sex ed in classrooms across America, liberals still can’t figure out what pregnancy is.

The article quotes Richard J. Paulson of the American Society for Reproductive Medicine: “Life is a continuum,” Paulson wrote. “The egg cell is alive, and it has the potential to become a zygote (a single-celled embryo)” if fertilized by sperm. The resulting cell is also alive, but “from a biological perspective, no new life has been created, because it is nearly identical to the egg cell.”

There’s some good science in the above statement, but there’s also a lot of nakedly unscientific editorializing and deliberate misdirection.

Is life a continuum? In Mufasa’s Circle of Life sense, sure.

In any meaningful scientific sense, absolutely not.

We are conceived, we grow, we are born, we live, we die. Our physical existence has a definite beginning and end.

Science.

Your body can be distinguished from another person’s body by a unique genetic marker known to us as DNA. Sperm cells and egg cells contain only the respective parent’s DNA. Once a zygote is formed, a new organism (read: new life) with DNA distinct from both parents is present within hours of conception. If DNA can convict a murderer for a crime 50 years ago, it should be ample evidence of a new human life in the womb.

Because science.

This new entity is the earliest stage of human life. Prior to this, all cells involved were parts of the parent. A new genetic signature means a new, developing, genetically human organism, whether it looks “nearly identical to the egg cell” or not.

More science. Anyone — scientist or not — attempting to add ambiguity to this simplest of biological truths has an agenda.

Like maybe, I don't know, making money on reproductive tech, or raking in \$127 million in "family planning" profits.

Here's another biological reality: Abortion doesn't "terminate a pregnancy" or "remove the product of conception." It kills developing human beings. That's why Planned Parenthood workers caught in the Center for Medical Progress' 2015 sting operation were shown sorting through refrigerated pans of tiny human arms and legs, discussing organ value.

If you're going to advocate for something so brutal, at least be honest about it and don't hide behind terms like "women's health" or "reproductive rights."

The political left is losing their war on science, because they aren't interested in genuine discovery or progress, only in using it as a cloak to push their own religion — yes, secular humanism is a religion— on those of us who believe every human being is endowed by our creator with an inalienable right to life.

DMR: Grassley pledges to preserve filibuster for legislation

Sen. Chuck Grassley said he doesn't expect any fallout for the future of the U.S. Supreme Court from Senate Republicans' decision to use the "nuclear option."

"It isn't going to change anything whatsoever, because for the first time in the 228-year history of our country, there's a partisan filibuster of a Supreme Court judge. So, this is the first time in 228 years, so if we aren't going to do it anymore, it's not going to be any different than it's been for those 228 years," he said in an interview Thursday.

Got that? In essence, Grassley's saying one bad apple don't spoil the whole bunch, girl.

(But if he actually said that, he'd correct the grammar and credit the Osmond Brothers.

And he wouldn't call me "girl." He's no dummy.) I watched on C-SPAN as history was being made, or unmade, depending on your perspective. Republicans and Democrats alike got up and recited the details of decades-old partisan grudges like a mournful Greek chorus. This isn't one bad apple. The whole barrel is rotten.

I tend to agree with Grassley that this wasn't about Justice Neil Gorsuch, not really.

He's conservative, to be sure.

But Democrats' best efforts to paint him as a corporate shill or heartless ideologue fell flat, in my estimation. He's qualified to serve and his addition to the court does not obviously change the balance that existed before last year's death of Justice Antonin Scalia.

Mostly, this was about Republicans' decision last year to make history by refusing to bring up President Barack Obama's nomination of Judge Merrick Garland. They blamed that on Democrats by inventing the so-called "Biden rule" that never actually delayed any justice's confirmation. It was indeed deplorable, but it worked and is now the standard.

It's all about power and the Republicans have it. So you might think it would follow that Republicans like Grassley don't fear partisan fallout on issues like tax reform or infrastructure because they can also eliminate the filibuster on legislation.

Grassley says no. He said Thursday he just signed a letter being circulated by Sen.

Susan Collins, R-Maine, saying he wouldn't vote to change the 60-vote rule for legislation.

"Because the only significant difference between the House and Senate is that in the House of Representatives, the minority has no rights. As long as the majority sticks together, they can run roughshod over minorities," Grassley said.

Guess he knows from experience what that looks like.

He said it's only happened twice during his 40 years in office that one party has held 60 seats. "If you want minorities to have any voice whatsoever in the legislative process, the only place that can be done is in the United States Senate," he said.

The real power in the nuclear option is the threat of mutually assured destruction. Both parties can imagine they'll eventually be in the minority and will have to live with whatever rules they impose while in the majority.

When it comes to judicial appointments, though, the bombs have already fallen enough times to make the threat seem weak. When a president campaigns on a list of names of potential Supreme Court nominees, as Trump did, there's no expectation of bipartisan support.

Presidents and senators say they want an independent judiciary, but that's true only if it means the courts will reliably support their partisan agenda. Meanwhile, the public's confidence in the courts continues to erode. This is the real danger of nuclear fallout. The damage lasts for generations.

Grassley says one remedy to that is his legislation to allow cameras in the Supreme Court. "I think TV in the courtrooms would help. Let the public know more about how it works," he said.

The Iowa Supreme Court started holding oral arguments on the road so people across the state could attend and learn more about how the court works, Grassley noted.

It's a good idea for many reasons. For one thing, voters might realize they need to hold their legislators accountable for writing clear, unambiguous laws. The old saying "garbage in, garbage out" may have been coined to describe the effect of bad data on computer programming, but it applies to our legal system. Poorly written laws lead to poor judicial rulings.

But real-life court is nothing like the dramas on TV. People other than hardcore court watchers will soon tune out. Video clips taken out of context may show up on the internet and, you guessed it, political campaigns. TV is not a cure for getting politics out of the courtroom.

Meanwhile, we don't know how long the tattered remnants of the filibuster will stand. I'm all for bipartisan cooperation, but there's something to be said for forcing the majority party to be entirely accountable for its action — or inaction.

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN

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Police, others allegedly told: 'I killed three people last night'

»

Material witness on suicide watch after surrender in Missouri

CHARLY HALEY AND KIM NORVELL

CHALEY@DMREG.COM

A Bondurant man considered a material witness in the killing of his parents and sister allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy. Chase Marcus Nicholson, 20, approached Wal-Mart employees in the small southwest Missouri town about 12 hours after his family members were found dead in their Bondurant home. Kennedy said Nicholson allegedly told the Wal-Mart employees the same thing he told police.

Polk County authorities were expected to arrive in Neosho late Friday to question Nicholson in connection to the killing of his parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24. They were found dead in the family home in the 9700 block of Northeast 88th Street, said Lt. Rich Blaylock, spokesman with the Polk County Sheriff's Office.

Chase and Tawni's cousin Seth Nicholson, 28, of Des Moines, said Tawni was at the house to help plan her brother's 21st birthday party.

Nicholson turned himself in at about 10 a.m. Friday in Neosho, a town of 12,000 people about a 5 1/2-hour drive from Bondurant. He is in custody in the Newton County, Missouri, jail and was on suicide watch, Kennedy said.

Seth Nicholson, one of Chase's cousins, said Friday that Chase Nicholson had been treated for mental illness for many years.

"His entire life has been a giant adjustment," he said. It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons' home to conduct a welfare check, which may have been prompted by a friend who had spoken to Chase Nicholson. Investigators cleared the scene late Friday morning. Blaylock declined to say how the victims were killed. The Nicholsons were remembered fondly by neighbors and co-workers.

Charla Nicholson had been a teacher at Des Moines Public Schools since 1986, the school district confirmed. She worked with Goodrell Middle School students until the fall of 1999, when she moved over to Cattell Elementary. Cattell Principal Tiona Sandbulte said Charla was a dedicated teacher who loved her students. She most recently worked with children in kindergarten and first grade as an intervention teacher, who met with students who needed extra support with reading or math. She also helped monitor lunch time.

"The kids looked forward to her coming in," Sandbulte said, adding that Charla would often joke with students. "She just sparkled. She's just so great with the kids."

Charla was adored by co-workers and was always willing to help her colleagues when needed, Sandbulte said.

The school district is making counselors available to help students and staff cope with Charla's death, Sandbulte said. Cattell also planned to email students' families.

Charla's daughter, Tawni, was just starting her career at an area insurance company after graduating from Iowa State University in August, a neighbor said.

She received a bachelor's degree in business with a major in marketing, said university spokeswoman Annette Hacker.

Kali VanBaale, who lives across the street from the Nicholsons, said

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT

Cadets' explicit photos cause annual dinner to be canceled

RYAN J. FOLEY

ASSOCIATED PRESS

The commander of a military training program at Iowa State University canceled an annual formal dinner Friday after news broke that explicit photographs of some male cadets had been posted on Facebook.

Capt. Scott Curtis sent an email to the Naval Reserve Officer Training Corps saying he was calling off Saturday's "Dining In" event in light of publicity about the incident, which a Navy spokesman said involved seven male cadets who were "willing participants" in inappropriate behavior around campus and online.

Curtis said the decision was unfortunate, and he warned students would likely not be refunded the full cost of tickets they bought for the dinner for upperclassmen, alumni and retirees.

"My overarching goal is to ensure that all of you personally, as well as the reputation of the Cyclone Battalion as a whole is protected to the maximum extent possible given the current media situation," Curtis wrote.

The Associated Press reported Thursday that explicit photos were taken of some cadets around campus on March 4 and posted to the Facebook page of a student group connected to the program.

Lt. Sean Brophy, spokesman for the Naval Service Training Command, said other students did the right thing by reporting the photos to program leaders.

The Navy said "appropriate administrative actions" were taken against the midshipmen, who remain with the program. Curtis apologized to Iowa State leaders.

Curtis said the incident doesn't "reflect on the Character of this Battalion — how we respond and move forward does." He called the group fantastic and urged members to "dust yourselves off and move on." A separate email sent by a student leader instructed students in the battalion to decline comment and inform program leaders of any media inquiries.

DMR: Grassley, Ernst back U.S. strike on Syria

LINH TA AND JASON NOBLE

LTA@DMREG.COM

Iowa U.S. Sens. Chuck Grassley and Joni Ernst each voiced support for airstrikes launched late Thursday against a target in Syria. Grassley, in a statement released Friday afternoon, called the airstrike ordered by Republican President Donald Trump "appropriate" following Syrian leader Bashar al-Assad's apparent use of chemical weapons on civilians.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said.

"The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone

else was appropriate.”

He added that the president now must “develop a comprehensive strategy” for ending the six-year-long civil war.

Ernst, meanwhile, praised the strike within hours of its announcement on Thursday, crediting Trump with showing “global leadership” in a statement that also described Assad as a war criminal. “This has been a tragic reality for the past six years and has gone on far too long,” she said. “Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis.” Both of the Republican senators’ statements represent an evolution from 2013, when Assad previously deployed chemical weapons and then-President Barack Obama, a Democrat, proposed a military response. “I don’t think the case for military action has been made. ...” Grassley said in a September 2013 statement. “If the goal is to deter and degrade Assad’s ability to use chemical weapons, how would a limited strike achieve this goal? What are the risks of military action? What is the U.S. national interest in striking Syria?”

That same month, Ernst — then a state senator and a candidate for U.S. Senate — said Obama had not made the case for “why it is in our vital interests to use force in the midst of Syria’s ongoing civil war.”

Grassley’s office clarified the senator’s shift in viewpoint in a statement to the Register, arguing that Trump’s strike was a single, clear action to disrupt Assad’s ability to launch another chemical weapons attack. Obama in 2013, by contrast, considered a wider military action “but the goal, strategy and plan were unclear.”

“Congress and the American people deserve details on the mission, and the plan to achieve it, before entering into a possible long-term conflict, regardless of which president is in the White House,” spokesman Michael Zona said. In a CNN interview on Friday, Ernst likewise argued that Trump has made the case for Thursday’s strike in a way that Obama did not four years ago. “He has laid out the case — humanitarian atrocities of course, and the use of chemical weapons — and we also have ISIS engaged in that region,” she said. “We simply do not want to see chemicals fall into the hands of ISIS operators. There’s an ongoing civil war and that paired with the ISIS threat makes it even more imperative that we make sure we’re destroying any of those deliver systems.”

Another Iowa member of Congress, U.S. Rep. Rod Blum, praised Trump’s “decisive leadership” in a tweet late Thursday, but he said if there was to be a sustained military effort, the president should seek congressional authorization.

Trump ordered the strike against Syria late Thursday in retaliation for the chemical weapons attack that killed 86 people on Tuesday.

The attack, the first conventional assault on another country ordered by Trump, comes a day after he declared that the chemical weapons assault had “crossed many, many lines,” including the deaths of 27 children.

The 59 missiles, fired from the destroyers USS Porter and Ross in the eastern Mediterranean Sea, struck the airfield where Syria based the warplanes used in the chemical attack, according to Navy Capt. Jeff Davis, a Pentagon spokesman.

The missiles destroyed aircraft, hardened hangars, ammunition supply bunkers, air defense systems and radar at the Shayrat Airfield, according to USA TODAY.

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE ‘DOESN’T FIT IN SOCIETY’

LINH TA

LTA@DMREG.COM

For Chase Nicholson's entire life, he's struggled with feeling adequate, his cousin Seth Nicholson of Des Moines said Friday. That struggle also caused friction between him and his family, the 28-year-old said. "His entire life has been a giant adjustment," Seth Nicholson said. Chase Marcus Nicholson, 20, is considered a material witness in the killing of his parents and sister in Bondurant on Thursday night. Chase Nicholson approached Wal-Mart employees in Neosho, Mo., about 12 hours after his family members were found dead in their Bondurant home. He allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy.

His parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24, were found dead in the family home in the 9700 block of Northeast 88th Street, authorities said.

At about 4 a. m. Friday, Seth Nicholson said, his mother called his wife, Kelsea Nicholson. She was bawling on the phone and told them about the deaths. However, she also warned them to lock their doors. "She said every one of them is dead," Seth said. "It was a nightmare."

Chase had been living with his parents in Bondurant. Seth Nicholson said police told relatives that Chase had stopped at a friend's house after the slayings and told him he killed his family. Then he drove south. "His friend called the police just to make sure it wasn't just a story," Seth Nicholson said. The call apparently prompted the welfare check on the Bondurant home.

The last time the family heard from the three victims was around 8 p. m. Thursday, Seth said.

Tawni, who graduated from Iowa State University in August, was at her family's home in Bondurant to help plan her brother's 21st birthday party. It was supposed to be in conjunction with the family's Easter celebration.

Her last text to a family member was discussing plans for the party.

"Tawni was there to plan the birthday party," Seth said. "She was there to help him." Chase Nicholson stayed at Orchard Place, a Des Moines charity that provides mental health treatment for children, from age 16 to 18, his cousin said. He went to school in the Bondurant school district and later attended an area private school.

Seth said Chase seemed to do well at Orchard Place.

"He was good for a little while, and then the assault happened with dad," Seth said, referring to Chase Nicholson's arrest in 2014.

A criminal complaint filed in that incident alleges Chase Nicholson threw a piece of metal from a fireplace set at his father on May 10, 2014. Mark Nicholson was cut on the left side of his face, by his left eye. Chase, who was 18 at the time, told officers that he had thrown a soccer cleat at his dad and said that could have caused the cut, according to the complaint. The criminal charge was eventually dropped.

But Chase was often easy to talk with, his cousin said. During family gatherings, he was upbeat and smiling.

"You would never know he had these issues," Kelsea Nicholson said.

After becoming an adult, Seth Nicholson said, Chase has been in and out of mental health treatment. Nicholson said he had a hard time finding a hospital that would allow him to stay for longer than 24

hours.

In the fall, he was enrolled at the Ankeny Des Moines Area Community College campus studying computer programming.

He did not return for the spring semester because of complications with his mental health, Seth said. He had been working at a local Wal-Mart.

Seth said Chase Nicholson looked up to him, since they grew up together and he was a few years older than him.

He would confide to him about his thoughts, Seth said. He said Chase liked video games and listened to “headbanging” music. He was also interested in weapons, including knives.

Two weeks ago, Seth said, he spoke with Chase on the phone. He said Chase confided in him and told him he “doesn’t fit in society.”

Seth said the family has no ties with people in Missouri, so they’re unsure why he ended up there.

A vigil will be held on Saturday in Bondurant to remember Mark, Charla and Tawni.

It will be held from 7: 30 to 8: 30 p. m. outside Bondurant- Farrar High School at 1000 Grant Street North in Bondurant.

Seth said the tragic story demonstrates the importance of mental health care. He said he was concerned about Chase’s future.

“It is just a classic story of good people who had something really bad happen to them,” he said. “I don’t think he knows peace. I don’t think he’s ever met it.”

DMR: Iowa Senate confirms three appointees to regents board

JEFF CHARIS- CARLSON JCHARISC@PRESS-CITIZEN.COM

The Iowa Senate voted Wednesday to confirm all three of Gov. Terry Branstad’s appointees to the board that oversees Iowa’s three public universities.

In a series of 49-0 votes, the senate approved Branstad’s decision to appoint two former state lawmakers — former Rep. Nancy Dunkel, D-Dyersville, and former Sen. Nancy Boettger, R-Harlan — to the nine-member Iowa Board of Regents. Boettger and Dunkel will join board May 1, replacing regents Bruce Rastetter and Katie Mulholland, whose six-year terms expire April 30. Rastetter did not seek a second term, and Mulholland was not reappointed to one.

In another 49-0 vote, the senate confirmed Wednesday the reappointment of regent Sherry Bates, who has served on the board since 2015 and who heads the board’s Campus and Safety Subcommittee. When reappointing Bates in March, the Governor’s Office said she deserved a full, six-year term on the board. The Senate also voted 49-0 last month to confirm last year’s recess appointment of Regent Mike Richards, who has been serving on the board since May 2016. As with Wednesday’s confirmation vote, there was no debate. Wednesday’s vote will change the gender balance on the board after May 1 to five women and four men, but the partisan balance on the board will stay the same: five Republicans, one Democratic and three independents. With Rastetter and Mulholland stepping down, the board will be without a president and a president pro tem. A new leadership election will need to take place on or after May 1. One of the new board’s first tasks will be to find a replacement for Iowa State University President Steven Leath, who is leaving to become president of Auburn University in Alabama.



Regent Larry McKibben, who served in the Iowa Senate from 1997 to 2008, described Boettger as “the leader on issues of education and educational finance.” He said both former lawmakers are “highly qualified appointees.”

“I care very much about the system,” Boettger told the Register in an earlier phone interview. “Iowa State is what brought me to Iowa in the first place. The state is known for quality education. I want to make sure it stays that way.” Boettger said she plans to learn as much as she can from her fellow Harlan resident, Mary Louise Petersen, who served as president of the regents from 1973 to 1981. Dunkel, a Democrat who served in the House for four years, is a retired banker and a former board member of Iowa Student Loan Liquidity Corporation and the Iowa Values Fund board.

She told the Register that she views Iowa’s public universities as a key part of Iowa’s economic development landscape “in terms of their research and in terms of their business incubators.”

“Have the colleges been not given enough money? Sure. But you know you can say that about a lot of other departments as well,” Dunkel said. “Our job is to make sure they are doing the best they can with the money they are getting,” Dunkel told the Register she initially had been contacted by Lt. Gov. Kim Reynolds to inquire whether she was interested in the position.

Once she agreed, the governor called later that day to make the offer.

With Branstad scheduled to be appointed as the next U.S. ambassador to China, Reynolds will take over the governor’s responsibilities.

The governor office said the choice of appointees was made collaboratively.

“Like all of our appointments the past seven years, they were all decided upon together by Gov. Branstad and Lt. Gov. Reynolds,” Ben Hammes, a gubernatorial spokesman, said Tuesday via email last month.

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

Iowa lawmakers promised to protect a popular tax credit benefiting more than 220,000 low-income working families in their effort to reform the tax code. House Appropriations Committee Chairman Rep. Pat Grassley, R-New Hartford, said at a subcommittee meeting Thursday the Earned Income Tax Credit, along with another that benefits community colleges, would be held harmless as lawmakers work to cut back state spending on tax credits. Grassley said he heard from legislators, advocates and others who opposed reducing benefits under the Earned Income Tax Credit, which primarily benefits those living in or near poverty.

“You have to weigh how difficult of a vote that is versus the savings that you’re going to achieve,” he said. “And I just think that this point, there wasn’t the appetite to take that on.”

Grassley recently introduced House File 187, which would cap and gradually reduce the total amount the state spends on tax credits, funneling the savings into a state account for an as-yet undetermined purpose. It also would roll back some of the most generous benefits associated with some credits, which result in refund checks for individuals and companies that have no tax liability.

But, he said Wednesday, it became too difficult to put an overall cap on state tax credit spending, which

has ballooned by about 180 percent since 2005. Instead, he plans to look at each tax credit individually and find ways to cut back.

According to data from the Department of Revenue, the total value of state tax credits has grown from about \$153 million in 2005 to an expected \$427 million in 2018.

The state spends more on the Earned Income Tax Credit than any other on the books. During the 2016 budget year, it totaled \$71.9 million. That's projected to grow to \$76.3 million in 2021. About 71 percent of those credits were claimed by taxpayers with an adjusted gross income of less than \$25,000.

Rep. Chris Hall, DSioux City and the top Democrat on the House Appropriations Committee, said he supports taking that credit off the table, saying it has been "extremely effective" at accomplishing its intended purpose.

After a year in which spending outpaced revenue by about \$250 million, Hall and other Democrats have pushed for a review of tax credits as a way to save money and shore up the state's budget. But Republicans say cutting back on tax credits would provide savings that could be used to balance out a future tax cut.

"If the goal is tax reform, then you need to begin to achieve the savings from the tax credits, in my opinion," he said.

Hall said he disagrees with that approach.

"We need to make sure that this conversation is linked directly to improving and making the state's budget more sustainable, balanced, transparent and predictable," he said.

DMR: Templeton Rye one step closer to distilling whiskey in Iowa

Iowa-based manufacturer breaks ground on \$26M, 99,000-square-foot complex

THE DES MOINES REGISTER

Templeton Rye, the Iowa-based whiskey manufacturer, has broken ground on its new \$26 million distillery building in Templeton, Iowa.

The new 99,000-square-foot complex includes a 34,500-square-foot distillery as well as a museum and barrel-aging warehouse.

It's expected to be completed in the fall of 2018.

The new facility may muzzle critics who claim Templeton had been misrepresenting its liquor by labeling it as "small-batch rye" and "made in Iowa," when it actually was made from a stock whiskey distilled by MGP Ingredients in Indiana. Complaints culminated in a series of lawsuits over the whiskey's authenticity, which the company settled in 2015 with promises to change its marketing materials and bottle labeling.

Templeton Rye has six fulltime and about 10 part-time employees, the company said.

The distillery project will add 27 jobs and will be able to produce 500,000 proof gallons of rye whiskey annually.

The aging warehouse will be able to store 40,000 barrels.

DMR: Casino in Clinton debuts simulcast horse, dog racing

LINH TA

LTA@DMREG.COM

Iowans looking to bet on video simulcasts of horse and dog races will no longer have to go to a casino with live racing to make their wagers. On Friday, Wild Rose Casino & Resort in Clinton began to offer off-track betting, including races from Santa Anita Park, Aqueduct, Keeneland and Oak Lawn. It's the first state-regulated Iowa casino without live racing to offer off-track betting. "It's something new and fresh we're offering to people on the eastern side of the state," said Tom Timmons, president and chief operating officer of Wild Rose Casinos. "We're hoping to attract people from Clinton and the Quad Cities." The Iowa Legislature agreed in 2014 to allow state-regulated casinos that do not offer live racing to take bets on simulcasts of horse and dog races as part of a broader bill that permitted the state's greyhound tracks to stop offering live racing. The simulcasts are offered through a hub hosted by the Iowa Greyhound Association, which is operating the Dubuque dog track. Iowa's only other recent greyhound track, Bluffs Run in Council Bluffs, shut down in December 2015.

The greyhound association will receive a share of the revenues.

Previously, the only Iowa gambling operations that offered wagering on simulcasts of horse and dog races from outside tracks were Prairie Meadows Racetrack and Casino in Altoona and Iowa Greyhound Park in Dubuque, along with Meskwaki Bingo Casino Hotel at Tama. The Meskwaki casino, which is regulated by a tribal gaming commission, has long been allowed to offer off-track wagering under provisions of the federal Indian Gaming Regulatory Act.

For its debut, The Wild Rose will offer races from 16 different tracks across the country.

People interested in making bets will go into the Coaches Corner — Wild Rose's sports bar and grill. The area includes 56 new televisions including 16 screens that combine for theater-style viewing. Each booth includes screens for watching races.

Patrons can purchase a program and then let a clerk know what they're interested in betting on. They will receive a ticket and can either stay or leave Coaches Corner.

The wagering is parimutuel and people are not betting against the house. The casino will take a cut of the winnings, while the rest will be dispersed towards the winning tickets, Timmons said.

"We're excited," Timmons said "Got everything finalized and tested everything."

Timmons said they may expand simulcasting to its Jefferson and Emmetsburg locations.

"We'll be watching and see how it goes," Timmons said. "There is an investment with it."

The casino will feature the Santa Anita Derby on Saturday.

DMR Editorial: Is Harreld proposing merger or hostile takeover?

This isn't the way to unify the UI foundation and alumni

Perhaps it makes sense for the University of Iowa Foundation to merge with the school's alumni association.

But it seems odd that the school's president, Bruce Harreld, is the man who has decided to make that happen; that he hasn't given much of a rationale for it; and that he's already decided, on his own, who will lead the new organization.

Stranger still, he has done all of this without consulting with the alumni group, leaving its leaders "shocked" by Harreld's actions.

It's important to remember the entities — the school, the foundation and the alumni association — are separate and distinct entities. The University of Iowa is a public institution dedicated to higher learning and run by the Board of Regents. The foundation and alumni groups are two separate, private, tax-exempt organizations run by their own boards of directors.

Obviously, the three have common interests and they collaborate and coordinate while pursuing their individual goals. But they have missions that are fundamentally different. The school exists to educate students; the foundation exists to raise money for the school and the University of Iowa Hospitals; and the alumni association exists to strengthen the school through recruiting, alumni events, networking opportunities and career programs.

Last fall, Harreld asked the leadership of the foundation and alumni association to form a committee that would explore ways the two organizations could work together in supporting the school. He said that after reviewing the committee's recommendations — none of which involved a merger — he decided to "create one, new, unified organization," citing their "overlapping missions and aspirations."

But the report on which Harreld claims to have based his decision doesn't actually recommend the merger of the two organizations.

Still, Harreld says a newly created, single entity will better serve the university by creating "more meaningful alumni engagement and increased philanthropic support" — although it's not clear how that would occur. There's no question the alumni and foundation have overlapping objectives, but they are fundamentally different organizations. The foundation, for example, employs 233 people and recently completed an eight-year fundraising drive by securing almost \$2 billion in pledges. The much smaller alumni organization has 25 employees and one of its biggest contractors is the foundation, which was paid \$137,000 last year for information-technology services.

To put the size of the two organizations in perspective, consider this: Last year, the foundation spent \$124 million, while the alumni association's total spending for the year was \$4 million. In fact, the foundation's fundraising budget was more than three times the total spending by the alumni group.

Can the two be merged without the alumni association losing its identity and focus?

Perhaps. But it's easy to see why the alumni organization's leaders are worried.

"The alumni association's board of directors was not aware that (Harreld) was going to make that decision until the day he did," Clare Kelly, chairwoman of the association's board of directors, told the Cedar Rapids Gazette. "We are not happy with the manner in which it's been handled."

And Harreld has done more than decree that these two nonprofits be combined. He has also decided that once merged, they will be led by Lynette Marshall, who now earns more than a half a million dollars annually as the foundation's president and CEO.

Harreld has also instructed the association to stop accepting new members and stop collecting membership dues.

"The board didn't vote on those decisions," Kelly told the Gazette. At this point, Harreld's "merger" looks more like a hostile corporate takeover than a mutually agreed-upon consolidation. It's almost as if the

two charities' boards of directors have no say in the fate of their organizations or their leadership, and their bylaws are utterly meaningless. If that's the case, the Internal Revenue Service should take a close look at their tax-exempt status and ask why it is that the head of a public university can, by his own edict, reorganize or dissolve these two independent, nonprofit organizations.

A merger might make sense, but the manner in which this one is being pursued does not.

DMR Iowa View: Women deserve to receive equal pay for equal work

This column was signed by Iowa state Sens. Rita Hart, Pam Jochum, Liz Mathis, Janet Petersen, Amanda Ragan; state Reps. Marti Anderson, Liz Bennett, Timi Brown-Powers, Abby Finkenauer, Ruth Ann Gaines, Mary Gaskill, Lisa Heddens, Monica Kurth, Vicki Lensing, Mary Mascher, Helen Miller, Amy Nielsen, Jo Oldson, Kirsten Running-Marquardt, Sharon Steckman, Beth Wessel-Kroeschell, Phyllis Thede, Cindy Winckler, Mary Wolfe.

Equal pay for equal work. It might sound like common sense, but unfortunately it's not reality.

The figures on equal pay are daunting. Women make just 80 cents for every dollar a man makes, according to data released by the Census Bureau. African-American and Hispanic women are even further behind, making just 63 and 54 cents, respectively.

Unfortunately, Iowa lags behind even those disappointing numbers. Iowa women make less than 77 cents on the dollar for what a man earns.

Women and our families are being shortchanged hundreds of thousands of dollars over the course of a lifetime.

Some argue that women choose different jobs, or choose motherhood over career opportunities. But even within the same profession, women are paid less. Female doctors and surgeons make 71 percent of what men make, and female financial specialists make 66 percent compared with men in their profession. For lawyers and judges, the pay gap is 82 percent. And while three-fourths of women who enter the workforce will get pregnant, half of working firsttime mothers receive no paid leave to have their babies, according to the Census Bureau.

Women are much more likely to have career interruptions because of child care being costly or unavailable, often resulting in lost pay raises when they return.

These are difficult financial decisions forced upon women and families because of failing economic policies.

Those are the figures. But they don't tell the whole story or how we can take action.

Tuesday was Equal Pay Day, symbolizing how long into the year women must work to earn what men earned last year. It's a day when we should remember not just the numbers, but the impact on women and families. After all, women are sole, primary, or co-breadwinners in nearly 72 percent of Iowa families.

Hardworking women trying to provide for their families are falling behind because of a discriminatory pay gap and policies that don't support the tough choices facing families.

Thankfully, there are solutions to make pay equitable.

The Legislature can create paid leave and child-care policies allowing mothers to keep their jobs, avoiding long gaps in employment that drive down wages. And we need to raise the minimum wage —

two-thirds of minimum-wage earners are women — and enact other policies to raise wages instead of engaging in a race to the bottom.

Employers can get help to correct their pay practices, through equalpay guidelines from the U.S.

Department of Labor. Women must also be empowered to ask prospective employers to show women and men are paid equally, that their hiring process seeks diversity, and that they can join a union. Women in unions earn over one-third more than women in non-union workplaces.

If there is unequal pay, women should discuss the problem with their employer.

If discrimination continues, every woman has the right to file a complaint with the U.S.

Equal Employment Opportunity Commission.

Equal pay for equal work shouldn't be an idea. It should be reality. Other states are moving forward, and women continue to recognize this issue's importance. We need to move Iowa forward, and we need citizen action, legislative action and participation from the businesses to make it happen. At current pace, the wage gap will not close for 50 years. Women and hardworking Iowa families cannot afford to wait that long.

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?

CHELSEA KEENAN

Top of Form

Bottom of Form

Iowa's insurance market could be the canary in the nation's coal mine if Congress or President Donald Trump doesn't offer clarity soon on the future of the Affordable Care Act, with millions of people losing coverage, one industry expert said Friday.

Two insurers announced this week that they would stop selling individual health plans both on and off the Iowa exchange — Des Moines-based Wellmark Blue Cross and Blue Shield on Monday and Aetna on Thursday. The decisions affect some 57,600 Iowans — 21,400 Wellmark policy holders and 36,200 policy holders with Aetna.

It also leaves the vast majority of the 50,000 Iowans purchasing subsidy-eligible insurance on the exchange with only one option — Minnesota-based Medica. But that insurer is tight-lipped on what it plans to do in 2018, saying Thursday that it is "evaluating the situation and (its) options."

"Iowa is a bit different in that it's happening so early," said Cynthia Cox, associate director for the program for the study of health reform and private insurance at not-for-profit Kaiser Family Foundation. "But it might be the start of many more exits to come."

Iowa has never shown up in any of the health care policy organization's lists of states with fragile markets. States such as Tennessee, Arizona and Oklahoma have had steep premium increases and seen insurers drop out.

"This goes to show that political uncertainty can make an otherwise stable market unstable overnight," she said.

The problem Wellmark, Aetna and other insurers face is that not enough young and healthy people are

choosing to enroll in plans to help spread out costs. Instead, older, sicker individuals with multiple chronic illnesses — who need insurance and coverage — are purchasing the health plans, putting a high concentration of expenses in the individual market.

Wellmark said on Monday it lost \$90 million through the individual market in Iowa.

There's also quite a bit of uncertainty still looming over the future of the ACA. Trump and Congressional Republicans have promised to repeal and replace President Barack Obama's signature health care legislation, but have been stalled by disagreement over the changes they will make.

Insurers have said the unpredictability over which rules will be in place in 2018 — and over the billions of dollars in government subsidies that make the plans more affordable to millions of people — make it difficult to commit to offering such insurance.

Many have asked the government to extend the subsidies for 2018.

This comes as health insurers are preparing 2018 premium rate proposals to submit to federal and state insurance regulators over the next few months.

Whether Medica will stay in Iowa is hard to say, Kaiser's Cox added. Several states have only one insurance option on the exchange — but that insurer typically is the Blue Cross and Blue Shield plan, which are more established.

Medica is a significant player in Minnesota, Cox noted, and it has expanded into additional markets including Iowa and Kansas.

Bottom of Form

"But it's not clear if they have capacity to absorb all the enrollees in Iowa," she said. "It puts them in a tough spot."

If Medica were to drop out, there isn't much in terms of a Plan B. Iowans could purchase plans off the exchange without subsidies, but Iowa insurers are pulling out of that market, too.

Trump has indicated he will not enforce the mandate or penalize those without insurance.

But that is hardly a relief if you are sick and in need of medical care, Cox said.

"This is a warning sign," Cox said. If Congress "doesn't act soon, ... we can see this happen around the country."

SCJ Editorial: Election bill will strengthen system of voting in Iowa

Top of Form

Iowa's election system will be stronger as a result of a bill advancing through the Legislature.

Last month, the Senate passed and returned to the House for final approval a package of election changes. The House is expected to pass the bill, as well.

Getting the most attention within the bill is a voter ID provision.

As an additional layer of protection for the integrity of elections in this state, we long have supported a requirement that voters show some form of identification before casting a ballot. We are not alone on

this within or outside Iowa.

A February Des Moines Register/Mediacom Iowa Poll showed 69 percent of Iowans support such a requirement. Voter ID requirements vary from state to state, but 34 states have passed laws requiring voters to produce a form of identification at the polls, according to the National Conference of State Legislatures.

Under the bill moving through the Iowa Legislature, voters would need to show an acceptable form of government-issued ID before casting a ballot at polling places. If a voter doesn't have one of the acceptable forms of ID, the state will issue him or her a voter-verification card, free of charge. A request for an absentee ballot would need to include an acceptable personal identification number, as well.

Within today's society, one needs some form of identification to conduct almost any kind of personal business. We do not believe asking the same of voters in the name of ensuring honest elections in our state is at all unreasonable.

Another component of the bill we support and have advocated for in this space because it also speaks to improved integrity within the process of voting is elimination of the straight-party voting option.

#### Bottom of Form

In our view, straight-party voting is lazy voting. We understand voters have every right to vote for all Republicans or all Democrats if they wish and even if a straight-party option didn't exist on the ballot, voters could (and some would) fill in the ovals for all candidates of one party or another.

Still, if this choice wasn't so easily available, we believe more voters would spend more time getting to know more about all of the candidates whose names appear on their ballot.

Another benefit to elimination of the straight-party voting option is this: Nonpartisan questions on the back of the ballot wouldn't be so easily forgotten or ignored.

We look forward to the House joining the Senate and sending this election bill to the governor for signature into law.

LEE: Branstad meets with senators handling his confirmation

#### ROD BOSCHART

Gov. Terry Branstad said Friday he had productive meetings with members of the Senate Foreign Relations Committee during this week's trip to Washington, D.C. However, he doesn't expect a hearing on his confirmation to be the next U.S. ambassador to China to take place until next month at the earliest.

Branstad said he met with committee chairman Sen. Bob Corker, R-Tenn., and ranking member, Sen. Ben Cardin, D-Md., as well as other committee members and Iowa Republican Sens. Chuck Grassley and Joni Ernst, and he plans a return trip the last week in April after the two-week Easter recess. At that time, he'll meet with more members of the committee who will consider his appointment by President Donald Trump to be America's top diplomat in China.

"I had a lot of good meetings with senators," Branstad said Friday during his first public event since his trip. He said he has completed the paperwork phase of the process and now he is "learning as much as I can about the China issues, and there are many."

The governor said he also met with Sonny Perdue, Trump's secretary of agriculture nominee, who has



cleared the committee process but awaits Senate confirmation pending an April 24 vote.

“It’s getting kind of frustrating, I think, for a lot of people. This process has been very slow,” Branstad said of this year’s Senate action. “They’ve now just confirmed Neil Gorsuch to the Supreme Court and that took up a significant amount of time.

“But this has been the most, I guess, disruptive process that we’ve ever seen in terms of appointments. Confirmations usually don’t take nearly this long. But, unfortunately, I think the Democrats have decided that they’re going to just basically attack everybody. I hope that by the time I get there that will have worn out and that won’t be case,” he said.

“They ask tough questions and there are a number of issues. But I’m hopeful that I can generate bipartisan support. Time will tell,” he added.

Grassley said he expects Branstad’s confirmation to “go well.”

Bottom of Form

“He’s personable, professional and has the proven leadership and policy skills to serve in such an important diplomatic position. As members of the Foreign Relations Committee get to know him, they’ll appreciate his trustworthiness, his work ethic and his ability to get the job done for the United States as he has for Iowa for a record number of years,” Grassley added.

Ernst said Branstad would make an excellent ambassador and hopes the Senate moves him through the confirmation process “as soon as possible.”

“Our relationship with China is very important — from agricultural trade to national security — so I look forward to the Senate moving on his nomination soon,” she said.

LEE: Branstad and Xi: From possibilities, an enduring relationship

B.A. MORELLI

Top of Form

Bottom of Form

Jack Kintzle was part of a welcome wagon in 1985 that cast such a positive light on Iowa it sparked a decades-long friendship between Xi Jinping, who would go on to become China’s president, and Iowa Gov. Terry Branstad — now thrusting Branstad and Iowa into the spotlight of U.S.-Chinese relations.

Branstad, who was nominated as U.S. ambassador to China last year although has not yet been confirmed, has met with Chinese officials a handful of times over the past 30-some years. The relationship has blossomed and the impact has been far-reaching for the state, say officials in business, trade and education.

Hospitality laid the groundwork for the good relations, but Kintzle observed a measure of strategy and foresight by Branstad in encouraging the warm, respectful welcome in the midst of the farm crisis.

“Iowa was going through such a tough time with agriculture, especially farm foreclosures,” said Kintzle, 73. “Iowa was at a level we needed publicity and we wanted to open doors. I think that’s one of the reasons they were treated so well. How many million Chinese are there? I think he saw an opportunity to trade. I think the governor sensed the possibilities.”

Pending confirmation, Branstad plans to move to Beijing with his wife, Chris, his daughter and son-in-law and granddaughters as he works to enhance the relationship between the two countries, he said during a celebration with Chinese officials during the Lunar New Year earlier this year in Muscatine.

“I’m an old friend of China,” Branstad said there. “I’ve very honored and very proud that I’ve had a number of interactions with China and the leadership of China. We’ve seen great improvement in terms of exchanges and trade. Exchanges of students is one way to improve personal relationship and friendships. That is critically important to both of our countries and the world.”

Branstad would step in amid heightened tensions between the United States and China over trade equity, punitive tariffs and how to handle North Korea. Branstad was not scheduled to be at the meeting in Florida late last week between President Donald Trump and Xi.

Kintzle was an Iowa Corn Growers Association director with a farm near Coggon in the summer of 1985 when Xi — then a county-level party leader Kintzle equated to a state secretary of agriculture in America — toured Iowa farms as part of a small agricultural delegation from Hebei province.

Kintzle’s farm was right off the highway and convenient, so he got a call wondering if the delegation could visit. Soon, a small group of Chinese men wheeled up and spent a few hours inspecting machinery, grain bins and harvesters, then came inside for coffee. At the end, they took pictures together.

“They go back to China, he becomes president, and I farm for the next 30 years,” Kintzle said. “I should have bought a lottery ticket. Although, having a president on my farm might be better than winning the lottery.”

Branstad, then in his first term as Iowa governor, was instrumental in the visit, including hosting a then-unheralded Xi in his office.

By the time of the visit, Branstad already had signed an agreement establishing a sister-state relationship between Iowa and Hebei. In 1984, he led a 50-person delegation to Hebei. It was the first of six trade missions Branstad led to China.

Branstad next traveled to China as part of a three-country trade mission in fall 1993, marking the 10-year anniversary of the sister-state relationship. The goal was to expand markets for agricultural products, appliances, machinery and other exports, as well as stress in China Iowa’s commitment to human rights and treating people with dignity.

“We think that one of the things that helped lead to the downfall of communism in Russia and Eastern Europe was all the contacts to the West — the sister states, the trade missions and the understanding that the people gain from that,” Branstad said at the time. “I feel somewhat the same way about trade and building relationships in China.

“We can, hopefully, help push the Chinese state in the direction of more freedom and opportunity for the people as opposed to the old policy of trying to isolate them,” he added.

The early legwork has made a difference for Iowa. China is the fourth-largest export market for Iowa, with \$490.6 million worth of manufactured and value-added goods, according to the Iowa Department of Economic Development.

China’s spending supports 4,000 jobs, and 5,000 “young talents” are studying in Iowa universities, Hong Lei, consul general based at the Chinese Consulate of Chicago, said during the recent Muscatine visit.

“I would say because of the sheer fact he’s been involved, he’s never let go,” said Kim Heidemann, executive director of Iowa Sister States. “He’s continued to nurture this relationship. He goes to visit,

goes to meetings. He's hosted meetings. The governor has made it a point. He's simply done things right, especially in the last few years with Xi and done it in such a way he puts Iowa first."

The trips to China, and return visits from Chinese officials, have continued.

Xi returned to visit Muscatine and Des Moines in 2012 for an "old friends" reunion dinner stemming from the 1985 trip, and 20 Iowans traveled to China that same year for another reunion. Branstad also participated in trade missions in 2014 and 2016.

Downing Thomas, a professor and dean of International Programs at the University of Iowa, traveled with Branstad to China in 2012.

The delegation also included elected officials from Wisconsin and Virginia, along with a handful of business people and educational leaders. The significance of Branstad's relationship with Xi was evident in the respect and attention he received compared with the other visitors. The China Daily newspaper sought him out specifically for an interview.

#### Bottom of Form

Iowa universities and colleges have seen enrollment among Chinese students soar in the past 10 years. More than 4,000 Chinese students are enrolled at the three state universities alone. While the influx of Chinese college students is seen beyond Iowa's borders, the relationship between Iowa and China has helped Iowa schools, Thomas said.

"Clearly many of our students are aware of the relationship with Xi and Iowa, and their parents are aware of it." Thomas said.

The economic impact from international students and their families in Iowa topped \$365 million and has supported or created 3,700 jobs, according to an annual report from International Programs. Thomas estimates more UI alumni are living in China than anywhere else outside of Iowa and Chicago.

The visibility of Branstad's relationship with Xi and Branstad's personal involvement has opened doors for Iowa companies, such as West Des Moines-based Hy-Line International.

Tom Dixon, director of international sales and marketing for Hy-Line, which is one of the world's largest breeders of laying hens, said the company received direct and indirect assistance from Branstad's office in forging a relationship between it and the Huayu Group, based in Hebei.

Branstad was present at a deal signing in October 2013 between the companies for a breeder housing project in Hebei province. That show of support was important in a later deal in 2016 for a joint venture to distribute Hy-Line chicks in China. The ceremonial nature of the signing, particularly with someone on friendly terms with Xi, carries a lot of influence for local, state and regional officials in China, Dixon said.

"There's some coincidence, but it certainly helped," Dixon said. "Branstad put more prestige and elevated the deal. It gave more of an official nature, credibility it's a real project. In China, government involvement is so very important for companies. It helped locally (in China) to get approvals."

In China, Dixon explained, support of government officials and good relations between business and government is vital. Government officials need to sign off on acquisitions, permits and land sales, for example.

Dixon is hopeful Branstad's agricultural background will help ease restrictions on poultry imports in China, which have been curtailed since the bird flu outbreak in 2015. He declined to be specific, but said it has cost Hy-Line millions of dollars.

“We’ve been working to try to negotiate things with health officials in China,” Dixon said. “We hope the governor of a large agricultural state could maybe lend influence to motivate or encourage some kind of solution so we can start exporting again. We hope his level of ambassador could facilitate and shed some light on the situation.”

Globe Gazette: Skipper: Government is often one big jigsaw puzzle

JOHN SKIPPER

Top of Form

Bottom of Form

Have you ever worked at putting a jigsaw puzzle together? Are you good at it?

The trick is to put all the corner pieces together first and then work your way in. You would think it would get easier as you go along, but it doesn't.

Often, the intricacies of city government are like putting a jigsaw puzzle together. The good news is you usually have an image of what the completed puzzle is supposed to look like -- the image on the cover of the box. The bad news is you have to put a thousand pieces together to get to the promised land.

Mason City seems to have to deal with one jigsaw puzzle after another. You know about many of them in the past. They're history, and that's where they should remain.

The new one is the proposal of Gatehouse Capital to build a hotel in the parking lot of Southbridge Mall, connect it to The Music Man Square with a skywalk, build a conference center/ballroom inside and relocate the museum on-site.

This is a project that has excited a lot of people, important because without public support, an important piece to the puzzle will be missing.

The city and Gatehouse have begun discussions on a development agreement.

Gatehouse is proposing a \$15 million project that should bring in oodles property tax and sales tax revenue and provide a viable entertainment venue for North Iowa.

The Music Man Square and Southbridge Mall should both benefit -- and both could use a boost. The city tax base will increase. The community will have another asset.

For its efforts, Gatehouse at this point wants a \$150,000 payment to get things moving and a development fee that is still negotiable but would probably be more than \$150,000.

Other negotiating points are an interest-free loan to Gatehouse estimated at between \$3.5 and \$4.3 million to be paid back to the city after 20 years. The city wants provisions on number of jobs created.

As of now, the city would be responsible for paying for the construction of the skywalk and renovations to The Music Man Square. And that brings in another element to the puzzle -- the city's application through the Iowa Economic Development Authority for state funds to help leverage a \$36.2 million River City Renaissance downtown development project.

The state has given pre-application approval for at least \$7 million in funding and more could be coming if final approval is given.

But the project has changed since first approval was given. Instead of a hotel downtown next to City Hall -- the developer, Philip Chodur defaulted on that plan -- the Gatehouse proposal is now in place. The state requires \$10 million in private investment to qualify for state funding. The Gatehouse plan fulfills that requirement.

Bottom of Form

Other parts of the pre-approved plan included a music pavilion, a parking ramp, a mixed-use building and an ice arena/multipurpose center.

When Trout meets with Iowa Economic Development staffers later this month, he will explain the change in hotel developers, how the parking ramp is no longer needed, and that there might be a change regarding the mixed-use building. None of this will be a surprise to the IEDA people because Trout has kept them advised for many months.

The wild card in all of this activity could be a referendum on Nov. 7 which residents petitioned for, regarding bonding for the ice arena.

The ice arena is part of the package for the state funding, so if voters reject it, the proposed state funding will probably die -- and that is the revenue Trout and the city hope to use to fund the renovations of The Music Man Square.

So, it is a big puzzle and one in which there are many opportunities for someone or something to come along and tip over the table.

Why do things have to be so complicated? It's government -- and it's puzzling.

LEE: Iowa's budget pinch: How did we get here?

ERIN MURPHY

A mere five years ago Iowa's state budget had nearly \$1 billion to spare and its reserve accounts were flush with another \$600 million.

And while money coming into the state continues to increase, the state budget has fallen into disrepair. This year, state lawmakers have been forced to cut make \$250 million in budget cuts, and next year's budget figures to be tight as well.

It has been a fast fall from fiscal fitness to this beleaguered budget despite ever-increasing revenue.

Gov. Terry Branstad, a Republican, regularly says a sluggish agricultural economy has slowed state revenue, leading to the current budget pinch.

Capitol Democrats say the state has too many tax breaks that leave too much money in big businesses' accounts rather than the state's.

Experts in state economics say the problem has been created by myriad factors.

Busted budget

Iowa's state budget was a picture of financial health in fiscal year 2013. There was a \$928 million budget surplus — unspent money in the state's general fund — and the state's two reserve accounts — a cash reserve and an emergency fund — were flush with \$622 million.

Fast-forward to fiscal year 2017, which has roughly three months remaining: the budget surplus has been whittled to less than \$50 million, and revenue came in roughly \$250 million under projections. So lawmakers cut \$118 million from state departments and used another \$130 million from the reserve accounts to make the budget whole.

And lawmakers just started work the budget for fiscal 2018, which, likely for the first time in eight years, will spend less than the previous year.

The amount of money coming into the state is not the issue; post-recession revenues have increased each year.

So what is the cause of Iowa's budget pinch?

Farm economy

Branstad regularly cites this as the main issue for the state's budget trouble. Prices for corn and soybeans, Iowa's largest crops, have been low — lower than the cost of production for roughly a year. That puts a drag on farm incomes — and thus the state's income tax collections. It also impacts state manufacturing, much of which is built around agriculture — and thus hinders state sales tax collections.

"Agriculture in Iowa has changed so much," said Pat Grassley, a Republican state legislator who leads the Iowa House's budget committee and a farmer. "It isn't just your corn and soybeans and your hogs and cattle and your chickens. It's the fact then you have a plant that makes a tractor. If they lay off people, those layoffs impact you as well. And it's not just those layoffs. Maybe there's somebody that makes a headlight for them, and they lay off people. ...

"That, in my mind, is the agriculture economy because it ties to how agriculture goes. That's kind of the anchor."

David Roederer, Branstad's budget director and a member of the three-member panel that makes future revenue projections on which the state budget is based, said the average total net farm income in Iowa from 2006 through 2010 was \$3.7 billion, and from 2011 through 2014 that exploded to an annual average of \$7.6 billion. But in 2015 that dropped to \$2.6 billion.

"Iowa still is very tied to agriculture, and generally that has served us well. But some years commodity prices are going to be better than others," Roederer said. "So you can see that in (2011 through 2014) that those were extraordinary years. If you average it out, you're going to be pretty close to what we normally have. The problem is life doesn't work on averages. ... Some years are going to be better than others."

Ernie Goss, an economics professor at Creighton University in Omaha, Nebraska, said the sluggish farm economy is impacting many Midwest states, leading to budget shortfalls in Iowa neighbors Nebraska and Kansas. Goss said net farm income has been falling since 2013, and that impact is felt in state tax collections.

"It really has to do with agriculture and those businesses tied to ag," Goss said. "Farmers are just not purchasing, for example, heavy equipment, and that shows up in the economy in Iowa and across the United States."

But not all economic experts agree the sluggish ag economy is driving Iowa's budget woes.

Dave Swenson, an economics professor at Iowa State University, said the farm economy's role in influencing the state budget often is overstated.

"The farm economy is not the main, nor a major cause of the current situation," Swenson said in an email interview. "Farmers do not contribute as much to the state's coffers as many think, and the ebbs

and flows of farmer incomes are spread out over years — both gains and losses — allowing farmers to truly minimize both their federal and state taxation bites.”

Holly Lyons, who works with the state’s non-partisan fiscal estimating agency and also serves on the budget estimating panel, said the farm economy is only a part of the equation that has led to the current budget situation.

Lyons said income tax revenues turned flat in the spring of 2016, and that can be explained in part by lower commodity prices and a decline in the manufacturing economy — again, which is heavily tied to agriculture.

But Lyons said other factors, such as slowed sales tax revenue, also impacted the budget.

“The farm economy is just one of the factors in the shortfall — it is by no means the primary cause,” Lyons wrote in an email to Democratic state legislator Cindy Winckler, of Davenport, who had asked for Lyons’ assessment of Branstad’s claims that the farm economy is driving the budget issues.

#### Tax cuts and credits

Democratic state legislators insist the biggest driver of state budget issues is money not collected thanks to various tax relief programs.

Iowa’s 67 tax credit programs will cost the state more than \$1 billion in fiscal year 2018.

Statehouse Democrats take particular exception with the tax relief programs that they say go to big businesses that don’t need the help.

The most expensive programs are for commercial and industrial property tax relief (\$152.1 million), the homestead tax credit (\$136 million), and a business property tax credit (\$125 million).

#### Bottom of Form

“Farm prices certainly have affected Iowa’s economy, but our state budget is much more directly impacted by the cost of tax cuts and tax credits that have grown in the last four years at a rate that is just unsustainable,” said Chris Hall, a state legislator from Sioux City and the top Democrat on the House budget committee. “The areas of the budget that have been increasing in cost at the most rapid rate are tax cuts primarily to out-of-state corporations and also tax credits. Both of those numbers have increased exponentially over the last few years at a pace that is faster than the state’s economy is growing.”

Swenson agrees. He said tax relief programs for businesses — including the commercial and industrial property tax relief program, another for companies that perform research and development, and a sales tax break on manufacturing sales — are the primary drivers of the state’s revenue shortage.

Grassley said he is willing to examine the state’s myriad tax credits and whether some could be reduced or eliminated. He has introduced legislation that would start that process.

However, Grassley said he would like any change in state tax credits to be a part of a larger overhaul of state tax laws.

“I think the other party (Democrats) looks at the tax credits saying that money should go to be spent (in other areas of the budget). Philosophically, I would look at it as, can we do tax policy better in the state of Iowa than just doing a bunch of different tax credits. Could we do something that benefits all Iowans,” Grassley said. “But looking at the tax credits, I think, is healthy for us to do if the objective is how can we make Iowa’s tax climate more competitive with other states.”

Roederer said he thinks the impact of tax credits on the budget is overstated. He said two programs that have experienced some of the largest growth in the past half-decade are two programs largely supported by Democrats: the earned income tax credit, which benefits low-income taxpayers, and a program that helps cities rebuild aging buildings.

“To say that is the reason (for the budget troubles) is, I don’t think the numbers support that,” Roederer said.

Missing the mark

Whatever factors may be influencing state revenues, those revenues still continue to increase.

One critical issue that led to this year’s budget cuts was a misjudgment by the budget estimating panel. The group lowered its projections three times, in October, December and January, and the state was forced to cut the current budget with only a few months remaining.

The estimating panel meets quarterly to project the coming year’s state revenue. Its December estimate is used by the governor and state lawmakers to craft the next year’s budget.

This year the panel reduced its estimate by more than \$90 million in December, and then by another \$130 million in March, leaving the governor and state lawmakers to scramble.

The last time the estimating conference guessed too high by such a wide margin was in fiscal years 2009 and 2010 in the immediate wake of the recession.

“Based on indicators we saw at the time, we did our revenue estimate and it appeared, at least we thought, our estimates were going to be accurate. And obviously they were not,” Roederer said. “So you can still have a growing economy, but if your budget is based on an economy that is growing faster than it actually is, then you have a belt-tightening, which is what we’re going through.”

Grassley also has introduced legislation that he said would aim to help streamline the data collection process for the budget estimating panel and make it easier to perform its work. But Grassley conceded at the end of the day legislators will always be working with an estimate.

“That’s like playing the lottery. It’s hard when you’re estimating. There are so many moving parts,” Grassley said. “There is still growth. And that’s why we’ve tried to approach the budgeting process knowing that there’s going to be times when you don’t meet your growth level, and when you spend less you set yourself up in a position that you have a cash reserve or you have some other things that may help you take care of those situations.”

LEE: Iowa Senate leader sees ‘outside chance’ for tax reform this year

JAMES Q. LYNCH

Iowa lawmakers hope to wrap up the 2017 session this month, but Senate President Jack Whitver thinks there’s an “outside chance” tax reform can be accomplished

However, the Ankeny Republican said it will be hard to do this year because of the state’s revenue and budget situation.

“The reality of the situation is our budget is a little tighter than we had hoped,” Whitver said during taping of Iowa Public Television’s Iowa Press Friday. Lawmakers had to cut the current year budget by nearly \$120 million in January and tap the cash reserve fund for about \$130 million last month. So majority Republicans want to “do the fiscally responsible thing and get the budget under control before



looking at reform.”

Reforming Iowa’s taxes is one of the reasons he ran in 2010, Whitver said, and something he’s been working on since.

“I was hoping we could get to it this year, but it’s looking more and more like this might be a 2018 issue,” he said. Whitver acknowledged it won’t get any easier in an election year, but “frankly, to have real, true, lasting, impactful tax reform is a complicated process.”

As GOP senators look at reform possibilities, everything is on the table, including federal deductibility and tax credits, Whitver said. His priority is lowering individual income tax rates because that would affect the most Iowans and Iowa small businesses.

“The states that are growing and thriving and are prospering right now are the states with the lowest — or even no income tax,” he said. “I’m not sitting here today saying next year we’re going to eliminate the income tax, but the lower we can go on that, I think research shows we can be more prosperous.”

Not only would lower individual income tax rates affect most Iowa taxpayers, but Whitver said it would benefit small business owners like him. His food and fitness businesses are “pass through” businesses that pay individual income tax.

Bottom of Form

“When you talk about corporate tax reform, that really isn’t that big a part of our state budget,” he said. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across the state.”

He ruled out a sales tax increase unless it is accompanied by “major tax reform.”

Looking at the final weeks of the session, Whitver predicts the GOP House and Senate majorities are going to iron out differences in their respective 20-week abortion ban bills. The House version called for a 72-hour waiting period and contained no exceptions for fetal anomalies. The Senate bill included a 24-hour waiting period between the time a woman meets with her doctor and has the procedure. It also allowed an exception for abortions beyond 20 weeks in the case of a fetal anomaly.

Whitver also said lawmakers will provide more money for water quality efforts, will not dismantle the Des Moines Water Works, will ban texting while driving and said that if traffic enforcement cameras aren’t banned they will be “heavily regulated.”

Iowa Press can be seen at noon Sunday on IPTV, at 8:30 a.m. Saturday on IPTV World and online at IPTV.org.

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?

JEFF REINITZ

Authorities have declined to comment on any investigation into possible links between Jeff Lee Altmayer and the disappearance and deaths of cousins Lyric Cook-Morrissey and Elizabeth Collins.

Altmayer, 57, of Ankeny, is charged with attempting to lure children into his silver passenger car as far west as Onawa — near the Nebraska border — to a mobile home park just east of Dike. He’s also a person of interest in a similar incident at a Cedar Falls park.

Lyric, 10, and Elizabeth, 8, disappeared while riding their bikes in Evansdale on July 13, 2012, and their

bodies were found Dec. 5, 2012, in a rural wilderness area in Bremer County. No arrests have been made in their deaths.

Black Hawk County Attorney Brian Williams said investigators in the cousins case are aware of Altmayer. The Iowa Division of Criminal Investigation agent who filed the criminal complaint in Altmayer's Jasper County case is the lead agent in the cousins probe.

In the past, authorities have commented about the rarity of double abductions when talking about the cousins case, and Black Hawk County Sheriff Tony Thompson said he found "interesting" the fact at least one of Altmayer's crimes involve approaching a pair of girls at the same time.

The double abduction angle also has been a red herring for cousins investigators. In 2013, authorities began looking into Michael Klunder for possible ties to Lyric and Elizabeth's deaths. Klunder, a 42-year-old farm worker who had served prison time for abductions, picked up two girls near a Dayton bus stop in May 2013. One fled, and he killed the other before taking his own life. Investigators eventually ruled out Klunder as a suspect in the cousins case after accounting for his whereabouts.

Reached Wednesday, Elizabeth's father, Drew Collins, said he wasn't familiar with the Altmayer case and said authorities haven't contacted him about it. However, he remembers hearing about the enticement attempts last summer before Altmayer was arrested.

Collins is skeptical about any connection to his daughter's death.

Bottom of Form

"It doesn't seem like that would fit," Collins said. "Whoever this is, I think if he takes a couple of little girls, why would he let them go if he already killed a couple kids."

Collins said he's heard countless leads and rumors since his daughter's death. It can be maddening, he said.

"I think something different every day, man. I think in my head, 'it could be this,' but the next week or the next day or 20 minutes later, I'm thinking 'it's this guy or that guy.' I've heard a ton of names, I can't keep them all in my brain. All I can do is speculate, and I think about it all day, every day," Collins said.

LEE: Branstad no fan of granting pardons

His rate since 2011 is lowest in more than six decades

Since returning to the governor's office in 2011, Terry Branstad has granted fewer pardons on average than any Iowa governor in more than six decades.

His record of granting reduced jail sentences is similarly stingy.

A review of Iowa gubernatorial records going back to 1949 — a span covering 11 administrations — shows Branstad, since his return to office in 2011, granted fewer pardons than any other Iowa governor during that time span.

Branstad is closer to the middle of that pack for granting commutations, or reduced sentences, since 2011. However, remove the roughly three dozen commutations that were the direct result of a 2012 U. S. Supreme Court ruling that negated lifetime sentences for juveniles, and Branstad once again drops to the fewest granted since at least 1949.

A pardon forgives an individual for a crime committed and restores lost rights.

A commutation reduces an individual's sentence and makes him or her eligible for parole.

"I've always tried to be very thoughtful and very judicious in making these decisions. The governor is given the extraordinary power of being able to grant pardons," said Branstad, a Republican who was a lawyer before being first elected to public office — the Iowa House — in 1972.

Branstad has approved just more than four pardons per year, on average, since 2011.

Not only is that the lowest average of any governor since 1949, it is dramatically lower than the averages posted by Branstad's two immediate predecessors, both of whom were Democrats.

Chet Culver, who governed Iowa from 2007 to 2010, approved an average of nearly 24 pardons per year, a rate six times higher than Branstad. Tom Vilsack, who led Iowa for two terms from 1999 to 2006, approved more than 12 pardons per year.

Even Gov. Robert Ray, a Republican under whom Branstad served as lieutenant governor, granted nearly a dozen pardons per year on average, or a rate three times higher than Branstad's.

Since 2011, Branstad has been slightly stricter even than his previous self: He approved an annual average of seven pardons during his first stint as governor from 1983 to 1999.

Branstad said he believes a governor's power to pardon should be used sparingly. In addition to the normal application process, he requires a face-to-face interview with the applicant.

"I believe a pardon, which is an extraordinary power, which basically eliminates that conviction from their record, should only be granted if you're very confident this person is an exemplary citizen who has given back and helped other people in substantial ways," he said. "So, I have required a personal interview. I want to be able to look them straight in the eye. I want to feel confident that they're never going to commit another crime, that they're never going to embarrass me or the people of the state of Iowa."

Branstad is even less a fan of commutations.

During his first, 16-year term in office, he approved just two reduced sentences. In his second, six-year stint, he has approved 39 commutations, but 38 of those were in response to that U.S. Supreme Court ruling.

Take those out and Branstad, during 22 years in office, has approved three reduced sentences overall.

"Most governors keep in mind they're running for re-election almost always. The worst thing you can do is be called soft on crime," said Robert Rigg, a Drake University Law School professor who specializes in criminal law. "No politician ever wanted to get stuck with being soft on crime. Certainly, Terry Branstad can never be accused of being soft on crime."

Branstad's rare commutations are not as strikingly different from his predecessors as were his pardons. Culver granted no commutations during his four years in office; Vilsack granted seven during his eight years; Ray granted an average of just two per year during his 14 years in office.

The Iowa governors with the highest rates of commutations held office during the 1950s. Leo Hoegh granted 30 in two years, and Herschel C. Loveless averaged 12 per year during his one term.

"Any time you deal with a governor, you're dealing with the political office. And any governor's staff is going to sit there and try to review the downside of doing a parole, or commutations, or a pardon," Rigg said. "I'm sure all governors, whether Terry Branstad or somebody else, is going to take that into the calculus of whether you grant a pardon or commutation. But hopefully that's not the only reason."

When pardons and commutations are combined and averaged, Branstad's separate tenures account for two of the three lowest among all Iowa governors since at least 1949. If those commutations that were the result of that U.S. Supreme Court ruling are removed, Branstad's tenures are the two lowest.

Branstad received nearly 400 requests for pardons since 2011 and approved 26. He received almost 90 requests for commutations and granted 39. Branstad said the application process for pardons and commutations is thorough, and justified his rare approvals as having public safety in mind.

"We go through a very extensive process. We do an extensive (Iowa Division of Criminal Investigation) background investigation, it has to go before the parole board before it ever comes to me," Branstad said. "The good news is we've not had the tragedies that have occurred in some other states where governors haven't been as careful or judicious and people that they pardoned have then committed other serious crimes."

P.S. Ruckman, a professor at Rock Valley College in Rockford, Ill., who writes a blog on executive clemency, said while commutations can be risky, he thinks there is little downside to granting pardons.

"When I see a pardon number that low, I just don't get why that is not in the hundreds," Ruckman said. "Because, again, the political risks there are just about zero."

Ruckman said governors appear to be motivated, in part, by wanting to avoid granting a pardon or a commutation to an individual who then commits another crime. Ruckman and Rigg both noted George H.W. Bush's 1988 campaign ad that used the example of a felon who raped a woman after he escaped while on a weekend furlough program supported by Bush's opponent, Michael Dukakis. Even though that individual was given neither a commutation nor a pardon, Ruckman and Rigg said they think that kind of example weighs on governors when making those decisions.

"There's something to this idea that you should be careful, but you should be careful anyway," Ruckman said. "If you look into those high-profile things, they're almost always about commutations (not pardons). The idea that there is some risk to restoring rights is just lunacy."

#### WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible

Iowa State University is seeing fewer international applications as places of higher education are facing similar issues nationwide.

The school says it has received 20% fewer international applications than the year before. Forty percent of colleges across the country also report reduced interest from international students, and ISU says the reason why is clear.

"Some of our students are just concerned about safety and how welcome they're going to be in the community. So with the executive orders issued, it has some of them a little concerned about will they be welcomed once they get to the U.S.," said Director of Admissions Katharine Johnson Suski.

The executive orders aimed at stopping travel from several predominantly Muslim countries and President Trump's campaign stance on China is not going unnoticed by potential students. ISU's applications from China are down 30%, and those from predominantly Muslim countries are down 60% to 80%.

"Certainly it saddens me when students don't feel safe here because, really, we know students are going to be very welcome here and taken care of in Ames," said Suski.

International student Waasay Mirza came to study from Pakistan, and says the problem is one of perception.

"I didn't feel uncomfortable, especially on this campus. People were really good, they helped me out," said Mirza.

Mirza came four years ago to study electrical engineering, and said being an international student has changed his life for the better.

"You get a lot of exposure, you get to learn a lot of things, and not only that, you get to see and meet so many different cultures and different diverse communities that you learn a lot," he said.

This is a message the college is trying to drive home as they participate in the national "You are Welcome Here Campaign."

"The You are Welcome Here Campaign will be a video of a lot of our students, faculty, and staff standing there saying 'you are welcome,' some in their native languages so students can hear that message from across campus," said Suski.

Suski also said representatives from the school recently returned from a trip to China, where international alumni spoke to prospective students about coming to America to study.

ISU says while international applications to the United States are down, applications to schools in Canada are on the rise.

KCCI: Six years later: Ashley Okland's murder still unsolved

Saturday marks the sixth anniversary of real estate agent Ashley Okland's shooting death.

Okland, 27, was working as a real estate agent in West Des Moines when she was found shot on April 8, 2011, at 558 Stone Creek Court, a model town home for a new development.

She was rushed to Iowa Methodist Medical Center in Des Moines, where she later died.

Investigators have interviewed hundreds of witnesses since her death, but no one has been charged in the case. West Des Moines police have said it remains an active investigation.

The case sparked new calls throughout the real estate industry to increase safety for real estate agents.

Anyone with information on the case is asked to call the West Des Moines Police Department at 515-222-3344 or Crime Stoppers of Polk County at 515-223-1400.

The Gazette: Branstad expects to sign firearms bill following review

Legislation makes 'monumental' changes to Iowa's gun laws

Gov. Terry Branstad said Friday he expects to sign legislation making major changes to Iowa's firearms laws but he is reserving judgment until he and his staff have time to review the provisions of House File 517 that received final House approval on Thursday.

"Obviously, we want to review it in its final form, but generally I've been a strong supporter of the Second Amendment and I believe the legislation passed with bipartisan support with a pretty strong

margin,” Branstad said in an interview. “I’m inclined to be supportive but I want to reserve judgment until I get a chance to review it in its final form.”

Branstad said he had some concerns with the original version passed by the Iowa House but those were addressed in changes adopted by the Iowa Senate that were accepted by representatives Thursday before sending it to his desk for consideration.

“It looks pretty good,” the governor said.

Included in House File 517 is a controversial “stand your ground” provision that states a law-abiding citizen does not have a duty to retreat in a public place before using deadly force when confronted with danger to life or property.

The bill also would allow children below the age of 14 to handle pistols or revolvers under the supervision of an adult parent, guardian or instructor; pre-empt local ordinances restricting gun rights; create a uniform permit to carry weapons; provide for five-year permits to acquire handguns rather than single-year permits; and create confidentiality for those with permits, legalize short-barreled rifles and shotguns and allow those with permits to carry handguns in the Iowa Capitol and other public buildings.

Iowa Republican Party Chairman Jeff Kaufmann praised Speaker Pro Tempore Matt Windschitl and House and Senate Republicans for their work in shepherding the bill through both chambers of the Legislature in a bipartisan fashion. He called the bill “the most monumental piece of pro-Second Amendment legislation in Iowa’s history.”

Earlier in the week, members of Iowans for Gun Safety expressed concerns about the bill and on Friday, the Rev. Jeremy J. Brigham, executive director of the organization, wrote Branstad a letter urging him to veto the bill.

“This bill is particularly dangerous to men of color, women and children and many from these communities have joined us in speaking out,” Brigham said in his letter.

“Gov. Branstad, we believe it is particularly important that you veto this bill. As ambassador to China, like your predecessors, you will be asked to protect the rights of minorities in China. This bill ... threatens the rights of minorities in Iowa and we ask that you veto this bill and protect the rights of minorities in Iowa.”

If the bill becomes law, members of the Iowa Chapter of Moms Demand Action for Gun Sense in America said Iowa will become only the second state to enact a new “stand-your-ground” law since the killing of Trayvon Martin in Florida in 2012.

“In the weeks since this bill was introduced, lawmakers have listened thoughtfully to the widespread concerns about certain portions of it, and we’re grateful they removed dangerous sections that would have gutted Iowa’s background check and permit-to-carry requirements,” said Amber Gustafson of the Iowa Chapter of Moms Demand Action for Gun Sense in America.

“Still, we remain deeply concerned that the stand-your-ground and punitive pre-emption portions of this bill would leave our communities less safe,” Gustafson added in a statement. Stand-your-ground laws embolden people to escalate everyday disputes, and the statistics from states that have passed them are deeply troubling. We’ll be urging the governor to keep our state from following their concerning lead.”

Burlington Hawk-Eye Editorial: A wise move

Rex Troute, Steve Delaney

Top of Form

Bottom of Form

There is a bill on Gov. Terry Branstad's desk that would consolidate elections in Iowa. School board and municipal elections would be held on the same day.

While many times on this page we take exception to what's happening in the Statehouse, this is one measure we can support, and we hope the governor signs this bill into law.

Lobbyists for schools oppose this bill. They haven't articulated why and there really is no objective reason to oppose a measure that would encourage more people to cast a ballot for someone to represent us.

A check of the records over the years reveals school elections, held in early September, have generated embarrassingly low turnout. It's been a disservice to the taxpayers who must pay the bills. It's been a disservice to the people who put their names on the ballot.

We ask people to serve and then hold them accountable for their service. That's the trade-off of public service. Greater voter turnout isn't all that much to ask.

One would think school lobbyists would embrace a law designed to get more people to the polls, get more people involved in the process. Instead, they oppose it.

That's unfortunate. And troubling.

Moreover, school districts typically charge taxpayers more than other government entities. Shouldn't they want more involvement among the public?

And equally, municipal elections have had terrible turnout when not combined with national elections.

We should remember, it's our local representatives — city council members, school board members, county supervisors — who have the most impact on us, and our pocketbooks.

We preach frequently the need for people to get involved in their government. Voting is the most important part of that process. Government should make voting convenient for people. With today's technology, there's no reason voting couldn't be done on someone's home computer. The hope here is that day will soon come.

After all, if we can pay all of our bills online, and grab cash from an ATM machine, and trust that it's secure, surely we can vote online as well. But, as with most things related to government, change takes time.

This new law will, we believe, get more people to participate in the process of electing representatives who are to work on our behalf. It's difficult to imagine why someone would be opposed to that.

Here's hoping the governor isn't opposed to that concept.

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements

Centerville reaches \$1 million benchmark and Ryan Stober receives leadership award during ceremony honoring award winning projects, entrepreneurs and volunteers

Main Street Iowa hosted the 31st annual Main Street Iowa awards celebration on Friday, April 7 at Hoyt Sherman Place in Des Moines. The program honored the efforts of those who work day in and day out in downtown revitalization in Iowa. The event was attended by approximately 550 individuals representing communities across the state.

Main Street Iowa has annually presented awards honoring outstanding accomplishments, activities and people that are making a difference in Iowa's Main Street districts. Projects large and small are recognized and serve as outstanding examples of what historic commercial district revitalization is all about.

Fifteen projects and activities occurring in local Main Street communities were selected to be recognized from the 160 competitive nominations submitted. The honors were presented by Gov. Terry E. Branstad, Lt. Gov. Kim Reynolds and Debi Durham, director of the Iowa Economic Development Authority.

"The Main Street Iowa program has stood the test of time since its introduction in 1985. The program continues to bring businesses, jobs, investment and vitality to our states' communities, both big and small," stated Branstad. "The Main Street Approach works, and Main Street Iowa has been a national model because we are creative, we embrace change, we demand local initiative and action, while holding strong to our roots as an historic preservation program."

"Healthy, historic commercial districts are a key deciding factor for industrial and business recruitment," said Reynolds. "Since 1986, local Main Street programs have made a significant impact on Iowa's economy with 4,514 new businesses and a net gain of 13,402 jobs. More than 740 building projects have been reported with an investment in those rehabs of over \$2 billion. Last year alone, the Main Street Iowa network surpassed 156,135 total documented hours of human capital invested into Iowa's downtown revitalization efforts. This demonstrates a tremendous commitment to Iowa's Main Streets."

During the event, 10 communities were recognized for reaching significant benchmarks based on private dollar investments made in the purchase and revitalization of properties within their respective commercial districts. Centerville and Lansing were recognized for reaching the \$1 million benchmark in the last year and Ft. Madison was honored for \$2 million in local investment. Ames and Guthrie Center were recognized for achieving the \$5 million level. Des Moines Sixth Avenue, Chariton, Corning, State Center and Ottumwa all attained \$10 million in local investment since being designated as local Main Street programs. Four communities were recognized for significant anniversaries. Osceola was recognized for 20 years of participation as a designated Main Street community. Cedar Falls, Spencer and West Des Moines were recognized for 30 year anniversaries.

Two special awards were presented as well. James Walsh received the Spirit of Main Street Award, an honor that recognizes the person, organization, community or project which best demonstrates the true meaning and spirit of "Main Street at Work." The community of Oskaloosa was honored with a Signature Project Award for their inspiring and innovative place-making efforts in beautification, promotion and partnership.

In 1985, the Iowa Legislature adopted the National Main Street Center's Four Point Approach to district revitalization by establishing Main Street Iowa within the agency that is now the Iowa Economic Development Authority. Since its inception, the state program and its communities have been considered examples of excellence in the national effort to revitalize historic commercial districts across the country.

Visit [iowaeconomicdevelopment.com/MainStreetIowa](http://iowaeconomicdevelopment.com/MainStreetIowa), e-mail [mainstreet@iowaEDA.com](mailto:mainstreet@iowaEDA.com) or call 515.725.3051 for more information

## NEW MILLION DOLLAR BENCHMARKS REACHED IN 2016

Private dollars invested in commercial district rehabilitation and property acquisition in the designated



Main Street districts since the programs' inception.

\$1 Million – Centerville and Lansing

#### LEADERSHIP AWARD RECIPIENTS

Special award that recognizes inspirational leadership and volunteers who make significant contributions to the local Main Street programs' downtown revitalization mission.

Ryan Stober, of Centerville with Main Street Centerville.

The Gazette Editorial: Affordable Housing: Second chances & better processes

Elected officials don't often get second chances, or clear-cut strategies for complex problems. Right now Cedar Rapids City Council members have both.

Minnesota-based nonprofit CommonBond Communities has submitted an updated plan for Crestwood Ridge, a northwest side housing project that fell shy of supermajority support last fall amid outcry from neighborhood residents.

Awarded \$8 million in federal tax credits through the Iowa Finance Authority to develop alongside Edgewood and Crestwood roads, Crestwood Ridge included a mix of market rate and affordable apartments, including five supportive housing units. Staff from Willis Dady was tapped to provide case management for those five tenants.

Council members rejected rezoning for the project in October, when a majority neighbors voiced concerns about area sidewalks, increased traffic, lot density and water runoff. The updated Crestwood plan addresses these issues, so the nonprofit is requesting the city forego its typical 1-year delay and reconsider the project now, before the grant expires.

We continue to support the development because it earned city support for its grant application, met the strict criteria of the competitive grant, aligns with the comprehensive plan, won the recommendation of city staff and, most importantly, fills a long-standing affordable supportive housing gap. We also remain impressed by CommonBond and its partnership with Willis Dady.

Although most national reports rate the Midwest, Iowa and Cedar Rapids as generally affordable, the reality is a lack of local housing stock has increased local demand and cost. Rental vacancy rates in the city hover around 2 percent, and more than 40 percent of area renters are cost-burdened. Many households are only one financial crisis away from added reliance on taxpayer-funded safety nets or homelessness.

To make matters worse, the Trump administration wants to cut \$6.2 billion, or 13 percent, from the U.S. Department of Housing and Urban Development. Specifically targeted are two programs that help people secure and sustain affordable housing — Community Development Block Grants, which fund initiatives ranging from disaster aid to police engagement to anti-poverty efforts like Meals on Wheels, and the HOME Investment Partnership, which helps low-income citizens repair existing homes.

Other HUD programs related to housing are in danger as well, including rental assistance, heating and air-conditioning aid, energy-efficiency assistance and various other local government partnerships like AmeriCorps and the Interagency Council on Homelessness. The Self-Help Homeownership Opportunity and Choice Neighborhoods programs, which aim to replace distressed public housing with mixed-income development, are on the chopping block too.

Given what's happening in Washington, you'd think Iowa lawmakers would be doing more to help

communities prepare for worst-case scenarios. Instead, they are supporting similar policies and implementing laws that further erode the middle class, adding more lowans to the list of those searching for housing and other assistance.

That's the economic and political backdrop Cedar Rapids Council members need to consider before they once again refuse \$8 million in housing tax credits, newly offered neighborhood improvements and proven affordable housing project management partners.

This is a multifaceted challenge that needs public-private coordination and public buy-in.

Healthy communities offer diverse housing options for people at all levels of the economic ladder. Business owners, retirees, farm laborers and bus drivers all need a place to live. When they can't find one, negatives ripple out.

For instance, a lack of workforce housing impedes the ability of employers to attract talent, leaving jobs unfilled and companies thinking twice about local expansions. And, when workers can't live near employers, they must travel further. Individual cars increase traffic and impact air quality. Alternatively, public transit faces greater demands in an ever-widening service area, which costs taxpayers.

Throughout Linn County, only eight supportive housing units are open to the public. And yet housing is the foundation for well-being — food security, economic contribution, health management, stability.

This housing gap won't be closed if strategies are limited to owner-occupied, large-lot single-family housing — or if all options are regulated to only certain neighborhoods.

This is a test of political will we cannot afford to fail. Fortunately, the Safe, Equitable and Thriving Communities Task Force subcommittee on housing has recommendations:

- Expand financial incentives for development of affordable housing throughout the city
- Build community capacity for supportive services programming
- Implement ongoing landlord education efforts
- Target nuisance property owners
- Develop partnerships to revitalize aging housing stock
- Remove barriers faced by specific populations
- Strengthen and support neighborhood associations
- Coordinate and unify affordable housing efforts

While these objectives are fully and individually possible, they are more easily accomplished by first focusing on the final item.

As the task force noted “at present, there is no coordinated, collaborative, unifying body or effort that develops and implements a strategic communitywide vision for affordable housing.”

That must change. We agree with the task force that Cedar Rapids needs a group — perhaps something similar to the Johnson County Affordable Housing Coalition or the long-dormant Affordable Housing Commission mandated by municipal code — with the necessary political capital to drive public policy. Ideally, this group will spur additional regional opportunities.

Dr. Mary Wilcynski and Stacey Walker, who served as co-chairs of the SET Task Force, noted that the

group's recommendations were derived from discussions with several housing experts, many of whom served on the subcommittee. They aren't commentary on any one proposal, but an attempt to establish a more comprehensive approach.

"We do know that barriers to affordable housing currently exist in our community and everyone interested in a safe, equitable and thriving community should take the challenge of affordable housing seriously," they said as part of a joint statement.

"It is imperative that local governments work with nonprofit organizations and good developers to bring more affordable housing options to our city. ... The need for safe, affordable housing is not going away, therefore it is incumbent upon leaders to act."

Perhaps due to political aspirations or concern about the next election, needed and initially supported Cedar Rapids housing projects have been successfully derailed by small groups of citizens. Each time this happens, the city's relationships with established housing developers erode, more groups are emboldened to read from the same noisy playbook, and the diverse housing supply needed for the city to thrive is delayed.

Whether the updated Crestwood development stands or falls, it shouldn't have come to this. Taxpayers shell out thousands each year for professionals who use council-approved tools like the comprehensive plan and city ordinances to determine details like landscaping and water retention.

Given the inability of council to consider recent housing projects by the standards of merit they established, we are no longer convinced the current system provides a level playing field for all developers or projects. Time for changes. Let's start with a fearless and politically-savvy team committed to meeting the city's long-term and diversified housing goals.

The Gazette Column: This is no time for a constitutional convention

Todd Dorman

So amid the deepening political divisions and thrill-a-minute volatility of our post-truth Trumpian times, Republicans running our Legislature think the moment is right to grab us by the Constitution.

Last month, the Iowa House voted 58-38 along party lines to petition Congress to convene a constitutional convention under Article V of the U.S. Constitution. The convention, according to House Joint Resolution 12, would be "limited to consideration and support of amendments that impose fiscal restraints on the federal government, and amendments that limit the power and jurisdiction of the federal government, and no amendments on any other topic."

So just money, power and jurisdiction. What else is there?

It's now awaiting action in the Iowa Senate. Its floor manager there, Sen. Jason Schultz, R-Schleswig, said a debate will come "soon."

The resolution's writers have a flare for drama. It addresses our "crushing national debt." It accuses our federal government of "abuses of power" and talks of how it's "invaded the legitimate role of states" through federal mandates. It has "ceased to live under proper interpretation of the Constitution."

Stirring, to be sure. But the convention won't come in time to stop the feds from, for instance, invading Iowa with a fresh \$225 million transfusion to save Gov. Terry Branstad's hemorrhaging Medicaid scheme. Such future federal incursions, funding roads, crop insurance and water quality, surely could be halted. Ask your nearest county supervisor, after lawmakers' 2017 local control pre-emption fest, about abuses of power, legitimate roles and unfunded mandates.

But I digress.

State Rep. Zach Nunn, R-Bondurant, led the charge in the House on March 15, insisting a constitutional convention would be like a “subcommittee,” or simply a “proving ground for new ideas.” It can happen if 34 state legislatures approve petitions. Nine have taken the plunge, including Arizona, Georgia, Alaska, Florida, Alabama, Tennessee, Indiana, Oklahoma and Louisiana. Other states, including Wisconsin and Ohio, are debating the issue.

Some con-con backers claim as many as 30 states have passed resolutions, counting actions taken years or even decades ago. Maryland just rescinded its resolution, passed in 1977.

“If not us, then who? If not now, when?” Nunn asked the House as debate opened.

It was hardly a debate for the ages.

Minority Democrats questioned the wisdom of lecturing Congress at a time when Iowa’s budget is a mess. That didn’t sit well with Rep. Chip Baltimore, R-Boone, who called a “point of order,” accusing Democrats of breaking House rules by going off topic. Apparently you can’t discuss state budgetary imprudence in a debate over federal budgetary imprudence. Somehow, his point was well taken by House Speaker Linda Upmeyer, R-Clear Lake.

It was not until Rep. Tim Kacena, D-Sioux City, rose to speak did we get a solid assessment of the convention drive.

“I can honestly say this resolution scares the hell out of me,” said Kacena, a retired firefighter who probably knows scary when he sees it. “This is dangerous.”

The thought of popping the hood on the Constitution at this point in our history is pretty scary. Our facts now are alternative. Our political cash comes in two flavors, shady and dark. Our nation just put a tweeting huckster in the Oval Office. Scrapping health insurance for 24 million people is what passes for sound public policy. We’re still trying to recover from the Bowling Green massacre.

A convention, now? Maybe the Russians will send delegates.

Sure, it takes 34 states to call a convention and 38 states to ratify any amendments it yields. No worries. That will never happen. Just like Donald Trump will never be president. Thank goodness.

I’m not going to defend the crushing national debt or any other boneheaded action taken by the federal government. There are many. And I can think of ways I’d like to change the Constitution.

But when the hottest trend in governing is called “the nuclear option,” the time to change the Constitution is not now. The people to do it is not us.

Legislatures across the country, including Iowa’s, are shoving through sweeping ideologically-driven initiatives with all the care, caution and concern for consequences of Visigoths on a Roman holiday. They would pick the convention delegates. That ought to work out well.

And a convention would not necessarily be “limited.”

We’ve had one such convention, in 1787. It was called by Congress to amend the Articles of Confederation. Instead, delegates tossed the articles and crafted an entirely new Constitution. It was a masterstroke for the future of America. It is not an example of cautious restraint.

Drake University Professor Dennis Goldford, who teaches constitutional law, said there were strong objections to straying from Congress’ original charge in 1787. James Madison answered those

criticisms in Federalist 40.

"He said, look, if you think things are so tough and difficult right now that we can't stay where we are, then go ahead and vote for this new Constitution, and we'll take that as your consent to the rather irregular procedure we adopted," Goldford said. "If you think that we had a runaway convention ... vote against the new proposed Constitution.

"So we had precisely this issue as far back as 1787-1788. Our only constitutional convention in American history was itself a runaway convention," Goldford said.

And if a convention's actions sparked a court challenge, it's uncertain what jurisdiction the courts would have, Goldford said.

"This opens up a huge can of worms," Goldford said.

I say let's not open that can.

Conservatives who want big changes at the federal level should note they currently control Congress and the White House, with a Supreme Court majority on the way. A convention isn't necessary, unless you want to do things so unpopular they can't be accomplished through the normal political process. Many of these proposals also are known as bad ideas.

And HJR 12 is a bad idea. The Senate should grab it and scrap it.

QC Times: Q-C lawmakers weigh in on Syria strikes

Ed Tibbetts

Top of Form

Bottom of Form

In mostly measured tones, lawmakers representing the Quad-Cities got behind President Donald Trump's decision to launch missile strikes against Syria. But there also were warnings, mostly from Democrats, about the prospect of a deeper commitment there.

The strikes, which came late Thursday, also rekindled calls in some corners of Congress for lawmakers to come up with an authorization for use of military force in the event there was to be further action. Rep. Dave Loebsack, D-Iowa, said Friday that Trump should have come to Congress before launching Thursday's strikes.

Republicans said Trump showed resolve, and that this represented a break from the Obama administration.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said. "The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate."

Sen. Joni Ernst, R-Iowa, praised the strikes Thursday night. "Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis," Ernst said in a statement.

Republicans have long criticized Obama over Syria. In 2013, he raised the prospect of military action after government forces launched a chemical attack. The year before, Obama had said chemical

weapons would cross a red line.

Obama decided ultimately against launching an attack on his own and went to Congress for authorization. But Congress took no action, either.

As for the region's Democrats, Sen. Dick Durbin, D-Illinois, called Thursday's strikes a "measured response." Sen. Tammy Duckworth, D-Illinois, said they sent a "clear and measured message" to Syrian President Bashar al-Assad.

Rep. Cheri Bustos, D- Illinois, called Thursday's action a "proportional response."

However, they also said Trump needs to lay out a strategy before any further action is taken.

Bottom of Form

Duckworth raised concerns about heightened tensions with Russia. "After weeks of sending dangerously mixed signals on Syria, the president owes it to our troops, who are now in greater danger, to clearly and unequivocally outline the long-term strategic end-state he is seeking to achieve in Syria and the region," she said.

Bustos said the president "must present the American people and Congress a clear and transparent strategy to ensure we do not rush into another open-ended conflict in the Middle East."

Loebsack, meanwhile, also called for a "comprehensive plan." He did not weigh in specifically on the propriety of Thursday's missile strike but said it was important that the U.S. and the world "ensure that Assad is held to account for war crimes committed against his own people."

Grassley also called on the president to "develop a comprehensive strategy with respect to ending the six-year-long crisis in Syria."

QC Times Editorial: No answers in sight as Iowa exchange crumbles

Quad-City Times editorial board

Top of Form

Bottom of Form

Iowa's health insurance exchange this week became the poster child for self-fulfilling prophecies.

In just 72 hours, Iowa's version of the Affordable Care Act, or Obamacare, crumbled under its own weight and the additional heft a Republican White House with no interest in supporting it.

Wellmark Blue Cross and Blue Shield and Aetna last week both announced departures from Iowa's exchange in 2018, citing mounting financial losses and continued "uncertainty." That leaves Iowa's exchange with just one provider, Medica, which has yet to make its future intentions known. Wellmark and Aetna represent a majority of the Iowa exchange's total plans.

So, now what?

What's clear so far is Republicans in Washington have no answers.

Obamacare has always been a highly compromised, deeply troubled program. Even proponents of the massive federal program lamented its shortcomings. It's over-reliance on young, healthy populations to

subsidize the elderly and sick didn't pan out. Obamacare was costly and clunky. But, by most objective measures, it was relatively successful.

Roughly 20 million Americans have health insurance thanks to the ACA. In 2016, national insurance rates reached a record low of 10.6 percent, according to Gallup. That's down from 18 percent in 2013, and it's the working poor -- a population who spent decades one heart attack away from financial ruin -- who benefited most.

An imperfect program, for sure. But Obamacare isn't responsible for the country's astronomically high health care costs. Americans pay more and get less relative to the rest of the developed world, according to the World Health Organization. It even slowed the incessant rise of health insurance premiums, concluded the Congressional Budget Office.

Republicans spent seven years wasting time on meaningless votes to repeal ACA. It was a go-to foil in congressional districts in every purple district throughout the country. It was "evil," they said. They stoked nonsensical fears about "death panels." President Donald Trump has repeatedly called it a "disaster" without bothering to actually understand it and last month promised to let ACA fail when his party couldn't offer any real solutions.

That last bit is the "uncertainty" to which Aetna and Wellmark officials were referring. Trump's promise to starve ACA to death all but doomed an already troubled Iowa exchange.

Bottom of Form

The White House and congressional Republicans, still smarting after last month's failure, spent much of last week in closed-door meetings trying to hash out a replacement to ACA, reported the New York Times. Most of the talks involving the White House concerned placating the GOP's right-wing Freedom Caucus, which killed the party's first attempt at repeal. Proposed concessions included high-risk pools, a downright scam that's failed in multiple states, and the elimination of hugely popular pre-existing conditions protections for consumers.

A bill that already turned the noses of the GOP's reasonable center reeks even worse after this week. Flailing is fine for a minority party. Chaos is not acceptable for the majority that's supposed to govern.

So, we ask again: What now?

Republicans tapped widespread confusion and fear to score political points off Obamacare. They've railed against it without any real solution. They're now actively destabilizing it. And, predictably, Iowa's exchange is quite literally falling apart amid a GOP civil war.

The well-being of thousands of Iowans are at stake here. More than 50,000 benefit from taxpayer subsidized policies on Iowa exchange. Tens of thousands of Iowa's poorest rely on the state's already foundering Medicaid system, expanded as part of the ACA and privatized by Gov. Terry Branstad.

And the very people who sowed discontent and stoked fears have, so far, proven incapable of picking up the pieces.

RI: Ashton Kutcher says good character 'is like your DNA'

APRIL 9, 2017 BY O. KAY HENDERSON

Eastern Iowa native Ashton Kutcher is the latest recipient of a "Pillar of Character" Award named in honor of former Iowa Governor Robert D. Ray.

“Thank you for having me home,” Kutcher said as he took the stage at Saturday’s ceremony in West Des Moines.

The actor who has starred in “That ’70s Show” and the current Netflix series “The Ranch” relied on some of the biochemistry he studied at the University of Iowa to explain the difference between personality and character.

“Personality is kind of the you that you show in the light,” Kutcher said. “...But your character is the you in the light and it’s the you in the darkest moment of your life. It’s just you. It’s like your DNA.”

The Robert D. Ray “Exemplar Award” is presented by the Drake University-based “Character Counts” organization to Iowans who “consistently demonstrate good character as a visible role model.”

Kutcher thanked his wife, his parents, his scoutmaster, his teachers and the neighbors from his childhood for their influence on his character.

“I’m the lucky one, but then I also had the great fortune to fail again and again and again,” Kutcher said. “I had the great fortune of going to jail when I was 18 and getting a deferred judgment, because I knew I never wanted to go back.”

Kutcher also talked about how his twin brother, Michael, has influenced his life.

“My brother was born with cerebral palsy and he taught me that loving people isn’t a choice and that people aren’t actually all created equal,” Kutcher said. “...We’re all created incredibly unequal to one another in our capabilities and what we can do and how we think and what we see, but we all have the equal capacity to love one another...He also taught me that he had gifts that I didn’t have...and that every time I felt sorry for him in life, I made him less.”

Kutcher, who is now 39 and the father of two young children, told his parents that with the experience of being a parent, he finally realized how much his own parents loved him.

“And so actually I didn’t come here, ultimately, to receive this award for myself,” Kutcher said. “I came here to receive it for all of you.”

Iowa’s current governor, Terry Branstad, handed Kutcher’s wife, Mila Kunis, a certificate that makes her an “honorary” Iowan. Other recipients of the Robert D. Ray “Pillar of Character Award” include Norman Borlaug, Hayden Fry, Dan Gable, Fred Hoiberg and Shawn Johnson.

Kutcher has become known as an entrepreneur, investor and philanthropist in addition to his work as an actor. He recently testified against human trafficking during a congressional hearing. Kutcher and his ex-wife, Demi Moore, co-founded a non-profit called “Thorn” that fights “the sexual exploitation of children.”

RI: New leader to take over at the Clarinda prison

APRIL 7, 2017 BY RADIO IOWA CONTRIBUTOR

A new warden has been named for a prison facility in southwest Iowa.

The Board of Corrections has approved the appointment of Randy Gibbs to become Warden of the Clarinda Correctional Facility on April 21. Gibbs is currently Assistant Deputy Director of Institution Operations.

The Clarinda facility currently houses over 900 inmates, many of whom are classified with “special



needs” — offenders with mental health issues or intellectual disabilities.

The warden vacancy at Clarinda was created when Sheryl Dahm was appointed in January as Warden of the Iowa Correctional Institution for Women in Mitchellville. That was after former women’s prison warden Pattie Wachtendorf was named the first female warden of the Iowa State Penitentiary in Fort Madison. She replaced Nick Ludwick, who retired.

RI: Grassley, others comment on Supreme Court confirmation vote

Iowa Senator Chuck Grassley, a Republican from New Hartford, spoke to reporters today after the U.S. Senate voted to confirm Neil Gorsuch to the Supreme Court.

“I think that we just witnessed one of the most important votes that a member of the Senate can cast,” Grassley says. “Judge Gorsuch will be an independent voice on that Supreme Court. He proved that by answering questions for 20 hours.”

Grassley is the chair of the Senate Judiciary Committee which holds hearings on the Supreme Court nominees. The Senate used the so-called “nuclear option” to change the rules so Gorsuch would not need 60 votes to be confirmed. Grassley would ask if that would be a constant negative for Gorsuch in his time on the High Court. The senator says it will not be because Democrats set the precedent of changing the rules back in 2001.

“When they said ‘we’ve got to change the ground rules.’ We’ll they did change the ground rules. Those ground rules were changed for a lot of nominees that George W. Bush had, those same ground rule...continued through the Obama administration,” Grassley says. “So those Democrats who met back in 2001 poisoned the well that got us to where we are.”

Some Democrats said they were against Gorsuch’s nomination because Grassley would not hold a hearing on a judge President Obama nomination. He was asked how the whole fight over the Supreme Court nomination will impact other work in the U-S Senate.

“I think the comity will be back to the Senate in regards to legislation — but I think it’s going to take somebody like Senator Schumer who started this whole slippery slope back in 2001 — to drill a new well that’s not going to be poisoned,” Grassley replied.

Grassley says there are plenty of Republicans and Democrats who are willing to work together to make that new start when it comes to selecting Supreme Court judges.

Iowa other U.S. Senator Joni Ernst, a Republican from Red Oak, voted for Gorsuch and released this statement on her vote:

“I am thrilled that a bipartisan majority has voted to confirm Judge Gorsuch, who is eminently qualified to serve on our nation’s highest court,” said Senator Ernst. “Throughout his career, Judge Gorsuch has shown an unparalleled depth of understanding and respect for our Constitution. He is dedicated to interpreting the text of the Constitution and statutes as they are written, rather than attempting to legislate from the bench. It’s easy to see why Judge Gorsuch was previously confirmed by the Senate with unanimous support – including the support of Minority Leader Chuck Schumer.

“The American people are behind Judge Gorsuch, and I look forward to seeing him take his seat on the bench very soon.”

The group Why Courts Matter Iowa issued this statement in response to the confirmation of Neil Gorsuch, to the U.S. Supreme Court:

“Senator Grassley and Republicans in the Senate just ensured that the Supreme Court will be far more partisan and political than at any time in our country’s history, after voting to end the filibuster for Judge Gorsuch and future nominees. The so-called ‘nuclear option’ completes the partisan hatchet job on the independence of the judiciary that began last year when Grassley and Republicans engaged in unprecedented obstruction of Merrick Garland’s nomination.”

“Working side by side, President Trump, Senator Grassley, and Senate Republicans have undermined the U.S. Senate, an American institution. And their vote today undermines the independence of our highest court in the land.”

“This move to further politicize the judiciary is unfortunate, and it did not have to come to this. Republicans made a choice to strip away more than two centuries of Senate tradition. If they truly cared about bipartisanship, they would have worked across the aisle to put forward a consensus nominee who could receive the 60 votes that 25 of the past 26 justices have earned.”

“President Trump, Senator Grassley, and Senate Republicans won their vote today, but the American people lost. A judge who does not believe in protecting the constitutional rights of every citizen will be given a lifetime appointment because of a partisan vote. That’s not what we expect from our judiciary, or from our Senators, and we deserve far better.”

RI: Key senator: ‘outside chance’ for tax cuts, reform in 2017

The president of the Iowa Senate today said he and other Republicans are anxious to reform and cut Iowa income taxes, but with about two-weeks of scheduled work left in the 2017 legislative session, the task may be tabled ‘til next year.

“I was that hoping we could get to it this year,” Senate President Jack Whitver of Ankeny said. “There’s still an outside chance we could do something, but it’s looking more and more like this might be a 2018 issue.”

Whitver said the delay is mainly because when state tax revenues started falling below expectations, it forced two rounds of cuts to state budget plans.

“The reality of our situation right now in the state of Iowa is our budget is a little tighter than we hoped and we want to focus on getting our budget under control, do the fiscally responsible thing there,” Whitver said, “and then start looking at tax policy.”

After decades of resistance from within the Republican Party, Whitver said it is possible GOP lawmakers will get rid of the deduction that lets Iowans subtract their federal income taxes from their state income tax liability. Only one other state has that deduction and it makes Iowa’s income tax rates appear higher than they actually are.

“The states that are growing and thriving and are prospering right now are the states that have the lowest or even no income tax,” Whitver said. “I’m not sitting here today and saying: ‘Next year we’re going to eliminate the income tax,’ but the lower we can go on that, I think research shows we can be more prosperous.”

Whitver said he is willing to “consider anything” — including a single-rate “flat tax” on income — if it reduces the tax burden “on hard-working Iowans.” Cutting individual income taxes is a higher priority for Whitver than reducing the state’s tax rate on corporate income.

“That really isn’t that big a (part) of our state budget,” Whitver says. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across our state.”

That's because the majority of small business owners do not operate a corporation. They pay taxes on their small business by filing Iowa individual income forms. Whitver made his comments during taping of tonight's "Iowa Press" program that will air on Iowa Public Television at 7:30.

RI: Iowa Supreme Court rules against request for a hospital safety report

The Iowa Supreme Court says information gathered for a patient safety study cannot be used in a lawsuit against a hospital.

Dennis Willard was seriously injured in an accident in Davenport in November of 2011 and was transferred from the hospital there to the University of Iowa Hospitals in Iowa City.

He was sedated for a scan of his stomach to check for injuries. After returning from the scan he had problems with his left arm, and an x-ray found his shoulder was dislocated.

The x-rays taken before the scan had not shown the dislocated shoulder and Willard believed the shoulder was dislocated as he was moved for the scan, so he filed a lawsuit against the hospital. He sought to get a copy of what's called a Patient Safety Net report that was filed about an incident during the scan.

The incident reports are intended to help improve the safety of hospitals and under Iowa law are required to remain confidential. The district court ruled he should be given the report as part of the discovery phase of the lawsuit.

The Iowa Supreme Court ruled Willard cannot have the report as the confidentiality given the reports allows hospital staff to feel comfortable reporting problems and that information is utilized to improve patient safety by reducing preventable medical errors. The ruling says the protection is intended to apply to documents or communications that constitute "patient safety work product."

Here's the full ruling: [Hospital safety report ruling PDF](#)

POLITICO: White House on edge as 100-day judgment nears

'We've got essentially two-and-a-half weeks to turn everything around,' says one Trump staffer.

By SHANE GOLDMACHER

President Donald Trump has far more than three years left in his first term. But inside his pressure-cooker of a White House, aides and advisers are sweating the next three weeks.

The symbolic 100-day mark by which modern presidents are judged menaces for an image-obsessed chief executive whose opening sprint has been marred by legislative stumbles, legal setbacks, senior staff kneecapping one another, the resignation of his national security adviser and near-daily headlines and headaches about links to Russia.

The date, April 29, hangs over the West Wing like the sword of Damocles as the unofficial deadline to find their footing— or else.

But however real Trump's frustrations are with the three rival power centers he has installed — chief of staff Reince Priebus, son-in-law Jared Kushner and chief strategist Stephen Bannon — top officials inside and around the White House don't expect Trump to make any drastic changes until after 100

days, lest staff turmoil stories swamp a key stretch of media coverage.

That reprieve — unless Trump simply decides he's had enough — has both bought his staff a little time and put them on edge.

"One hundred days is the marker, and we've got essentially two-and-a-half weeks to turn everything around," said one White House official. "This is going to be a monumental task."

For a president who often begins and ends his days imbibing cable news, the burden has fallen heavily on a press team that recognizes how well they sell Trump's early tenure in the media will likely color the president's appetite for an internal shake-up.

That was the backdrop for a tense planning session for the 100-day mark last week.

More than 30 Trump staffers piled into a conference room in the Eisenhower Executive Office Building adjoining the White House, according to a half-dozen attendees who described the Tuesday meeting.

Mike Dubke, Trump's communications director, and his deputy, Jessica Ditto, kicked off the discussion of how to package Trump's tumultuous first 100 days by pitching the need for a "rebranding" to get Trump back on track.

"I think the president's head would explode if he heard that," one of the White House officials present said.

Staffers, including counselor Kellyanne Conway, were broken into three groups, complete with whiteboards, markers and giant butcher-block-type paper to brainstorm lists of early successes. One group worked in the hallway.

"It made me feel like I was back in 5th grade," complained another White House aide who was there. "That's the best way I could describe it."

Dubke, who did not work on the campaign, told the assembled aides that international affairs would present a messaging challenge because the president lacks a coherent foreign policy. Three days later, Trump would order missile strikes in Syria in a reversal of years of previous opposition to such intervention.

"There is no Trump doctrine," Dubke declared.

Some in the room were stunned by the remark.

"It rubbed people the wrong way because on the campaign we were pretty clear about what he wanted to do," said a third White House official in the room, "He was elected on a vision of America First. America First is the Trump doctrine."

One of the administration officials lamented, "We've got a comms team supposedly articulating the president's message [that] does not appear to understand the president's message."

Dubke told POLITICO he was disappointed White House staff would complain in the press rather than in real time.

"It was a brainstorming session and I really wish they had spoken up in the room so that we could have had an open and honest conversation," he said. "It is unproductive adjudicating internal discussions through the media."

As for the rebranding remark, Dubke said that had been misinterpreted. "There is not a need for a rebranding but there is a need to brand the first 100 days," Dubke said. "Because if we don't do it the

media is going to do it. That's what our job is."

Trump's communications team is now plotting to divide their first 100 days into three categories of accomplishments, according to people familiar with plans: "prosperity" (such as new manufacturing jobs, reduced regulations and pulling out of the Trans-Pacific Partnership trade deal), "accountability" (following through on swamp-draining campaign promises such as lobbying restrictions) and "safety/security" (including the dramatic reduction in border crossing and the strike in Syria).

Amid near-constant talk of staff shuffling, Dubke's name has fallen below the radar, in part because he cuts such a low profile. He was a late addition to Trump's team after the initial pick for the job, Jason Miller, bowed out for personal reasons. A behind-the-scenes operator, Dubke has yet to appear on television, Trump's favorite medium.

But as most of Trump's senior team — Cabinet members, military and economic advisers, Bannon, Priebus, Kushner and White House press secretary Sean Spicer — went to Mar-a-Lago last week for the bilateral meeting with China amid the unfolding Syrian situation, Dubke was conspicuously absent and back in D.C.

"That would tell you exactly how he is perceived," said one of the White House officials.

However, another White House official defended Dubke's internal role, saying before his arrival people in the press operation were "doing whatever they wanted to do without a broader set of goals being defined." Dubke imposed structure "and that's going to ruffle some feathers."

Still, the more sympathetic aide to Dubke admitted, "He has not yet integrated into the senior leadership."

The constant presence of senior advisers encircling Trump has created a vicious — and some officials say self-defeating — cycle in which top aides feel they cannot leave his side, lest they lose influence or be perceived to have.

"People are saying, 'Why is everyone traveling with the president?' and in the next breath, 'You must not be important, you're not traveling with the president?'" another White House official complained. "You can't have it both ways."

Trump hired Dubke in mid-February after a frustrating first month of bad press, telling Fox News later that month "in terms of messaging, I would give myself a C or a C+." But even after Dubke's arrival, Trump and his senior team have continued to seek outside advice.

During the failed push to pass health care legislation, Miller drafted a short messaging memo with four bullet points that was given to top White House officials, including Kushner and Bannon, according to four people familiar with the matter.

Miller, who now works for Teneo, the consulting firm created by former aides to Bill and Hillary Clinton, has been spotted around the White House twice in recent weeks, though he has made clear to friends in the administration that he has no interest in joining the White House.

The constant palace intrigue and internal jockeying has left the White House in a state of paralysis.

Trump parted with deputy chief of staff Katie Walsh in late March, his aides are discussing a reorganization and Trump himself has begun floating names to replace Priebus, his chief of staff, for feedback, according to a person close to the White House. On Friday, Trump ordered his two other senior-most advisers, Kushner and Bannon, to settle their differences in a Mar-a-Lago sit down after a week of their increasing shadowboxing through anonymous accusations in the press.

One White House official last week questioned why Bannon was taking on a member of Trump's family

so openly.

“For a Svengali that doesn’t seem like a smart thing to do,” the official said. “I don’t think that ends well for him.”

A White House ally of Bannon noted that despite bumping up against Trump’s son-in-law, he had held sway over the most crucial policy rollouts, such as Trump’s hard line on immigration and trade. “Anyone who thinks that Steve has lost his influence, they don’t know what the f--- they’re talking about,” this person said.

The strikes on Syria, a successful summit with President Xi Jinping of China and Friday’s sit-down between Bannon and Kushner appear to have calmed some frayed nerves. Two people who have spoken with the president in recent days said Trump’s mood has improved.

Still, the question of how to frame the first 100 days remains a challenge.

Trump aides are grappling with the reality that they will end this opening period with no significant legislative achievements other than rolling back Obama-era regulations. Even the White House’s most far-reaching success, the confirmation of Justice Neil Gorsuch to the Supreme Court, required the Senate rewriting its own rules to overcome Democratic opposition.

Though the White House continues to push for progress on stalled health care legislation, there are only five legislative days remaining once Congress returns from a two-week spring break. Plus, another deadline looms: Trump and the Republican-controlled Congress must still pass a bill before April 28 to keep the government running.

If they fail, a shutdown would begin on Trump’s 100th day in office.

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings

Egyptian President Declares 3-Month State of Emergency

Suspected suicide bombers struck two Egyptian churches on Palm Sunday, killing more than 40 people in the deadliest assault on civilians since President Abdel-Fattah El-Sisi’s election nearly three years ago.

Islamic State claimed the attacks on the St. George church in the Nile Delta city of Tanta and St. Mark’s cathedral in Alexandria, according to the U.S.-based SITE Intel Group, which monitors jihadist channels on social media. At least 27 people were killed in the Tanta bombing, the day’s first blast, Health Ministry spokesman Khaled Mogahed said. In Alexandria, at least 16 were killed in an attack on the seat of the Coptic Orthodox church there.

The violence demonstrates Islamic State’s intent to expand its presence in Egypt beyond the rugged confines of the Sinai Peninsula. That will likely add more pressure on El-Sisi to restore order as he seeks to attract foreign capital and placate a population increasingly frustrated with economic hardship.

The bombings come less than a week after El-Sisi met President Donald Trump at the White House, where he was praised for his efforts to fight terrorism. Targeting two major cities outside Sinai lets Islamic State show it’s “still able to operate -- despite this growing pressure -- and to embarrass the Egyptian government after Sisi’s visit to Washington” and before Pope Francis’s visit this month, said Michael Horowitz, director of intelligence at the political risk consultancy Prime Source.

‘Great Confidence’

Trump tweeted that he's "sad to hear about the terrorist attack in Egypt" and has "great confidence that President Al Sisi will handle the situation properly." The U.S. "will continue to support Egypt's security and stability in its efforts to defeat terrorism," State Department spokesman Mark Toner said in a statement. Al Sisi ordered the deployment of military units to help protect vital installations nationwide, the presidency said in a statement.

Egyptian shares dropped after the bombings, with the benchmark EGX 30 Index retreating 1.6 percent, the most since Feb. 27, at the close in Cairo.

The incidents bore the hallmarks of the Islamic State -- multi-pronged attacks aimed at inflicting as much damage as possible while minimizing the group's losses. In Alexandria, one of the casualties was a police officer who blocked the suspected suicide bomber from entering the church after he evaded a metal detector, security footage aired on television showed. In Tanta, the remains of a suspected suicide bomber were found in the church, the state-run Middle East News Agency said, citing an unidentified security official.

The bombings were "a mixed bag" for El-Sisi, said Samuel Tadros, a senior fellow at the Hudson Institute in Washington.

#### 'Dangerous Development'

"On the one hand it reinforces his narrative that Egypt is in war against terrorism, rallying the nation around the flag and so forth," Tadros said. "At the same time the attacks send a message of incompetence of the security apparatus" in containing the militancy, he said.

If the jihadist group proves able to operate more extensively outside of Sinai, "that would be a very dangerous development," he added.

El-Sisi declared that the attacks "will not undermine the resolve and true will of the Egyptian people to counter the forces of evil," according to a statement from the presidency. But the violence against civilians dealt the president a new blow at a time when his support is already being tested by the hardships Egyptians are being forced to endure as part of his economic reform program.

#### Currency Controls

A November decision to abandon currency controls helped to secure a \$12 billion International Monetary Fund loan and attract foreign investors. Yet it has also caused the pound to lose half its value against the dollar, sending prices soaring and annual core inflation climbing to over 33 percent in February.

#### Bottom of Form

The militant threat exploded after the 2013 military-backed popular uprising against Islamist President Mohamed Mursi and the deadly crackdown on his Muslim Brotherhood group that followed. The expansion of the attacks outside the confines of Sinai and, according to Egyptian media, a new focus on targeting Christians have only proven the jihadists' resilience. A deadly bombing at the Cairo cathedral in December, claimed by Islamic State's local affiliate, killed at least 25 worshippers.

The latest bombing "won't be the last terrorist attack because the state fights terrorism but doesn't fight terrorism-inspiring ideas, which is the main cause of the problem," billionaire Naguib Sawiris wrote on his official Twitter account.

#### Loyal Backers

Christians, who are widely estimated to make up around 10 percent of the nation's 92 million residents, have long complained of discrimination in the Muslim majority nation. They were among El-Sisi's

strongest backers after Mursi was pushed from power, but that loyalty, too, is being strained by the government's failure to contain the assaults on their community.

"This type of attack is the most dangerous, since it inflicts maximum amount of damage on human lives, disrupts tourism, and shakes the image of the state," said Ghanem Nuseibeh, founder of London-based consulting firm Cornerstone Global Associates. "It turns the conflict from a confrontation in the desert to a civil conflict in the heart of Egypt."

"This attack is likely to embolden the government, and provide it with even more legitimacy in its crackdown on Islamists and on dissent," he said.

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely

GOP attempts to reach across the aisle are complicated by lack of agreement on priorities

By RICHARD RUBIN

Democrats are starting to settle on a price for participating in a tax-code overhaul, and many Republicans won't want to pay it.

Democrats say they oppose net tax cuts and will resist proposals that mostly benefit high-income households. Those priorities diverge from President Donald Trump's repeated promise to "cut the hell out of taxes" and congressional Republicans' plans to lower marginal tax rates and repeal the estate tax.

"Tax reform's got to be responsible and it's got to be progressive," said Sen. Ben Cardin (D., Md.).

Republicans made overtures across the aisle in recent weeks and, in theory, Democratic participation on tax policy could ease legislative challenges for Republicans vexed by slim House and Senate majorities and internal disagreements. By attracting Democratic votes, Republicans could overcome procedural hurdles without uniting fractious wings of their own party.

## TRUMP'S FIRST 100 DAYS

There is, at some level, rhetorical room for agreement. Mr. Trump says middle-class tax cuts are a top priority. House Speaker Paul Ryan (R., Wis.) says he's aiming for his plan to be revenue neutral—collecting as much money over the next decade as the current system does. Mix Mr. Trump's class rhetoric, Mr. Ryan's budgetary promise and the prospect of spending on infrastructure and there is a recipe for bipartisanship.

But so far, those priorities aren't widely shared among Republicans and GOP plans haven't matched them. Mr. Trump's campaign plan delivered half its tax cuts to the top 1% of households, according to the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. House Republicans haven't shown in detail how their plan adds up and don't want to tie infrastructure and taxes together. Lower tax rates on businesses, investors and top earners are a unifying force in the GOP, and many lawmakers are reluctant to give that up to get a deal with Democrats.

Even if the White House and Democrats reach a conceptual agreement on taxes, any accord would drive many Republicans away and require the Trump administration and lawmakers to make decisions on hundreds of details.

Still, White House officials, who declared they are taking the lead on tax policy, have been meeting with Democratic lawmakers. House Ways and Means Chairman Rep. Kevin Brady (R., Texas) met with two groups of Democrats last week.



Democrats say they are wary but listening.

Mr. Trump's unpopularity, especially among Democratic voters, gives lawmakers political advantages in opposing the admin

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING/WEEKEND CLIPS 4.10.17  
Date: Mon Apr 10 2017 07:13:13 CDT  
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## Contents

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences' 1

DMR: Duel on guns at public venues in Iowa. 4

DMR Editorial: Legislature should ban use of traffic cameras. 6

DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES. 8

DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM... 11

DMR: Bondurant community remembers killed family. 16

DMR: KUTCHER: 'I ALMOST OWE EVERYTHING OF WHO I AM' TO IOWA.. 17

DMR: Chinese media take interest in D.M.-based Jasper Winery. 19

DMR: COMING OUT CONSERVATIVE. 20

DMR Editorial: State and federal forfeiture reforms fall short. 25

DMR: Did city councilman's opposition to a pork plant lead to suicide?. 26

DMR Iowa View: On abortion, liberals cite science fiction. 35

DMR: Grassley pledges to preserve filibuster for legislation. 37

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN.. 39

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT. 40

DMR: Grassley, Ernst back U.S. strike on Syria. 41

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE 'DOESN'T FIT IN SOCIETY' 42

DMR: Iowa Senate confirms three appointees to regents board. 44

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts. 45

DMR: Templeton Rye one step closer to distilling whiskey in Iowa. 46

DMR: Casino in Clinton debuts simulcast horse, dog racing. 47

DMR Editorial: Is Harreld proposing merger or hostile takeover?. 48

DMR Iowa View: Women deserve to receive equal pay for equal work. 49

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?. 51

SCJ Editorial: Election bill will strengthen system of voting in Iowa. 52

LEE: Branstad meets with senators handling his confirmation. 53

LEE: Branstad and Xi: From possibilities, an enduring relationship. 54

Globe Gazette: Skipper: Government is often one big jigsaw puzzle. 57

LEE: Iowa's budget pinch: How did we get here?. 59

LEE: Iowa Senate leader sees 'outside chance' for tax reform this year. 63

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?. 64

LEE: Branstad no fan of granting pardons. 65

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible 67

KCCI: Six years later: Ashley Okland's murder still unsolved. 68

The Gazette: Branstad expects to sign firearms bill following review.. 68

Burlington Hawk-Eye Editorial: A wise move. 70

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements. 71

The Gazette Editorial: Affordable Housing: Second chances & better processes. 72

The Gazette Column: This is no time for a constitutional convention. 75

QC Times: Q-C lawmakers weigh in on Syria strikes. 77

QC Times Editorial: No answers in sight as Iowa exchange crumbles. 79

RI: Ashton Kutcher says good character 'is like your DNA' 80

RI: New leader to take over at the Clarinda prison. 81

RI: Grassley, others comment on Supreme Court confirmation vote. 81

RI: Key senator: 'outside chance' for tax cuts, reform in 2017. 83

RI: Iowa Supreme Court rules against request for a hospital safety report. 84

POLITICO: White House on edge as 100-day judgment nears. 84

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings. 88

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely. 90

Bloomberg: McFarland to Exit White House as McMaster Consolidates Power. 92

Bloomberg: Trump Preparing Order to Expand Offshore Oil Drilling. 93

REUTERS: U.S. air strike gives Tillerson a boost for Moscow talks. 95

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences'

KATHY A. BOLTEN KBOLTEN@DMREG.COM © COPYRIGHT 2017, DES MOINES REGISTER AND TRIBUNE CO.

Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

In December 2013, Miranda Lalla was sent away for up to 25 years after she pleaded guilty to vehicular homicide while intoxicated for running over her friend in a pickup truck.

But two years, one month and eight days later, Lalla walked out of prison a free woman.

"It makes it feel like her life didn't matter," said Jessica Anderson, 28, the niece of Pamela Gross, the 44 year-old Iowa City woman Lalla killed. "I don't understand how you can take someone's life and then suffer very few consequences."

It's a common refrain from families whose loved ones have been killed in crashes caused by intoxicated drivers: Offenders are serving only a fraction of their sentences, which is evidence, they say, that Iowa doesn't treat drunken driving with the seriousness it deserves.

A Des Moines Register analysis of Iowa felony sentences lends credence to their argument.

Over the past six years, 47 people convicted of vehicular homicide while intoxicated were released after serving an average of 6 years and 4 months in prison — roughly one-fourth of their maximum sentence, Iowa Department of Corrections data show.

That's far less on average than inmates serving time for Iowa's other Class B felonies, including arson, robbery and manslaughter, all of which are punishable by up to 25 years in prison.

For example, released offenders serving time for second-degree murder or manslaughter spent 12 years on average behind bars, Iowa Board of Parole data show.

And prisoners doing time for arson or robbery, crimes where a victim may have been injured but not killed, spent seven to 15½ years on average in prison before they were released, a parole board report shows. "What message is that sending Iowa residents? That it's OK to get intoxicated, get in your car and go out and kill someone?" said Frank Harris, director of state government affairs for Mothers Against Drunk Driving, who has spent time in Iowa lobbying lawmakers for legislation that would strengthen Iowa's intoxicated driving laws. "Unfortunately, this is par for the course nationwide."

Others, however, caution that while there should be serious consequences for killing someone while driving drunk, it's equally important to provide treatment to offenders struggling with alcohol addiction. "The sentences should be done on a person-to-person basis," said Lilly Wisely of Clinton, who in 2006 pleaded guilty to vehicular homicide-reckless or eluding and served one year. "I didn't have a previous criminal history or a drunk driving history. "I was scared straight in prison. Serving a longer sentence would not have been beneficial to me at all."

How much time is enough?

Despite decades of attention on the issue, Iowa has struggled to curb the state's problem with drunken driving, which in 2016 resulted in the deaths of at least 84 people from alcohol-related crashes.

The state is investigating another 16 fatal crashes where alcohol is suspected, potentially driving that number higher. Vehicular homicide while intoxicated has been a criminal offense in Iowa since 1911, according to a guide written by the state's Legislative Services Agency.

In 1986, Iowa lawmakers, citing its serious nature, made the offense its own chapter in the state criminal code. They designated the crime as a Class D felony, punishable by up to five years in prison and fines up to \$7,500.

Harsher sentences and fines were passed during the next decade, and by 1997, vehicular homicide while intoxicated was designated a Class B felony punishable up to 25 years.

Iowa is one of 14 states that sentences offenders up to 25 years or more for killing someone while driving impaired, but it also has one of the nation's most generous earnedtime policies for inmates. Depending on the crime, many offenders see their sentences cut by more than half the first day they are incarcerated.

On Dec. 2, 2005, Teresa Fagen, 15, was driving home after a Perry High School basketball game when a man fleeing police in a pickup rear-ended her vehicle, killing her. Joseph Phillip Long pleaded guilty to four charges, including vehicular homicide while intoxicated and was sentenced to up to 35 years in prison.

In late 2015, Long, now 46, was released to parole after serving 8 years and 10 months in prison.

"Once a sentence is handed down, you should be required to serve all of that sentence," said Michelle Brecht, 35, of Des Moines, who is Teresa's oldest sister. "When you go through the trial and the sentencing, it's all about the victim, which is the way it should be.

"But when you get to the prison part, it's like they forget there's a victim because they are so busy focusing on ways to get (the offender) out."

Efforts to reach Long were unsuccessful.

Through a spokesperson, parole board chairman John Hodges declined interview requests on what the board considers when deciding whether to release someone on parole. Hodges was appointed in May 2014 to the board, a full-time, taxpayer-paid position.

A spokeswoman provided the Register with criteria the board considers, including previous criminal and recidivism records, participation in prison programs, drug and alcohol history and propensity for violence.

Matthew Lindholm, a defense attorney whose practice is in West Des Moines, said the parole board also must take other factors into consideration, such as crowding in the state's prisons and whether there is room for "more dangerous offenders who need to be housed." "Everybody is so quick to point the finger at the offender — let's put them in jail and throw away the key," Lindholm said. "Statistics show that

incarceration doesn't work. These are people with an addiction, and we need to look at solving their addictions."

Wisconsin lawmakers for the past three years have debated whether to require offenders convicted of vehicular homicide while intoxicated to serve a mandatory minimum sentence before becoming parole eligible. Polk County Attorney John Sarcone said that is worth exploring.

"The penalty (now) is such that it's almost like you're forgiving certain things," Sarcone said. "Maybe it should be higher, like second-degree murder, which has a 70 percent mandatory minimum" on the sentence.

'They haven't learned their lesson'

Intoxicated driving third or subsequent offense is Iowa's most serious charge for impaired drivers who haven't hurt or killed anyone, no matter how many times they're charged. Other states have added graduated levels and increased penalties for repeat drunken drivers. Beginning in January, Wisconsin can punish someone convicted of a fourth intoxicated driving charge with up to six years in prison. In addition, someone convicted of their 10th lifetime drunken-driving offense in Wisconsin must serve at least four years before becoming eligible for parole. However, an Iowa coalition that made recommendations last year for getting impaired drivers off the state's roads did not include stiffer penalties for current drunken driving charges.

In past years, the Iowa Peace Officers Association has supported strengthening Iowa's drunken driving laws. A spokeswoman said the group stopped advocating for changes because of the lack of interest from Iowa lawmakers. Sarcone said he would favor stricter sentences for repeat drunken driving offenders, particularly for those with three or more convictions.

"That's the one area that ought to be looked at because for that small group, they are a danger to everyone," Sarcone said. "It's obvious they haven't learned their lesson." Since 2005, at least 11,390 people have been charged in Iowa with operating while intoxicated third or subsequent offense, a Register review of court record records shows. Among them is Leon Kurt Shivers, who in May 2012 and June 2014 was charged with third or subsequent offense drunken driving. Shivers eventually was sentenced to up to five years in prison but served 8 months and 25 days. Eight months after his release to parole, Shivers was driving drunk when he slammed into the minivan of John McCartney, 82, killing him. "The lack of teeth to our laws is frustrating," said Story County Attorney Jessica Reynolds, whose staff prosecuted Shivers on the June 2014 charge. "When we send someone to prison for five years, we believe that they should go to prison for five years." A review of data provided by the Iowa Justice Data Warehouse shows that on average, people convicted of third or subsequent drunken driving spend less than three months in prison before they are released to an OWI treatment center. Offenders who don't go to a treatment center typically spend 15 months or less in prison, the data show. "It's every prosecutor's worst nightmare to have something like this happen," Reynolds said, "that you work hard to send someone to prison for a certain amount of time, they are let out and re-offend and kill someone."

'People know drunk driving is wrong'

Pamela Gross' family remains puzzled why Lalla served less than three years of her 25-year sentence.

Gross and Lalla had gotten into a fight in a parking lot after the two had been at a bar, court records show. Lalla got into her truck to leave, knocked Gross down with the truck and then ran over her, killing her.

Lalla spent more than a year in the Johnson County jail before she entered a guilty plea and was sentenced.

That jail time, as well as her time in prison, contributed toward her early release, as did her completion

of a prison program, a parole board spokesman told the Iowa City Press-Citizen last year.

Lalla declined an interview request. Her parole was revoked in January because she was consuming alcohol and living with a felon. She's at a community-based corrections facility in Cedar Rapids.

Gross' family remains unsatisfied with her punishment.

"People know drunk driving is wrong and the risks involved with doing it," said Dianne Hesseltine, Gross' sister. "There should be mandatory sentences when you kill someone when you're driving drunk."

DMR: Duel on guns at public venues in Iowa

Bill's passage spurs debate on potential allowance at sites such as courts, Capitol

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The passage of a wide-ranging gun rights bill by Iowa lawmakers is raising questions about whether local officials can stop gun-carrying citizens from entering courthouses and city halls, although supporters of the measure insist there won't be any problems.

Sen. Nate Boulton, D-Des Moines, an attorney who voted against House File 517, said the legislation lacks clarity in defining local government control over firearms in public buildings. A "pre-emption" section of the bill says that Iowans can sue any city, county or township that enacts firearms bans if they believe they are adversely affected by the ban.

"I think there were a lot of missed opportunities to expressly define where these rights and limitations are," Boulton said. "Right now there are a lot of grey areas and it is going to require court interpretation."

But Sen. Dan Dawson, R-Council Bluffs, the bill's floor manager, said nothing has changed in current law regarding security in Iowa's public buildings. The legislation

does include a "just cause" provision for people who believe they have been adversely affected, he added.

"Our position is that it doesn't change the status-quo out there," said Dawson, who is also an Iowa Division of Criminal Investigation agent. For courthouses in Polk County and Pottawattamie County, for example, where dangerous weapons are banned and people must pass through a metal detector, there would be a "pretty high threshold" for someone to prove that while the buildings are highly secure, they are adversely affected, Dawson said. He believes city officials can prohibit weapons in city halls and he noted that schools will remain gun-free zones under a different section of state law.

The Iowa Judicial Branch, representing the state's courts, is officially opposed to the legislation, which received final approval Thursday from the Iowa House.

"The Judicial Branch registered against HF 517 solely because we are unsure if the pre-emption section of the bill (Division VII) will maintain the status-quo on courthouse security," said Steve Davis, communications director for the Iowa Judicial Branch.

Iowa Attorney General Tom Miller, the Iowa County Attorneys Association, and the Iowa Judges Association are also registered as opposed to the gun bill, which has a host of other provisions. They

includes a controversial “stand your ground” section that says a law-abiding person does not have a duty to retreat before using deadly force with a gun.

#### Bill headed to Branstad

The bill now goes to Gov. Terry Branstad, who must decide whether to sign it or veto it. Branstad spokesman Ben Hammes said the governor is reserving judgment until he has time to carefully review the bill, as he does with all legislation. Polk County Attorney John Sarcone, a Democrat, told The Des Moines Register on Friday he wants Branstad to veto the gun bill. There is no question that local rules banning guns in courthouses and city halls will be challenged in the courts, Sarcone said, and he is concerned how the legislation will be interpreted. He also has concerns about possible difficulties in prosecuting homicide cases as a result of the stand your ground provisions. He described his stance as not political, but pro-public safety. “We come to the courthouse to resolve disputes in a peaceful fashion, not to fear if someone is carrying a weapon if they don’t like the result,” Sarcone said. “Banning all types of weapons from the courthouse just makes sense.”

Sarcone said the gun legislation raises the possibility that someone could be charged with a felony crime, yet not have a criminal record and still have a permit to carry a gun that could be brought into a courtroom.

“Can they sit there at the counsel table with a gun?” Sarcone asked.

#### Firearms at the Iowa Capitol

One legal issue is clear: The new legislation will allow Iowans who have a permit to carry firearms to have concealed guns as they walk inside the Capitol to visit with legislators, watch debates and attend committee meetings. Visitors to the Capitol are now screened and they aren’t allowed to bring guns into the building, although some legislators have acknowledged being armed inside the Capitol. Sen. Jake Chapman, RAdel, said he believes lawabiding Iowans should be allowed to carry firearms at the Capitol, and in courthouses and city halls as well. “The reality is that this building is owned by the people of Iowa,” Chapman said in an interview at the Capitol. “My seat out there is not my seat; it is the seat of the people of Senate District 10. This is their seat. They own the building. If they have a right to keep and bear arms, they have a right to carry in their building.” Sen. Tod Bowman, DMaquoketa, has a different view. He points to an incident in September 2014 in which a man died at the Jackson County Courthouse in Maquoketa after he pulled a gun from a briefcase and pointed it at the county assessor. Francis Glaser, 71, a former Maquoketa city manager, had become agitated and vocal about his property taxes going up during a weekly meeting of Jackson County Board of Supervisors. Glaser pulled a small gun and fired at County Assessor Deb Lane but missed. A struggle ensued with a county supervisor and Glaser died when he was struck by a second shot.

“Most people that I have talked to don’t want guns freely floating into these environments where feelings and emotions get high,” Bowman said. Bowman voted for the overall gun rights bill, but he supported an unsuccessful effort to amend the measure.

Rep. Dave Heaton, RMount Pleasant, was among a handful of Republicans who voted against the gun bill. He said last month he supported most of the gun rights provisions, but the section applying to cities and counties would keep him from voting for it. He pointed to the 1986 murder of then-Mount Pleasant Mayor Edd King, who was shot by an angry constituent during a city council meeting.

“My town will never forget what happened,” Heaton said. “They are my constituents. I can’t support this bill because of what this bill does.”

One of the gun bill’s most controversial provisions, which would have prevented the Board of Regents from enacting gun-free zones on college campuses, was previously removed from the bill.



## DMR Editorial: Legislature should ban use of traffic cameras

### Regulation of the devices won't solve the profit-motive problem

At the beginning of this legislative session, it appeared that Iowa's state lawmakers were finally prepared to ban the use of traffic-enforcement cameras throughout the state.

The proposal seemed to have the support of both the governor and the Senate's Judiciary Committee chairman, Brad Zaun.

Then lawmakers gravitated toward a compromise proposal that would allow the cameras to remain. The final version approved by the Senate sought only to regulate the cameras' use by limiting their deployment to state-approved, high-risk locations, with fines capped and the revenue used for infrastructure improvements and public safety.

Now, however, the pendulum may be swinging back toward an outright ban. More than two dozen representatives in the Iowa House are supporting a bill that would prohibit the use of red-light and speeding cameras.

Not surprisingly, the biggest obstacles to both proposals are the Iowa cities that rely on revenue from the cameras. Cedar Rapids, for example, generates more than \$3 million a year from the cameras. Along with the cities of Muscatine and Des Moines, Cedar Rapids is now suing the Iowa Department of Transportation over the state agency's efforts to regulate the devices. It may be only a few weeks before a judge rules on the question of whether the state has the authority to order cities to take down cameras in locations where they aren't improving traffic safety.

Iowa lawmakers who remain unsure of how to proceed should take a close look at the arguments presented in this case. The cities are opposing a DOT rule that requires 1,000 feet of separation between a traffic camera and a speed-limit reduction. That rule was imposed after research conformed what common sense would indicate: placing the cameras any closer than 1,000 feet leads to more rear-end collisions as law-abiding drivers slam on the brakes to avoid being ticketed for exceeding the reduced speed limit.

It's a clear-cut example of how cities are willing to use the cameras not to make their streets safer, but to raise revenue. In fact, it could be argued that the cities are raising revenue at the expense of public safety — placing cameras in a manner that leads to more, not fewer, crashes.

Lawmakers should also be mindful of what triggered the lawsuit: In 2015, after the DOT examined the cameras' impact on traffic flow around the state, it determined

that 21 of the 31 cameras in use could remain in place due to their positive impact on traffic safety. But almost one-third of the cameras couldn't meet that standard and had to either be eliminated or modified, the DOT said. The cities didn't accept that.

Again and again, backers of the technology have argued that those who don't like the cameras should just watch their speed and they'll have nothing to worry about. Not true. They'll still have to be concerned with rear-end collisions caused by obvious speed traps. They'll also have to be concerned with their local law enforcement agencies being turned into revenue centers by their city council.

As effective as the cameras are in identifying and penalizing violators, they also invite abuse. Some states have been forced to pass laws prohibiting cities from collecting more than 30 or 40 percent of their total revenue from traffic citations.

As the DOT court case makes clear, some Iowa cities not only refuse to respect the DOT's authority to regulate traffic cameras, they are also willing to spend taxpayer money arguing that point in court. They

also are unwilling to act appropriately even when their own data shows the cameras aren't being used in a way that enhances public safety.

That's why the Iowa Legislature needs to move forward with its initial effort to ban the devices outright. It's the only way to prevent cities from continuing to partner with questionable, revenue-sharing companies that spit out citations in the form of civil penalties that completely bypass the criminal courts

## DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES

Warren County may be harbinger of efforts to meld services

GRANT RODGERS

GRODGERS@DMREG.COM

KNOXVILLE, Ia. — The court appearance here Wednesday by Warren County resident Erin Karas lasted just two minutes.

But it pulled Karas away from her restaurant job to make the 35-minute trip east from her home in Indianola to the Marion County Courthouse. Warren County's courthouse has sat mostly empty for more than nine months, evacuated amid worries about mold, plumbing issues and other problems.

"I'm missing out on work today because of this," said Karas, 45, who pleaded guilty to providing alcohol to a minor at her home last month.

For more than two decades, Iowa Supreme Court chief justices have issued intermittent warnings that budget considerations might someday force consolidation of the legal system. The move of Warren County's court operations is temporary, but what residents, attorneys and judges have experienced since June offers a glimpse of what court consolidation could bring.

State Rep. Chip Baltimore, a Boone Republican and attorney, said in an interview with The Des Moines Register that certain measures, such as closing clerks of court offices in certain counties, could be worth considering again — particularly in the age of digital filing.

"I think it has to come up," he said. "We talk about government efficiency and efficient use of tax dollars. ... Not that we are going to close a bunch of clerk's offices, but do they need to be there 40 hours a week, every week of the year with a full staff. I think that's definitely something we need to take a look at."

There is no plan in the works to consolidate court services, said State Court Administrator David Boyd, who is set to retire in September after four decades of working for Iowa's court system. And there are state laws barring certain moves, such as creating regional litigation centers or moving clerk offices out of county seats.

But Boyd admits there may come a time when offering court services in all 99 counties could be reconsidered.

"I really do hope at some point we are in fact considered to be a separate and equal branch of government and properly funded," he said. "That's not to say that we have to continue to do things in a particular way just because we've always done it that way." Legislators in January cut \$3 million from of the judicial branch's current budget as part of cost-cutting effort spread across the entire state government, causing a \$400,000 budget gap. In response, Boyd and court officials chose to close courts for an unpaid furlough day on May 26. The branch was already hamstrung when legislators in 2016 gave the judicial branch the same \$178.7 million it received the year before, forcing a hiring

freeze, Chief Justice Mark Cady told lawmakers in January. “We are starting to see delays in our court process, and I fear that this is going to continue if our needs aren’t met,” he said at the time.

While the judicial branch administers court services in the counties and employs clerk staff, judges and other workers, the responsibility for maintaining the state’s aging courthouses falls to county governments. The average age of an Iowa courthouse is 100 years old. Thirty-eight of the current courthouses were built before 1900.

In May 2016, Warren County voters shot down a \$35 million plan to build a new courthouse and jail to replace the existing courthouse built in 1939 with financial support from the Public Works Administration. One month later, Arthur Gamble, chief judge of the Fifth Judicial District of Iowa, ordered court services to vacate the building amid health concerns.

Court officials hope they can return to Indianola next month. Warren County is renovating a former Fusion Fitness center into temporary courtrooms. It will spend about \$100,000 annually to lease the space while a more permanent solution is found to repair or replace the town square’s deteriorating courthouse.

Years of chatter, but opposition remains

In 1991, lawmakers faced a \$300 million budget deficit. In an interview with the Register, former Chief Justice Arthur McGiverin outlined several ideas aimed at saving money, including the creation of regional “litigation centers” that could replace court services in some counties. McGiverin, an Ottumwa resident, emphasized that he would prefer having court in all 99 counties, but admitted “that may well be difficult to do” in the future. In January 1993, McGiverin announced in the annual State of the Judiciary Address to legislators that court administrators were working on plans to move courts out of several county courthouses and into regional centers. But the plan met strong opposition. The Iowa State Bar Association and rural county supervisors organized opposition amid concerns, in part, that closing court services would hurt small-town economies, even if other offices like county auditors and treasurers remained in courthouses.

That same concern would likely be raised again — along with concerns about lowans’ access to justice — if lawmakers and judicial officials were to consider consolidating services again, said Skip Kenyon, president of the Iowa State Bar Association. Kenyon is a longtime attorney in the Union County seat of Creston, where a district court judge travels to the courthouse for hearings one day a week and an associate district court judge comes on a different day.

In neighboring Adams, Taylor and Ringgold counties, a judge comes to the courthouse for hearings every other week, Kenyon said.

“If you don’t have that draw to help bring commerce in, I think it’s real hard for the town to continue to thrive,” he said. “And I think the courthouse is part of that. It brings people to town.”

Judicial branch officials under Chief Justice Louis Lavorato in 2001 released a cost-savings restructuring plan that would have moved clerk of court offices out of several counties in the state and into regional centers. But the plan was pulled weeks after it was released when lawyers and county officials again spoke out.

“Chief Justice Lavorato and I took a lot of heat,” said Boyd, the deputy court administrator at the time.

Two years later, then-Gov. Tom Vilsack, a Democrat, signed a bill that included language prohibiting the creation of “regional litigation centers” — a reaction borne out of the court’s restructuring plan floated in 2001, Boyd said.

In her 2009 address to lawmakers, Chief Justice Marsha Ternus briefly raised the issue again amid a national recession.

“We simply do not want to spend precious time on a concept that you are not prepared to consider, and in the past, you have acted to prevent any movement toward consolidating court operations,” she told lawmakers at the time.

### Consolidation in a microcosm

Warren County attorneys have gotten a taste of space sharing due to the forced closure of the courthouse in June 2016.

Under the order from Gamble, the Fifth District chief judge, most of Warren County’s court services were moved to the neighboring Marion and Madison county courthouses in Knoxville and Winterset, respectively. In the order, Gamble described “periodic” leaks of sewer water found in courtrooms, deteriorating air quality that made some employees sick, and dirty restrooms in the old building.

“Unfortunately, it is likely these alternate places of holding court will not be convenient for the citizens of Warren County. However, the board has not provided an alternative,” Gamble wrote at the time. Warren County Attorney Doug Eichholz, who was appointed to the position, said the emergency closure of the courthouse has put his office approximately \$41,000 over its yearly budget, partly due to the travel costs now associated with cases. To cut down on the costs of driving to Knoxville, the sheriff lent the attorney’s office a spare vehicle, and prosecutors try to carpool, he said.

Sharing space in aging courthouses is a temporary fix.

Several attorneys and others interviewed by the Register agreed that consolidating court services into regional centers would require construction of new facilities. “I think that almost unquestionably that would have to happen,” Boyd said.

Others, such as the Iowa State Bar Association’s Kenyon, suggest that the most worrisome aspect of consolidation is the effect on people using court services.

Since the closure of the Warren County Courthouse, some of the biggest frustrations have come from families involved with juvenile proceedings.

Juvenile matters were moved to Winterset, a 25-mile drive from Indianola and approximately 40 miles one-way from both Carlisle and Southeast Warren Junior-Senior High School in Liberty Center. Juvenile court hearings take place on Monday mornings. Children who are being held by the county have to be driven to and from court by their parents or guardians, said Alex Crabb, the first assistant Warren County attorney. “You’re picking your kid up at school and now you’re driving all the way over to Winterset,” he said. “I think that’s where I’ve had most of the frustration.”

Mason Ouderkirk, whose Indianola law firm sits on the town square directly north of the empty courthouse, said the costs passed on to clients is the chief burden. The travel costs for the average 45 minutes he spends on the road driving to and from Knoxville or Winterset can add “hundreds of dollars to the cost of a hearing for a client,” he said. “It’s a burden directly upon the client,” said Ouderkirk, who specializes in civil cases and family law. “They’re paying me for my time, and that’s unfortunate.”

Kenyon raised a similar concern. A state budget crisis forced the judicial branch to belt-tighten around 2009 and cut back on travel costs for judges and other employees, he said. At the time, he was litigating a personal injury case filed in Adair County that ultimately went to trial at the Dallas County Courthouse to accommodate the judge’s travel schedule. That meant Kenyon and the other attorneys and witnesses were on the road daily to Adel throughout the trial. “It created a lot of additional expense for my client,” he said. “If you go to something like a regional center, that makes it that much more expensive, and the people who need (court services) are the ones that are going to have to be paying for it,” he said. Warren County officials are trying to decide their next move. They could choose to tear down the existing courthouse on the Indianola square and start from scratch at another location. Or

they could keep the courthouse where it is, but build a jail at another location. A new bond referendum is currently scheduled for Aug. 8.

## DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM

State struggles to reduce number of repeat offenders

Since 2005, over 11,300 have been hit with at least their third drunken driving charge

KATHY A. BOLTEN

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

Randy John Stubbe was sent to prison in 2008 for driving while intoxicated in a Butler County crash that killed his wife. After he got out, he was charged twice more with driving drunk and in March returned to prison for two more years.

Deanna Marie Gliem of Des Moines was drinking before she crashed her car into another vehicle in 2015, killing the driver and passenger. Before she could go to trial, she was arrested for drunken driving in Lucas County.

And Donald Dean Gridley of Fairfield served less than a year in prison in the 1990s for causing the death of a passenger in a drunken driving crash. When he got out, he was arrested twice more for drunken driving, then charged with vehicular homicide while intoxicated in a 2012 crash that killed his father.

Talk with Iowa law enforcement officers, and they will tell story after story of people arrested repeatedly for being drunk behind the wheel. It's a constant struggle that is costing lives, they say.

"You would think, as a human being, if I killed somebody while I was drinking and driving that I wouldn't drink and drive anymore," Woodbury County Sheriff Dave Drew said. "That just shows you the power of alcohol in some people's lives. Some people are better off never touching it."

An exclusive Des Moines Register analysis of more than 200,000 Iowa court records involving intoxicated driving over the past 12 years illustrates the magnitude of that struggle:

» Since 2005, 222 people have been charged with vehicular homicide while intoxicated, and nearly one-third previously had been arrested for driving while intoxicated. Several had been arrested multiple times.

» At least 13 of those drivers were caught driving drunk again after they had been charged or convicted of killing someone while driving under the influence.

» More than 11,300 people were charged with intoxicated driving-third or subsequent offense, meaning they had been charged with driving while intoxicated at least three times in the past dozen years. The repercussions of those stark statistics play out daily on Iowa's roads, too often ending in tragedy, such as on Oct. 17, 2006, in Story County. A driver weaving in a van on U.S. Highway 30 slammed head-on into a sedan and killed Jonathan Baugh, a 17-year-old Valley High School senior who was on his way to watch a volleyball match in Ames. The van's driver, Phillip Ray Stephens, had an open bottle in the vehicle and reeked of alcohol, court records show. Stephens had already been convicted of drunken driving in 2000 and had another charge pending for a January 2005 arrest, according to court records.

Stephens was sentenced to up to 18 years in prison for the fatal crash but served only 5½ years before being released in September 2012 to a community program. In May 2016, he was discharged from parole and within weeks was arrested twice for operating a vehicle while intoxicated, with sentencing scheduled for Monday. “He’s using his vehicle like a weapon when he gets behind the wheel,” said Tracy Baugh, a Baptist minister and father of Jonathan, who was among the 1,100 people who have been killed in alcohol-related crashes in Iowa since 2005. Stephens did not respond to a request for an interview. Tracy and his wife, Pam, who now live in Spencer, want Iowa to require intoxicated drivers who kill someone to serve 80 percent or more of their sentence. And they want to see chronic offenders such as Stephens barred from driving for life. “People on the road with him are escaping death — just like if there’s a gunman in a shopping mall and people walk away unharmed,” Tracy Baugh said.

‘Drinking is like a deadly weapon’

Donald Gridley, who has twice killed people while driving drunk, said people like him are “playing with disaster.”

“Bad things are going to happen to you eventually,” Gridley told the Register during a telephone interview from Mount Pleasant Correctional Facility.

A jury in 2014 convicted after a jury convicted him of vehicular homicide while intoxicated. “Drinking is a like a deadly weapon, and somebody will either be hurt or wind up dead because of it.” Of the 13 drivers in the past dozen years caught driving drunk again after already killing someone while driving drunk, nine, including Gridley, Stephens and Stubbe, had served time in prison. Four, including Gliem, were awaiting trial. Gridley’s first conviction for causing a death came in 1992, when he pleaded guilty to involuntary manslaughter and driving drunk. That was followed by two more arrests for drunken driving before the night of drinking in December 2012 when his father, Patrick Gridley, was killed. Gridley said his father had persuaded him to attend a funeral with him. Afterward, the two went to a bar and drank into the early hours. “I made a bad choice to go to the funeral and then to drink,” Gridley said. “It ended up in a mess.” Gridley said he doesn’t remember the crash or whether he was driving. Court records say he ran a stop sign and drove his father’s Ford pickup into a ditch in rural Wapello County, then walked to a nearby farmhouse for help. A county sheriff’s deputy found his father, 65, dead inside the truck.

A test administered several hours after the crash showed that Donald Gridley’s alcohol concentration was 0.198 percent, more than twice Iowa’s legal limit.

It also detected marijuana, oxycodone and an anxiety medication, court records show. Gridley was sentenced to up to 25 years in prison. His expected release date is December 2025. While in prison, Gridley said he’s attended weekly meetings of Alcoholics Anonymous and Narcotics Anonymous and attended a class called “Thinking for a Change.”

But, he said, he’s not received any treatment or counseling for his addiction to alcohol.

Nonetheless, Donald’s mother, Linda Gridley, said her son has been behind bars long enough.

“He’s not the man he was five years ago,” said Gridley, 69, of Fairfield. “He talks differently and he acts differently. He’s paid his dues — now he’s in there without any rehabilitation and with no treatment.” Donald Gridley also believes he’s ready to be released after more than two years behind bars. He said he won’t drink again because “of all the trouble and pain and agony it caused my mother and the rest of my family.”

‘He should have been sitting in jail’

The Register’s analysis of tens of thousands of intoxicated while driving arrests since 2005 illustrates Iowa’s shortcomings in keeping impaired motorists from getting back behind the wheel.

Intoxicated driving third or subsequent offense, filed against more than 11,300 people in Iowa in the past dozen years, is the state's most serious charge for impaired drivers who haven't hurt or killed anyone. The Register found offenders who had been arrested as many as eight times for impaired driving since 2005, but they still faced the "third or subsequent offense" charge. One of the people who faced that charge was 53-year-old Kirk Arnell Thomas of Marshall County, who was sentenced in February 2016 to up to 15 years in prison as a habitual drunken driving offender after his third arrest in less than six years. In fall 2015, Thomas was arrested twice for driving while intoxicated by Marshalltown police. Preliminary breath tests showed Thomas' blood al-

Continued on Next Page

Signs you may be an alcoholic

People who answer "yes" to at least two questions on the so-called CAGE screening test should investigate whether they may be abusing alcohol. The screening test is widely used to determine potential problems with alcohol, according to the National Institute on Alcohol Abuse and Alcoholism. CAGE is an acronym based on key words from each of four questions: cut down, annoyed, guilty and eye-opener.

The questions to ask yourself are: » Have you ever felt you needed to cut down on your drinking?

» Have people annoyed you by criticizing your drinking?

» Have you ever felt guilty about drinking?

» Have you ever felt you needed a drink first thing in the morning (eye-opener) to steady your nerves or to get rid of a hangover?

Where to get help:

The following are centers or groups that work with people with chemical dependencies: Powell Chemical Dependency Center Iowa Lutheran Hospital 700 E. University Ave., Des Moines 515-263-2424 St. Luke's Chemical Dependency Program Cedar Rapids 319-363-4429 Iowa Substance Abuse Information Center Cedar Rapids Ladd Library 3750 Williams Blvd. Southwest, Cedar Rapids 866-242-4111 Alcoholics Anonymous' Central Office 1620 Pleasant St., Suite 228, Des Moines 800-207-2172 (toll free)

More online

More than 80 people were killed in crashes involving drunken drivers, Review data on the crashes by location and type of crash, plus find information about each of the people killed in those crashes in 2016. Go to [DesMoinesRegister.com/DrivingDrunkData](http://DesMoinesRegister.com/DrivingDrunkData).

cohol concentration at nearly three times the legal limit.

Thomas, in a telephone interview, said he has been attending Alcoholics Anonymous meetings and life-skills classes while incarcerated at Iowa's North Central Correctional Facility in Rockwell City.

He said he's lucky he didn't seriously injure or kill someone when he drove drunk.

"There was no good reason for me to be doing that," Thomas said. "But I did it, for some foolish, unknown reason."

Law enforcement officials say something is wrong that people like Thomas can't be kept from behind the wheel of a vehicle after multiple intoxicated driving charges.

“It’s frustrating to me because, one, he shouldn’t have been driving because he had been barred,” said Marshalltown police Lt. Rick Bellile, who arrested Thomas on Oct. 6, 2015, for third-offense drunken driving. Thomas had also been arrested four weeks earlier for drunken driving.

“The problem with our system is that we let these repeat offenders out of jail while they are waiting (for trial), and they go out” and continue to drive while they are intoxicated, Bellile said.

The fact is most people caught driving drunk have done it before, said Kim Brangoccio, manager of UnityPoint Health’s Powell Chemical Dependency Center in Des Moines.

Alcoholism is a “chronic relapsing disease, and although people can get treatment, sometimes they really don’t want to quit,” she said.

Typically, Iowa requires those charged with third-offense intoxicated driving to undergo treatment. Many are sent to community-based residential correctional facilities, which provide substance abuse treatment programs licensed through the Iowa Department of Public Health.

Treatment isn’t always successful, however, particularly if offenders fall back into old habits. “If they get back into similar life situations with the same stressors and the same friend and the same job, they’ll relapse,” Brangoccio said. “Changing just a few things is not enough — you have to really make some significant changes.” People need to understand what causes them to drink, she said. “If the reason you drink has to do with coping or has to do with your inability to deal with your own self-anxiety — if you don’t get help for those things at the same time you’re getting alcohol or drug help, your chance of relapse is very high.”

Searching for a better way

Meanwhile, Iowa continues to look for ways to better address its drunken driving problem, particularly repeat offenders.

Last year, a coalition submitted 66 proposals for reducing impaired driving in the state. One of those has made its way into a bill making its way through Legislature. The proposal would give law enforcement jurisdictions the option of participating in a program requiring some offenders to provide a breath sample twice a day to prove they haven’t been drinking. A similar program in South Dakota called 24-7 requires repeat drunken drivers to take a Breathalyzer test twice a day as part of their bond or parole conditions. Since the program has been in place, arrests for repeat drunken driving have fallen 12 percent, studies have shown. Polk County associate district court Judge Carol Egly wonders whether some drivers must be saved from themselves.

“There are some people that — maybe one should just assume — should not be driving regardless of what they do with their treatment program,” said Egly, whose assignments include presiding over intoxicated driving sentencing. “Maybe we should be identifying those people and making it possible for them not to be using automobiles.”

That idea appeals to Tracy and Pam Baugh, whose teenage son died in a drunken driving crash 11 years ago. Stephens, the driver who killed their son, was arrested Aug. 26, 2016, after a Johnson County sheriff’s deputy saw him swerving “all over” eastbound Interstate Highway 80 in Iowa City, court records show. Stephens “smelled strongly of ingested alcohol.”

Six weeks earlier, Stephens was arrested at Saylorville Lake in Polk County for operating a boat while intoxicated.

A trial is pending in the Polk County case; Stephens pleaded guilty to the Johnson County charge and will be sentenced Monday.



“It’s like how many more lives does it take before they throw the key away,” Pam Baugh said. “Whose life is going to be next?”

DMR: Bondurant community remembers killed family

LINH TA

LTA@DMREG.COM

The community of Bondurant is close-knit.

Most people know each other, or know of each other, residents say.

So when they learned that three of their own were killed, they did what close communities do — they gathered to support one another.

“Because it’s Bondurant, people just come to help each other,” said Samantha Hunter, a 24-yearold from the town.

Outside Bondurant-Farrar High School, people cried and embraced during a vigil to remember Mark, Charla and Tawni Nicholson.

In a circle around the flagpole, people stood shoulder-to-shoulder with candles flickering against the night sky.

It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons’ home to conduct a welfare check. There, they found the bodies of Mark Alan Nicholson, 58, Charla Lee Nicholson, 56, and their daughter Tawni Alexis Nicholson, 24.

Chase Marcus Nicholson, 20, is currently in Polk County Jail on a valid material witness warrant, according to a news release. He is being held on a \$2 million cash-only bond. He is the son of Mark and Charla, and is Tawni’s brother.

Hunter and Lindsay Schaper, 24, went to Bondurant- Farrar High School with Tawni.

They also roomed together at Iowa State University, where she graduated in August.

“She was just a ray of sunshine,” Schaper said. “She always had open arms for everybody.”

When they learned both she and her parents were killed, they were shocked.

It’s something that doesn’t happen in the town of about 5,000 people.

“It’s one of those things you can’t believe that happened here,” Hunter said. “They treated you like you were a part of their family.” As Chase Nicholson sits in Polk County Jail, additional charges in relation to the case are possible, according to law enforcement.

But as the community mourned together outside, Jeff Sanderson, pastor at the Federated Church of Bondurant, addressed them. He reminded them of one thing — that in the afterlife, anything is possible.

“I pray that we have the opportunity to watch a mother, a father, a daughter and son embrace.”

DMR: KUTCHER: ‘I ALMOST OWE EVERYTHING OF WHO I AM’ TO IOWA

Actor in W.D.M. to get award for 'good character'

MATTHEW LEIMKUEHLER

MLEIMKUEHLER@DMREG.COM

Ashton Kutcher left Iowa wanting to escape the small towns and endless farmland that surrounds each.

Now, a worldwide success at age 39 and a father of two, he seems pretty happy to be home.

"I left Iowa wanting to get out of Iowa, and the older I get the more I want to come home," he said in an exclusive interview with the Register Saturday evening. "In part, because the more places I go, the more I realize how great it is here, and the more I realize that I almost owe everything of who I am to where I come from."

The eastern Iowa-raised Hollywood superstar appeared at the Ron Pearson Center in West Des Moines Saturday night to receive the Robert D. Ray Pillar of Character Award, an annual honor given by Drake University to "individuals who demonstrate good character as a role model." Outside of acting, Kutcher, 39, is known for multiple philanthropic efforts, including cofounding (alongside Dallas Clark) the Iowa disaster relief organization The Native Fund and Thorn: Digital Defends of Children, which uses technology to combat sexual exploitation of children.

"I think the one thing that you realize the minute you become a parent is that character is the one thing you can give them as a parent," he said. "You can actually, materially impact that ... and then everything else becomes their choice."

The "That '70s Show" and "The Ranch" star was born in Cedar Rapids and went to high school in Homestead; he made his West Des Moines appearance alongside wife and fellow star Mila Kunis. Kutcher's mother, Diane Portwood, and her spouse, Mark, as well as his father Larry and his spouse, Colleen, were also in town to see one of Iowa's most celebrated bring home the award.

On fatherhood, Kutcher said there are three Iowan values that impact how he raises his children: A general kindness, always keeping your word and showing good work ethic. Kutcher and Kunis welcomed their second child, a son, Dimitri Portwood Kutcher, into the world last November. The couple became parents to a girl, Wyatt Isabelle Kutcher, in 2014.

"There's an earnestness and an honest-ness here that lacks in a lot of other places in the world," Kutcher said. "People aren't afraid to work and aren't afraid to work really hard. They understand that working hard actually gets you there."

That earnestness was on display Thursday when Kutcher and Kunis surprised students at Oskaloosa High School. When addressing the students, he delivered a short, galvanizing message: "Just because you're a kid from Iowa, don't think you can't have big dreams."

It wasn't his first time impacting Iowa schools: In 2016 he surprised teachers in more than 100 Iowa schools by fully funding every Donors Choose.org project open in the state on that day. DonorsChoose is an online crowdfunding platform teachers use to finance classroom needs. Kutcher said he wanted to let the students know that you can build "the next great thing," no matter where you're from.

"What I suggested to those kids is (that) they don't limit the scope of their pursuits to the things that see that already exist," he said.

Kutcher received the Pillar of Character award in part due to the launch of The Native Fund, which

works primary in disaster relief for lowans. Kutcher said he could see the locally- based non-profit extend the model in place to other states and more causes.

First, he said, the organization must continue to grow capital. After that could come expansion into new regions and different causes.

“For us right now, it’s about raising a significant reserve capital fund for disaster relief,” Kutcher said. “And then really identifying for ourselves what constitutes disaster relief. Who actually needs disaster relief? And how do (we) build this so it’s not some wonky entitlement plan that grows and gets sloppy? ... This is all about helping people. It’s not about doing for people.”

The discussion wasn’t completely dominated by Kutcher’s character and philanthropic efforts; when asked about the Hawkeyes’ football prospects in the fall, he smiled and laughed.

“That’s a set-up,” he laughed. “I know a set-up when I see one.”

Notables intended for the “All Star Evening” featuring Kutcher and Kunis included Gov. Terry Branstad, Lt. Gov. Kim Reynolds, Super Bowl-winning former NFL tight end Dallas Clark, Drake University president Marty Martin and “The Bachelor” alum Chris Soules, a news release said. Past recipients for the award include Hayden Fry, Fred Hoiberg and Shawn Johnson.

DMR: Chinese media take interest in D.M.-based Jasper Winery

While Chinese President Xi Jinping’s first meeting with President Donald Trump has made headlines for the potential implications to trade and international relations, it has also sent reporters looking for off-the-beaten-path stories about the two nations.

That’s what recently led CGTN, China’s state-owned 24-hour English Language TV network, to a winery in Des Moines.

CGTN this week published a feature about Jasper Winery, highlighting the deep economic and political ties between Iowa and China and the growing interest from Hawkeye State companies to do business in the world’s most populous country.

Mason Groban, head winemaker at Jasper said the TV spot could help the small, Des Moines-based winery gain a larger foothold in China.

“If you understand the Chinese consumer, a story like this can be pretty significant,” he said.

The ties between Iowa and China, and specifically those between Gov. Terry Branstad and Xi, who have called each other “old friends,” are well-documented and widely celebrated.

In 1985, Xi visited Iowa on an agricultural research trip and met Branstad for the first time. The two leaders met again in 2011 during a gubernatorial trade mission to China.

In 2012, Xi returned to Iowa, for a farm tour, agricultural forum and state dinner, where he and Branstad toasted with wine from Jasper.

In December, Trump appointed Branstad ambassador to China, noting his deep ties to China and Xi. Branstad is yet to be confirmed.

CGTN toured Jasper’s vineyard and winery and then visited Muscatine, where Xi stayed as a young agricultural researcher.

The network also asked Iowa Republican Party Chair Jeff Kaufmann about the tension between Iowa's dependence on exports to China and the state's support for Trump, who has promised to get tough on China, stoking fears of a potential trade war.

"Hopefully, we can find a policy that fits our interests but at the same time doesn't alienate any economic opportunities we have with China," Kauffman told CGTN.

China Daily, a state-owned English-language newspaper, also recently featured the state in a front-page story titled "Iowa hopes to ramp up trade with China."

Jasper Winery has been eyeing the Chinese market ever since the toast between Xi and Branstad. The winery hired The China Iowa Group, a West Des Moines-based trade consulting firm, to help clear regulatory and political hurdles needed to sell wine in China.

In 2015, Jasper made its first shipment, selling about 1,000 bottles in China.

"They don't have a lot of spare capacity, but we sold as much as we could get our hands on," said Li Zhao, founder of the China Iowa Group.

Chinese consumers have a taste for wines from Napa and other well-known grape-growing regions, but few Iowa wines have made it into the market, Li said.

Groban, the winemaker, hopes the CGTN feature, as well as Branstad's pending ambassadorship, open the door to more exports. "Initially, we were just getting our feet wet in the market," he said. "We would love to export more and we definitely have the capacity to ramp up production."

China Iowa Group and LS2group form partnership

The China Iowa Group, meanwhile, recently announced a partnership with LS2group, another Des Moines-area consulting firm. The two firms said they plan to work together to help U.S. companies sell products in China and facilitate the Chinese investment in the U.S.

LS2group will focus on government affairs, lobbying for policies, like those that would allow U.S. eggs, beef and other products to be imported to China. China Iowa Group will focus on finding markets for U.S. products in China and facilitating Chinese investment in the U.S. "It's a perfect relationship because our skill sets complement each other well," said Chuck Larson, a partner with LS2group, and a former state senator and U.S. Ambassador to Latvia.

DMR: COMING OUT CONSERVATIVE

Chadwick Moore was an openly gay socialist at the University of Iowa. Now he's a pariah among New York liberals

For Chadwick Moore, admitting he was a gay man to his "Fox News-watching, gun-toting Republican" dad in Iowa was a breeze compared to coming out as a conservative this year to his liberal friends in New York.

This is the 33-year-old University of Iowa alumnus whose Out Magazine profile of former Breitbart News provocateur and "Internet super villain" Milo Yiannopoulos inspired such outcry against Moore that it made him realize he had been living a lie: He now has more in common with the GOP.

He has been lambasted as a "fake conservative" and "attention whore" on social media. But he insists that his ideological shift was glacial and gradual, not sudden and opportunistic. Even in high school, Moore said, his senior AP English thesis was an argument against hate-crime legislation based on

constitutional grounds. "I'm not, like, an establishment Republican," he said. "I'm still very much the person I've always been. And I've never registered as a Democrat for that reason."

His world was simpler and more neatly defined in 2001, when Moore was a high school graduate en route to his freshman year at the University of Iowa in Iowa City. He rode shotgun in his father's pickup truck.

On the verge of dropping off his son into a teeming throng of 29,000 restless young coeds, Moore's father, Gary, finally broached the topic.

Well, his dad said, your sister told me something about you.

Moore had an inkling of what was next: Oh yeah?

She told me that you're gay. Is that true?

Moore's stomach suddenly was in knots. He already had come out to his liberal mom a few years earlier, with no problem. His parents are divorced; she lives in Nashville. But he was a little more daunted by his dad: a macho, cigarchomping accountant, farmer and hunter in Oskaloosa.

Moore braced himself and answered: Yeah, it's true. Gary was quiet for a minute. Finally, he responded: Well, I guess I'm going to have to tell your boyfriends what I tell your sister's boyfriends.

Moore, still apprehensive, suddenly was intensely curious: What's that?

If you hurt my son

I'll... To complete that sentence no doubt would offend some of you. Suffice it to say that Gary, to quote Iowa Sen. Joni Ernst, was ready to "make 'em squeal" in defense of his son. Moore thanked his dad profusely for the sweetly protective sentiment.

That tender moment, if a bit raw, was a bridge between a father and son who, at the time, stood on opposite ends of the political spectrum.

Once ensconced at the U of I, Moore "became an immediate socialist," he said. He marched and protested his way through college while decked out in a garish wardrobe of thrift store castoffs.

All the while, the identity crisis that seethed within Moore was not hormonal. It was ideological.

"Some people experiment with their sexuality in college," he said. "I experimented with farleft politics."

'Alienated and frightened'

Moore now lives in another liberal enclave — the Williamsburg neighborhood of Brooklyn, New York. He has long since set aside his college dreams of becoming a fiction writer to establish himself as a legitimate working journalist.

His profile of Yiannopoulos was posted Sept.

21 in the publication catering to the LGBT community that serves an audience of a couple hundred thousand readers, on the eve of the bitter presidential election. The Breitbart editor had become a notorious figure thanks to his loud mouth and the rampant protests over his speeches on college campuses.

(This was before Yiannopoulos resigned from Breitbart in reaction to the firestorm spurred by his comments that appeared to condone pedophilia.) Moore faced instant backlash from friends and

strangers alike.

His editors went so far as to preface the profile with a lengthy disclaimer to distance themselves from Yiannopoulos' views while simultaneously decrying "social media tribalism," where "the mere act of covering a contentious person can be misrepresented as an endorsement."

Moore kept getting the cold shoulder at his local gay bar. Good friends stopped calling.

He had become a pariah.

"The gay community has been my entire life since I was 15," he said.

"And I love the gay community. I love gay culture. I love drag queens.

I love gay bars. It's been my everything, and now all that's gone. So, yeah, it's sad. I'm mourning the loss of that."

Fed up with all the backlash, Moore in February wrote a manifesto of sorts in the New York Post: "I'm a gay New Yorker — and I'm coming out as conservative." He criticized President Donald Trump for his travel ban and cabinet choices. But mostly the article served as a kiss-off to the left wing that had counted him as one of their own. "All I had done was write a balanced story on an outspoken Trump supporter for a liberal, gay magazine," he said, "and now I was being attacked. I felt alienated and frightened." "It can seem like liberals are actually against free speech if it fails to conform with the way they think," he added.

"And I don't want to be a part of that club anymore."

'It seems like if you choose a side, you're ostracized'

Among those shocked by Moore's conservative coming out were two of his best friends and college classmates, a pair of women from Iowa. Kat Durst, raised in Ottumwa and Davenport, met Moore on their first day in the college dorm, not long after the pivotal scene in the pickup truck with his father. Today, she's a 34-year-old real estate agent. She and her husband, a physician, are raising two kids, 3 and 5, in Gainesville, Florida. Moore was a bridesmaid in her 2010 wedding.

As Moore tangles with critics on Twitter, Durst fills her Facebook feed with liberal commentary fully in keeping with her former undergraduate self. Durst can't take the leap from Democratic socialist to conservatism with her friend, but that doesn't matter to her.

"Even the things that I thought he thought in college... He doesn't owe that to me — to still think that — or owe it to anyone," she said. A third friend entered their circle at the U of I when Haley Niichel spotted Moore in a computer lab clad in a white T-shirt, tight jeans and blue bandanna. She grew up in Orange City, the conservative stronghold of northwest Iowa. This was the first gay person she was aware of meeting.

Moore "knows how to kind of step on a nerve," said Niichel, who now lives in West Des Moines. "He has that innate sense of going in for the kill.

But I think he makes liberals really think about what they're fighting for."

Her job as a mortgage underwriter, as Niichel puts it, is to "document logic." She wonders whether that helps make her more of a libertarian who falls on the political spectrum somewhere between her two friends.

"It seems like if you choose a side, you're ostracized by the other side," she said. "If you're not super liberal, you're a Republican in the liberals' eyes. If you're not actively going to all these protests — in an

aggressive, gnashing way — it's not enough for them.”

Are we building bridges or silos?

Moore's paternal family roots in Iowa predate the Civil War. He was born in Tennessee and raised in Illinois.

I wouldn't be surprised if he ends up writing his gay, Midwestern variation on J.D. Vance's "Hillbilly Elegy," a New York Times best-selling account of the author's roots in white workingclass Appalachia that has been embraced as a guide to the rural disaffection that helped Trump win the White House.

"I've always known these people," Moore said of his conservative Midwestern friends and family. "I've always liked these people." Moore's dad said that he and his son always have been close and have shared quality political discussions.

"I probably disagree with everybody on certain things," Gary said.

"Talk to me. I will listen.

But don't try to be overbearing and convince me that you're right unless you can really have some facts to prove it." Perhaps surprisingly, Moore in the recent election voted for Hillary Clinton — not Trump. He called it a "pre-emptive defense" against criticism from his liberal neighbors, when he still was worried about mending fences.

Moore's dilemma made me seek out one of Iowa's most prominent, stalwart gay activists: Donna Red Wing. She has fought for decades for gay rights. She's married to a woman. She recently stepped down as director of LGBTQ-advocacy group One Iowa and now directs the Eychaner Foundation that awards its own Matthew Shepard Scholarships.

Red Wing made headlines in recent years by partnering with somebody perceived as her nemesis: Bob Vander Plaats, whose Family Leader pushes the "family values" cause of evangelical conservatives and led the fight against same-sex marriage in Iowa. The unlikely pair turned their private coffee conversations into a public series of dialogues to make a point about the desperate need for civility in our polarized politics.

If not to the extent of Moore, both of them weathered criticism from their respective political camps for breaking bread with the "enemy." But Red Wing considers herself "old and cranky enough" that she's "tired of always making it one side or the other."

"Are we living in this community," she said, "or are we just building silos and living by ourselves?"

She added, "Our sexual orientation and gender identity really have little to do with where we are, in terms of being progressive and conservative."

Not that Red Wing is on the same page as Moore when it comes to Trump. He sees the president as opening up the GOP to new, more diverse voices. He sees the president's trolling of the media and his rivals as a necessary gambit to wrangle with entrenched forces.

"The most powerful institutions in our society are all toting the same narrative," he said, "and they're all left-leaning."

Red Wing, however, sees Trump promoting intolerance. She worries that his actions hampering, say, immigrants and Muslims all too easily may spread to the gay community, or already have through far-right forces grown more powerful in various courts and state and local offices.

I don't have easy answers about when to stand up and shout in protest versus when to sit quietly and

talk, extending an olive branch.

Both civility and protest, if we can apply them at the proper times, are crucial to our democracy. I do know that Moore shouldn't have been spurned for writing his original profile of Yiannopoulos when he was simply doing his job as a journalist. Because Red Wing's words echo in my head: Are we living in this community, or are we just building silos and living by ourselves?

As Gary put it, "I don't know if there's ever going to be an answer" to our polarized politics.

"All I can say is I hope people will listen."

If nothing else, Moore as an outed conservative has a lot more to discuss politically with his dad and his other Republican relatives in Iowa. "If Trump does a good job," he said, "I'll be very excited to vote for him in four years." That may not be a rhetorical bomb on par with Yiannopoulos.

But it still won't play very well in Brooklyn.

DMR Editorial: State and federal forfeiture reforms fall short

Civil libertarians and small-government conservatives agree: The government should not be allowed to seize the assets of law-abiding citizens.

Yet, for the past 30 years, state and federal officials have done exactly that, wrapping the practice in the bulletproof vest of "law enforcement." The officials argue that they are keeping our streets safe by laying claim to the cash, cars and real estate belonging to individuals whose only "crime," assuming one was even committed, was a minor traffic offense or drug-possession rap. In 2013, two California men driving home after a gambling tournament in Illinois had their \$100,000 bankroll seized after an Iowa police officer pulled them over for failing to signal a lane change on Interstate 80 in Poweshiek County. Authorities eventually gave back \$90,000 of the money, but after the men sued, the state was forced to pay the men an additional \$60,000 just to settle their case.

Such abuses are numerous and well-documented, but state and federal lawmakers have been slow to enact reforms for fear of being perceived as soft on crime. But changes are in the works.

Under a bill approved late last month by the Iowa Senate, prosecutors would have to convict a suspected offender of illegal activity before seizing any property that's valued at less than \$5,000, and that property will have to be linked to the charged criminal activity.

The intent is to keep the police from shaking clean the pockets of motorists. You might not think such a law would be necessary, but it is.

Last year, there were 822 cases of cash forfeiture made in Iowa under state law, for a total of \$2.6 million. Individually, none of these cases involved more than \$15,000, and only eight cases involved assets worth \$5,000 to \$15,000.

The average value of a cash forfeiture was just \$3,217. So we're not talking about cartel-caliber drug kingpins here.

In fact, the police are only too happy to seize sofa-cushion money. No amount of money seems too small. In one 2015 case, Iowa authorities seized \$13 from an individual and claimed it as their own. That's one reason why the bill approved by the Senate zeroes in on amounts of less than \$5,000. But of course the argument could be made that this limit preserves the profit motive for police and prosecutors to pursue high-dollar assets.



Fortunately, the Senate bill, which has to be approved by the House, would also raise the standard of proof in forfeiture cases so police and prosecutors would have to present “clear and convincing evidence” that the assets are tied to criminal activity. There’s also a proportionality test that says the assets seized cannot be “grossly disproportionate to the severity of the offense,” which should help ensure that Iowa police aren’t seizing six-figure sums from people who have been convicted of only minor offenses.

The legislation also requires law enforcement agencies to maintain certain records related to asset forfeiture, so lawmakers — and the public — will know if the abuses are continuing.

Even so, this bill is far from perfect. It does nothing to redirect assets away from the police and prosecutors who initiate property seizures, so they can continue to use the process not to enhance public safety but to enhance their own budgets. The bill also says that while police agencies will be required to keep detailed, publicly accessible records of property seizures, these “records shall not identify or enable identification of the individual officer who seized any item of property.” That provision would make it impossible to determine whether any abuses can be traced to one rogue law enforcement officer.

Even if the Senate bill becomes law, it will do nothing to address the larger problem of civil forfeitures initiated by federal authorities. On March 29, the inspector general of the U.S. Department of Justice released a report that details the manner in which the agency has failed to evaluate its own forfeiture data to determine the extent to which these property seizures benefit law enforcement and threaten civil liberties.

The report makes a series of recommendations for improvement, all of which are long overdue. The most urgent is the call to ensure that the DOJ’s state and local task-force officers are adequately trained on federal forfeiture laws.

A newly introduced, GOP-sponsored bill in the U.S. Senate, dubbed the Fifth Amendment Integrity Restoration Act, would help end some of the abuses. It would shift the burden of proof in forfeiture cases to the government; it would provide for indigent defense in all such cases; and it would eliminate the profit motive altogether by steering the proceeds away from police agencies and into the U.S. Treasury. It’s almost identical to a bill first proposed in 2014, but now, at least, it is being given serious consideration by Congress.

These state and federal initiatives represent progress, but they also underscore the fact that when it comes to civil forfeiture, much work remains to be done.

DMR: Did city councilman’s opposition to a pork plant lead to suicide?

The brief life and premature death of a dynamic Iowa politician provokes hard questions

“(One) can easily wreck in a day or two what builders have taken years to do.”

— verse from a poem Mason City Mayor Eric Bookmeyer sent to City Councilman Alex Kuhn

“ There won’t be any bullies to burden your way.

No words that cut like a knife at the end of the day.”

— verse from a poem to Alex Kuhn from his father, Mark, after his son’s death

MASON CITY, Ia. — An overflow crowd turned out for a City Council meeting last May 3 in anticipation of a final vote for construction of a \$240 million, 600,000-square-foot pork-processing plant on Mason

City's southwest side. Processing up to 10,000 pigs a day, it would be the state's second- largest of its kind.

State and local officials stood ready to welcome it with generous subsidies. Realtor Dick Mathes addressed the council in favor, citing job losses and Prestage Foods' promise to add up to 2,000 jobs in four years. But the 14 supporters there to speak were outnumbered by 47 opponents, who voiced concern over the plant's potential impact on health, the environment and the community, especially if a concentration of hog confinements followed.

One young man, Dylan Daniels, handed the council a petition he said had nearly 1,000 signatures opposing the plant. "The council is still ignoring the way the majority of citizens feel," he said.

He spoke prematurely. It turned out to be a fateful night for Prestage and its proponents, who had considered passage a done deal: The vote tied at 3-3, effectively killing the proposal.

It was also, some believe, a fateful night for a popular 34-year-old at-large city councilman named Alex Kuhn, who had been heavily courted by proponents and opponents. After much research and questioning, Kuhn was not convinced that the city was getting a good deal for its investment. Unbeknownst to him and everyone else, his hesitation had paved the way for the other two "no" votes.

Two months later, Kuhn shot and killed himself, after his friends and family say he was pressured and blamed for the outcome. Once heralded by people from both parties as destined to go far in politics, praised for his compassion and commitment to the underrepresented as well as to economic development, Kuhn now found himself an outcast among the city's powerful. He became a casualty of the divisive, high-pressured, back-biting political environment.

His father, Mark Kuhn, is blunt: "Alex was being bullied."

#### A promising future

With his youthful good looks, intelligence, political pedigree and knack for getting along with everyone, Alex Kuhn was often likened to a young John Kennedy. He grew up around both politics and farming, having clerked for his father, a former Democratic state representative now on the Floyd County Board of Supervisors, and helped on the family's 850-acre farm in Charles City, southeast of Mason City. After graduating from high school there in 2000 and Iowa State University in 2004, he went to Houston, Texas, to student-teach. But when his father was injured the following year in a farming accident, Alex returned to help.

"He'd get up early in the morning and load corn all day," says his mother, Denise Kuhn. "At night he would do exercises with his dad. He took him to physical therapy."

In 2006, Alex went to work for U.S. Sen. Tom Harkin, directing his mobile office from Des Moines. He moved in 2008 to Mason City, where his ex-wife's family lived, where he taught and did community organizing for United Way. He got elected to the Mason City City Council in 2011. Although a Democrat, he had support from many Republicans, says a Republican friend, Todd Blodgett. "His purpose was to defend people who couldn't defend themselves."

Blodgett introduced me to a man of modest means named Jim Burgess, who previously lived in a rental home where he had awoken daily to the sounds of mice nibbling his food. The landlord's response, Burgess says, was to advise him to get cheese from the local food bank and put it out for the mice. Then Kuhn came by, saw the situation and not only worked to resolve it but also sponsored an ordinance targeting problem landlords, Burgess said.

Nearly all of the 20 people I interviewed said Kuhn was the last person they'd expect to take his own life. But his parents and others who spoke to him before his death also noted his deep distress at the furor that erupted around him after the Prestage Foods deal collapsed.

Mark Kuhn is driven to speak because of a Dec. 18, 2016, front-page story in the Mason City Globe-Gazette, which attributed Alex's suicide to an ongoing struggle with depression. True, Alex had dealt with the fallout from a divorce and co-parenting his two young sons. He had at times seen a therapist and taken anxiety medication, but had no history of depression, his parents say. They say despite their disclosures to the newspaper about Alex being taunted and blamed for his vote, the writer chose to build a narrative around depression, enabling those who had hurt Alex to turn his suffering back on him. Now Mark Kuhn wants to give Alex a voice.

The failure of the Prestage deal inflamed politicians, agribusinesses, local business boosters and government economic development folks, Mark Kuhn says. But it was the wrath of those Alex considered his friends, particularly the mayor, that really hurt him.

Blodgett agrees, saying, "The mayor bullied Alex relentlessly."

"I certainly reject the accusation," responded Mayor Eric Bookmeyer. "Did we have frank conversations? Sure." But "I know that Alex had a lot of other stuff going on in his life. I don't believe under any circumstances that it was just one thing."

Debate divides the town

The Prestage plant was the biggest economic development prospect Mason City residents can remember. It had the vocal support and lobbying of the governor, the mayor and state and local economic development officials.

But as with anything involving hogs in Iowa, the proposal sparked controversy.

"If this processing plant is so good, why not put it in West Des Moines?" bristled state Rep. Sharon Steckman, a Democrat who represents Mason City, in an interview with me last May.

Bookmeyer, in an interview, called farming "our lifeblood," and said he saw an opportunity to help the city grow and use water and sewer systems that taxpayers were already paying for.

Mark Kuhn points out that farming was Alex's lifeblood, too. Both father and son became embroiled in the debate over Big Pork during their political careers. Mark Kuhn was in the Legislature in the 1990s when Gov. Terry Branstad and the Republican majority took actions to prevent neighbors of hog confinements from suing for nuisance and stripped localities of a final say on where confinements were placed. Kuhn was also in the Legislature in 2001 under Democratic Gov. Tom Vilsack, when lawmakers commissioned a study of proposed air pollution rules, which 27 state university scientists spent two years studying and signing off on. Yet repeatedly, in 2003 and 2008 (then under Gov. Chet Culver), the rules were voided by a legislative majority and sent back for further study to satisfy lobbyists, Kuhn says.

Prestage's interest in Mason City first became known to the mayor when state economic development officials contacted Chad Shreck, who heads the North Iowa Corridor Economic Development, on Dec. 17, 2015. Prestage officials arrived the next day. The mayor was excited. "This was not your everyday, average project," Bookmeyer said.

But the mayor doesn't get to vote. So after meeting company representatives, he called council members in a few at a time to rally them in favor, without revealing Prestage's name. Kuhn spotted it in February in the city manager's folder. As mayor pro tem, Kuhn was the first to be called in, along with Councilman Travis Hickey, who is also on the North Iowa Corridor board.

In February, the city's planning and zoning commission rezoned the area from farming to heavy industrial. Secrecy surrounding the move angered some residents, who later accused the council of flouting democracy and ramming the plant through without an independent environmental impact study.

Branstad and Prestage leaders went to Mason City in March to announce the plan, and the Iowa Economic Development Board voted to issue \$34 million in general obligation bonds to support it. After a six-hour meeting April 5, the council voted unanimously to set the terms for a development agreement. But Kuhn had reservations about them. He didn't necessarily oppose Prestage, people close to him say, but didn't think the city should give it a 50 percent tax abatement. And he was wary of the city offering \$15.5 million in tax-increment financing. Kuhn cited reports showing a 50 percent turnover in meat processing. He wanted to require a \$13-per-hour minimum wage, along with a 2.5-mile buffer zone preventing hog confinements around Mason City and Clear Lake.

"I didn't feel it was the role of local government to put that stuff in," Bookmeyer says, but he says he and city staff worked to accommodate Kuhn's concerns. Prestage committed \$1.4 million to Mason City schools over 10 years to help accommodate the expected influx of employees' children, including English-language learners.

On April 21, after a seven-hour meeting, Kuhn broke ranks with the five other council members to vote no on the agreement, noting Prestage had lowered its estimate of the number of hires to 1,772, split in two phases. He brought up odors from rendering, the cost of improvements to the water utility and the fact that Prestage hadn't promised to hire local farmers for feeding operations. And in reference to the hourly wages, he asked, "Does the industry deserve incentives for these kind of wages? Why do we have to give \$15.5 million to get it? I'm not going to vote for a development agreement at any cost." After the meeting, a local pork producer accosted Kuhn, accusing him of putting his career before the community, Mark Kuhn said.

On the day of the final vote, May 3, it was learned that Prestage's planned contribution to the schools fell short of meeting needs. Just before casting their votes, two other council members, John Lee and Bill Schickel, announced they were voting no. Everyone was shocked when the proposal failed, including Kuhn, several people say. Schreck says Kuhn had told him, "'There are five votes and you don't need me.'" Gary Schmit, Kuhn's boss at Henkel Construction, said, "He was hoping they would come back with answers."

#### Reaction spreads beyond Mason City

Opponents celebrated, but the governor told a press conference the City Council made a mistake. Ron Prestage, a principal in the company, blamed racism, and City Councilwoman Janet Solberg agreed. Iowa Economic Development Authority Director Debi Durham warned that Mason City would now be less attractive to site selectors.

Iowa Pork Producers Association CEO Pat McGonegle called it "a vote against agriculture" in the May 2016 Iowa Pork Producer newsletter. In the same issue, Kirk Leeds, CEO of the Iowa Soybean Association, declared that when leadership was needed, "a few elected officials ... apparently caved to a group of activists opposed to livestock production and Iowa agriculture."

The Globe-Gazette, which had editorially supported the project, lamented the "negative light" cast on the community and asked whether new information would change Kuhn's mind.

And Rick Mathes, a local Realtor with his father, Dick, and a Prestage booster on the city's planning and zoning commission, sent out a mass email declaring, "Prestage Blindsided." He organized a petition drive for a revote, and according to Mark Kuhn, would turn up at Alex's office to show him the names of important people who had signed it.

Mathes has since moved to Michigan, after concluding Mason City's future is bleak. He acknowledged lobbying Kuhn in weekly visits but called the idea of harassment "ludicrous."

The local chamber of commerce hosted a closed-door meeting June 2 hoping to resurrect the deal. Schickel was said to be reconsidering his vote, but Kuhn remained unsatisfied with the terms, according

to his friend Jodi Draper and others. "Alex wasn't against Prestage. He was against the process," she said.

On June 2, Prestage announced it was no longer interested in Mason City. In a written statement, it blamed misinformation for the vote.

Still, even after Prestage pulled out, Kuhn approached Schreck, the economic development director, wondering if there was a chance of continued negotiations. But Schreck said the company felt there was "too much animosity" toward it.

"He was made to feel he let people down," says Denise Kuhn, Alex's mother.

It's unclear whether the pressures Kuhn felt included fears the vote would affect his job at Henkel Construction. Schmit says Henkel probably was too small to have a role in the Prestage project, but Bookmeyer says the company might have benefited from side contracts. While Blodgett and others say Kuhn did fear for his job, Schmit insists: "There was no pressure at all on Alex from me."

#### A friendship strained

Alex Kuhn and the mayor had been so close, Bookmeyer says, that Kuhn had the code to his garage door, and stopped by regularly for a craft beer and a chat. "We were like brothers."

Mark Kuhn says his son had received frequent emails and text messages from the mayor's private email address. But "after the first no vote, he shunned Alex," Kuhn said. "Alex said, 'He shut me out.' " "We didn't communicate much," Bookmeyer acknowledged in an interview in February 2017. "He certainly knew I was disappointed." On May 11, Alex Kuhn got a call from the mayor that lasted 51 minutes. Mark Kuhn learned that from getting Alex's cellphone records after his death. The next day, Bookmeyer sent Alex an email from a private account that Mark later found, under the subject line, "So...?" It said: "AK, It is time to find out if you can lead or not." That was followed by a poem, "A Builder or a Wrecker?" containing the lines, "I can easily wreck in a day or two what builders have taken years to do." It referred to a wrecker "who walks to town, content with the labor of tearing down."

Asked about that, Bookmeyer said, "The point was, let's not lend voice to folks who don't have our interests in mind."

His message to Kuhn went on: "One ill-timed, politically expedient vote and commentary set off an amazing set of events. We talked about the repercussions yesterday but maybe you should read it for yourself."

Attached was an email from California developer Philip Chodur to City Administrator Brent Trout. Chodur was planning to develop a hotel as part of a downtown redevelopment project, but claimed the failed Prestage plan would make it harder to get financing and as a result, he was scrapping plans to add a floor.

However, even Councilman Hickey, who was at odds with Kuhn over Prestage, believes Chodur was using Prestage as an excuse for his failure to get financing.

Family and friends say in the last weeks of his life, Kuhn's mood grew darker and he rarely went out. He told his father he wasn't attending City Council meetings in person to avoid seeing Bookmeyer and Hickey. He also stayed away from Democratic functions, says John Stone, the Cerro Gordo County Democratic Party chairman. Kuhn told Stone the mayor was very mad at him.

"Alex wanted to be friends with everyone and help everyone," Stone said. "I would have attacked back. A lot of people would have."

Scott Tornquist, a former Mason City City Council member who left last May during his third term,

visited Mason City last June 29, and saw Alex Kuhn two weeks before his death. What most struck Tornquist was Kuhn saying he was grateful that Hy-Vee delivered groceries because he didn't want to be out in public running into people. "That was so diametrically opposite to who he was."

"For one and a half hours, he just unloaded," Tornquist said. "...He said he was catching unbelievable heat and pressure from both Eric (the mayor) and from Travis Hickey."

On July 5, Prestage announced it was going to locate outside Eagle Grove. The Mason City council met that night, with Kuhn participating by phone. Hickey singled him out in remarks when the council voted unanimously to grant Chodur an extension on the downtown hotel project. Noting Kuhn had been the council member most in contact with Chodur, he suggested a conflict of interest since Alex's employer, Henkel Construction, could get a contract for part of the downtown development project.

Blodgett last saw Kuhn 10 or 12 days before his July 15 death. He said during the last two months of his life, Alex made half a dozen stops at the Outing Club, a posh, members-only club near Clear Lake partly owned by Blodgett's family and frequented by Republicans. On the last two visits, he was more distraught than Blodgett had ever seen him.

"He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him," Blodgett said. "He said his life wasn't fun and he found it hard to get up in the mornings."

A week before Kuhn's death, Jodi Draper, who had made an unsuccessful run for city council in 2013, said Kuhn called her and asked if she had considered running again, for the at-large seat. "I said, 'Nobody's going to beat you.'" Now she believes he was already planning to end his life.

"The guilt I feel from that couldn't possibly be put into words," she said choking up. "You wish you could turn back time."

Both Tornquist and Draper had had their own run-ins with the mayor. Draper said she campaigned on giving voice to city employees, to whom she claimed Bookmeyer "was sometimes very mean and rude." At least one city employee filed a hostile work environment complaint against Bookmeyer, the Globe-Gazette reported in 2010. And North Iowa Today reported in 2014 that a lawsuit against the mayor and city council by Lionel Foster, the former director of the city's Human Rights agency, resulted in a \$240,000 settlement. Foster alleged race and age discrimination and retaliation for his civil rights investigations. One of his claims was that Bookmeyer had refused to reappoint three of his commissioners, telling one, a woman, that he wanted younger commissioners with fresher perspectives.

Tornquist said he too felt pushed "to the brink" in his council position, and like Kuhn had thoughts of ending his own life. He said on one occasion, Bookmeyer put him on a committee to look at the future of the city sanitation department, and Tornquist felt he "stacked the deck to get the outcome he wanted," to keep the budget down. Then he learned the press and public were excluded. After more incidents, he left for Indianapolis.

"My wife and I were trapped in our own house. We couldn't go out to dinner," said Tornquist, about having to face constituents after being associated with such tactics.

"I think of Alex every day," said Tornquist. "How could I have not seen it? But nobody saw it in me."

Bookmeyer has his defenders. Council member John Lee was one of the three to change his mind at the last minute and vote against Prestage because of the funding shortfall with the schools. But he says, "The mayor never put undue pressure on me or called to say, 'What the hell are you doing?'" Hickey, who says he, like Bookmeyer, felt "let down" by the vote against Prestage, observed, "As a part-time mayor, Eric takes his role very seriously and does a very good job lobbying folks to go in whatever direction he thinks would be good for the community."

## Kuhn's last days

On July 12, Mark Kuhn attended Alex's 11-year-old son's Little League game and sat with Alex on the bleachers. "I could tell there was really something wrong," he said of Alex's withdrawn mood. "He believed it was all his fault that the community was so divided. When I told him 'No way, most people in Mason City think you are a hero for standing up for what you believe is a bad deal,' Alex replied, " 'That's not what I hear from some people in the business community I work with.' " The Kuhns later learned from his calendar that Alex had plans to see his counselor on Thursday, July 14, (the counselor declined to answer my calls) and also to meet Hickey. "He woke up on the 14th and the very first thing he did was a Google search on conflict of interest legislation," said Mark Kuhn, referring to the other councilman's accusations.

Hickey says Kuhn showed up unexpectedly at his office that day. There had been tension between them, Hickey acknowledged. "We were on opposite sides. I was frustrated with his vote."

During a previous lunch meeting, Kuhn had expressed dismay at Hickey's allegation but neither mind was changed, Hickey said. But calling Kuhn "one of the nicest guys you'd ever want to meet," he said Alex wasn't angry.

On that day Alex also called his employer to say he wouldn't be attending a scheduled pontoon boat ride with the company that evening, according to a cell phone log of Alex's shared with me by his father. Instead, he stopped by his parent's farm and stayed for dinner, seeming OK but revealing little.

He left early, saying he'd see them the next day. They had weekend plans with his two sons.

At 7:12 p.m. he tried to call the mayor, whom he had also messaged late that morning, according to the phone records. The log didn't show what the text said. Asked about that, Bookmeyer emailed me, "I don't believe we spoke, but I sure wish we would have, to have known where he was in his mind." He said he had last seen Alex in his office a number of days earlier. "He wanted to know how I was," Bookmeyer said. "I told him I need time."

Alex then exchanged some text messages with a woman he had dated. She declined to talk to me, but the Kuhns, who are in touch with her, say she had no prior indication of his plans. Then he repeatedly watched a short compilation of clips from the TV series, "Breaking Bad" that had been posted on YouTube. Called "Jesse Pinkman: Civilian," it involved some emotional encounters between a remorseful young man, Pinkman, and the former chemistry professor he had teamed up with to cook meth, Walter White. At the end, Pinkman held a gun to White's face, and White held a gun to his own forehead, urging Pinkman to kill him. A shot was fired.

Earlier, Pinkman called himself "the bad guy," and told White, "Since I met you, everything I've ever cared about is gone. ... I have never been more alone!"

On July 15, Henkel officials showed up at the Kuhn farm wondering where Alex was, since he hadn't turned up for a presentation related to a hospital expansion project. Denise Kuhn drove over to his place, where Henkel CEO Schmit and another employee also showed up. She told them he wasn't there, but one of them went into Alex's room, she said. After picking up Alex's sons, his mother took a different route home, checking the ditches in case he'd had a car accident.

Back home, she asked Mark to check their guns. He discovered a .22-caliber pistol missing. They called police.

It was around noon when the sheriff and a deputy arrived to say they had found Alex's car and body at the end of a dead-end road near a recreation area north of Marble Rock, which is about halfway between their two homes. An autopsy revealed he died from a bullet fired from the gun taken from his parents' cabinet. There were no drugs or alcohol in his system. He didn't leave a note, and was wearing

the same clothes they had last seen him in, leading the Kuhns to believe he never went home the night before.

“We can all say there were times he was pretty upset and down about some things,” said Denise Kuhn. “But I never, ever could have imagined this.”

#### The aftermath

Former Sen. Harkin gave a eulogy at the funeral. Former state Sen. Jack Hatch, who served alongside Mark Kuhn in the Legislature, dedicated his new book “No Surrender” in part to Alex, saying he showed courage with his vote. “Not everyone agreed with Alex’s principled stand, and he took the brunt of public and private scrutiny,” it reads. “He became depressed and was unable to reconcile the differences.”

At the Kuhns’ behest, Blodgett notified the mayor that he would not be welcome at Alex’s funeral. But Bookmeyer said he attended anyway.

Bookmeyer says he was devastated by Kuhn’s death. Asked if he believed Kuhn was bullied, he referred to Prestage opponents, saying, “We were all bullied.”

Max Weaver, a former Mason City council member, says: “Alex was on the brink. Bookmeyer pushed him over.”

In January, Bookmeyer announced he won’t seek re-election in November. He called 2016 “rough,” and noted Alex Kuhn’s contributions to moving the city forward. Asked why he wasn’t running, Bookmeyer told me he had no further political ambitions, and was ready for a new career. He said Alex knew that was his intent.

#### Postscript

It would be irresponsible to blame others for someone’s suicide without hearing a cause in the deceased person’s own words. But as Draper, who works in the mental health field, points out, there can be triggers in the same way that smoking can contribute to the risk of cancer.

Everyone has different triggers, and everyone has periods of particular susceptibility to being demeaned, shunned or blamed. We live in an era when gossip, lies and rumors, spread through social media, can swiftly destroy reputations, careers and relationships. Schools and communities are finally focusing on the effects of such bullying on children. But adults are not immune.

People who go into public service to make a difference sometimes find themselves confronting powerful vested interests, and then back away from a fight. Alex Kuhn neither backed away nor wanted a fight. He wanted to do right by everyone: his constituents, his family, his job, colleagues and friends. One of the tragedies of politics is how limited a space there is for that — and how devastating it can be to an idealistic leader to find out.

“He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him. He said his life wasn’t fun and he found it hard to get up in the mornings.”

TODD BLODGETT, A FRIEND OF ALEX KUHN

DMR Iowa View: On abortion, liberals cite science fiction

By: Joel Kurtinitis



The growing tension between moral relativism and scientific absolutism has produced two related effects on the left: a growing rift between liberal politics and the scientific community, and the insecure, blustery hollering of the word “science” by progressives — as if repeating it three times in a mirror will summon Bill Nye in a lab coat to validate their worldview.

There’s laughable irony in liberal attempts to squeeze science into the frock of their relativistic priesthood: Science — real science — is consummately objective. It doesn’t care about your feelings, your politics, your identity, or your faith. Science is observable, testable, repeatable, falsifiable.

Even casual political observers will note that leftists rarely seek — or present — specific evidence to back their claims anymore. Rather, their continual allusion to “science” is only an appeal to authority, whether applied to climate change, vaccines, GMOs or abortion.

Such appeals abound in abortion defense pieces like the March 31 column “Myths like life at conception don’t belong in the law.”

In it, Rekha Basu opines that a prolife legislator “is free to believe whatever she wants as a matter of personal faith. But that doesn’t justify the distortion of scientific fact or the imposition of religious beliefs on the public.”

But life at conception isn’t rooted in abstract notions like faith or values — it’s rooted in basic, high-school biology.

It’s amazing that, after decades of pushing sex ed in classrooms across America, liberals still can’t figure out what pregnancy is.

The article quotes Richard J. Paulson of the American Society for Reproductive Medicine: “Life is a continuum,” Paulson wrote. “The egg cell is alive, and it has the potential to become a zygote (a single-celled embryo)” if fertilized by sperm. The resulting cell is also alive, but “from a biological perspective, no new life has been created, because it is nearly identical to the egg cell.”

There’s some good science in the above statement, but there’s also a lot of nakedly unscientific editorializing and deliberate misdirection.

Is life a continuum? In Mufasa’s Circle of Life sense, sure.

In any meaningful scientific sense, absolutely not.

We are conceived, we grow, we are born, we live, we die. Our physical existence has a definite beginning and end.

Science.

Your body can be distinguished from another person’s body by a unique genetic marker known to us as DNA. Sperm cells and egg cells contain only the respective parent’s DNA. Once a zygote is formed, a new organism (read: new life) with DNA distinct from both parents is present within hours of conception. If DNA can convict a murderer for a crime 50 years ago, it should be ample evidence of a new human life in the womb.

Because science.

This new entity is the earliest stage of human life. Prior to this, all cells involved were parts of the parent. A new genetic signature means a new, developing, genetically human organism, whether it looks “nearly identical to the egg cell” or not.

More science. Anyone — scientist or not — attempting to add ambiguity to this simplest of biological

truths has an agenda.

Like maybe, I don't know, making money on reproductive tech, or raking in \$127 million in "family planning" profits.

Here's another biological reality: Abortion doesn't "terminate a pregnancy" or "remove the product of conception." It kills developing human beings. That's why Planned Parenthood workers caught in the Center for Medical Progress' 2015 sting operation were shown sorting through refrigerated pans of tiny human arms and legs, discussing organ value.

If you're going to advocate for something so brutal, at least be honest about it and don't hide behind terms like "women's health" or "reproductive rights."

The political left is losing their war on science, because they aren't interested in genuine discovery or progress, only in using it as a cloak to push their own religion — yes, secular humanism is a religion— on those of us who believe every human being is endowed by our creator with an inalienable right to life.

DMR: Grassley pledges to preserve filibuster for legislation

Sen. Chuck Grassley said he doesn't expect any fallout for the future of the U.S. Supreme Court from Senate Republicans' decision to use the "nuclear option."

"It isn't going to change anything whatsoever, because for the first time in the 228-year history of our country, there's a partisan filibuster of a Supreme Court judge. So, this is the first time in 228 years, so if we aren't going to do it anymore, it's not going to be any different than it's been for those 228 years," he said in an interview Thursday.

Got that? In essence, Grassley's saying one bad apple don't spoil the whole bunch, girl.

(But if he actually said that, he'd correct the grammar and credit the Osmond Brothers.

And he wouldn't call me "girl." He's no dummy.) I watched on C-SPAN as history was being made, or unmade, depending on your perspective. Republicans and Democrats alike got up and recited the details of decades-old partisan grudges like a mournful Greek chorus. This isn't one bad apple. The whole barrel is rotten.

I tend to agree with Grassley that this wasn't about Justice Neil Gorsuch, not really.

He's conservative, to be sure.

But Democrats' best efforts to paint him as a corporate shill or heartless ideologue fell flat, in my estimation. He's qualified to serve and his addition to the court does not obviously change the balance that existed before last year's death of Justice Antonin Scalia.

Mostly, this was about Republicans' decision last year to make history by refusing to bring up President Barack Obama's nomination of Judge Merrick Garland. They blamed that on Democrats by inventing the so-called "Biden rule" that never actually delayed any justice's confirmation. It was indeed deplorable, but it worked and is now the standard.

It's all about power and the Republicans have it. So you might think it would follow that Republicans like Grassley don't fear partisan fallout on issues like tax reform or infrastructure because they can also eliminate the filibuster on legislation.

Grassley says no. He said Thursday he just signed a letter being circulated by Sen.

Susan Collins, R-Maine, saying he wouldn't vote to change the 60-vote rule for legislation.

"Because the only significant difference between the House and Senate is that in the House of Representatives, the minority has no rights. As long as the majority sticks together, they can run roughshod over minorities," Grassley said.

Guess he knows from experience what that looks like.

He said it's only happened twice during his 40 years in office that one party has held 60 seats. "If you want minorities to have any voice whatsoever in the legislative process, the only place that can be done is in the United States Senate," he said.

The real power in the nuclear option is the threat of mutually assured destruction. Both parties can imagine they'll eventually be in the minority and will have to live with whatever rules they impose while in the majority.

When it comes to judicial appointments, though, the bombs have already fallen enough times to make the threat seem weak. When a president campaigns on a list of names of potential Supreme Court nominees, as Trump did, there's no expectation of bipartisan support.

Presidents and senators say they want an independent judiciary, but that's true only if it means the courts will reliably support their partisan agenda. Meanwhile, the public's confidence in the courts continues to erode. This is the real danger of nuclear fallout. The damage lasts for generations.

Grassley says one remedy to that is his legislation to allow cameras in the Supreme Court. "I think TV in the courtrooms would help. Let the public know more about how it works," he said.

The Iowa Supreme Court started holding oral arguments on the road so people across the state could attend and learn more about how the court works, Grassley noted.

It's a good idea for many reasons. For one thing, voters might realize they need to hold their legislators accountable for writing clear, unambiguous laws. The old saying "garbage in, garbage out" may have been coined to describe the effect of bad data on computer programming, but it applies to our legal system. Poorly written laws lead to poor judicial rulings.

But real-life court is nothing like the dramas on TV. People other than hardcore court watchers will soon tune out. Video clips taken out of context may show up on the internet and, you guessed it, political campaigns. TV is not a cure for getting politics out of the courtroom.

Meanwhile, we don't know how long the tattered remnants of the filibuster will stand. I'm all for bipartisan cooperation, but there's something to be said for forcing the majority party to be entirely accountable for its action — or inaction.

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN

»

Police, others allegedly told: 'I killed three people last night'

»

Material witness on suicide watch after surrender in Missouri

CHARLY HALEY AND KIM NORVELL

CHALEY@DMREG.COM

A Bondurant man considered a material witness in the killing of his parents and sister allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy. Chase Marcus Nicholson, 20, approached Wal-Mart employees in the small southwest Missouri town about 12 hours after his family members were found dead in their Bondurant home. Kennedy said Nicholson allegedly told the Wal-Mart employees the same thing he told police.

Polk County authorities were expected to arrive in Neosho late Friday to question Nicholson in connection to the killing of his parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24. They were found dead in the family home in the 9700 block of Northeast 88th Street, said Lt. Rich Blaylock, spokesman with the Polk County Sheriff's Office.

Chase and Tawni's cousin Seth Nicholson, 28, of Des Moines, said Tawni was at the house to help plan her brother's 21st birthday party.

Nicholson turned himself in at about 10 a.m. Friday in Neosho, a town of 12,000 people about a 5 1/2-hour drive from Bondurant. He is in custody in the Newton County, Missouri, jail and was on suicide watch, Kennedy said.

Seth Nicholson, one of Chase's cousins, said Friday that Chase Nicholson had been treated for mental illness for many years.

"His entire life has been a giant adjustment," he said. It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons' home to conduct a welfare check, which may have been prompted by a friend who had spoken to Chase Nicholson. Investigators cleared the scene late Friday morning. Blaylock declined to say how the victims were killed. The Nicholsons were remembered fondly by neighbors and co-workers.

Charla Nicholson had been a teacher at Des Moines Public Schools since 1986, the school district confirmed. She worked with Goodrell Middle School students until the fall of 1999, when she moved over to Cattell Elementary. Cattell Principal Tiona Sandbulte said Charla was a dedicated teacher who loved her students. She most recently worked with children in kindergarten and first grade as an intervention teacher, who met with students who needed extra support with reading or math. She also helped monitor lunch time.

"The kids looked forward to her coming in," Sandbulte said, adding that Charla would often joke with students. "She just sparkled. She's just so great with the kids."

Charla was adored by co-workers and was always willing to help her colleagues when needed, Sandbulte said.

The school district is making counselors available to help students and staff cope with Charla's death, Sandbulte said. Cattell also planned to email students' families.

Charla's daughter, Tawni, was just starting her career at an area insurance company after graduating from Iowa State University in August, a neighbor said.

She received a bachelor's degree in business with a major in marketing, said university spokeswoman Annette Hacker.

Kali VanBaale, who lives across the street from the Nicholsons, said

## AP: ISU ROTC TACKLES SOCIAL POST FALLOUT

Cadets' explicit photos cause annual dinner to be canceled

RYAN J. FOLEY

### ASSOCIATED PRESS

The commander of a military training program at Iowa State University canceled an annual formal dinner Friday after news broke that explicit photographs of some male cadets had been posted on Facebook.

Capt. Scott Curtis sent an email to the Naval Reserve Officer Training Corps saying he was calling off Saturday's "Dining In" event in light of publicity about the incident, which a Navy spokesman said involved seven male cadets who were "willing participants" in inappropriate behavior around campus and online.

Curtis said the decision was unfortunate, and he warned students would likely not be refunded the full cost of tickets they bought for the dinner for upperclassmen, alumni and retirees.

"My overarching goal is to ensure that all of you personally, as well as the reputation of the Cyclone Battalion as a whole is protected to the maximum extent possible given the current media situation," Curtis wrote.

The Associated Press reported Thursday that explicit photos were taken of some cadets around campus on March 4 and posted to the Facebook page of a student group connected to the program.

Lt. Sean Brophy, spokesman for the Naval Service Training Command, said other students did the right thing by reporting the photos to program leaders.

The Navy said "appropriate administrative actions" were taken against the midshipmen, who remain with the program. Curtis apologized to Iowa State leaders.

Curtis said the incident doesn't "reflect on the Character of this Battalion — how we respond and move forward does." He called the group fantastic and urged members to "dust yourselves off and move on." A separate email sent by a student leader instructed students in the battalion to decline comment and inform program leaders of any media inquiries.

DMR: Grassley, Ernst back U.S. strike on Syria

LINH TA AND JASON NOBLE

LTA@DMREG.COM

Iowa U.S. Sens. Chuck Grassley and Joni Ernst each voiced support for airstrikes launched late Thursday against a target in Syria. Grassley, in a statement released Friday afternoon, called the airstrike ordered by Republican President Donald Trump "appropriate" following Syrian leader Bashar al-Assad's apparent use of chemical weapons on civilians.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said.

“The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate.”

He added that the president now must “develop a comprehensive strategy” for ending the six-year-long civil war.

Ernst, meanwhile, praised the strike within hours of its announcement on Thursday, crediting Trump with showing “global leadership” in a statement that also described Assad as a war criminal. “This has been a tragic reality for the past six years and has gone on far too long,” she said. “Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis.” Both of the Republican senators’ statements represent an evolution from 2013, when Assad previously deployed chemical weapons and then-President Barack Obama, a Democrat, proposed a military response. “I don’t think the case for military action has been made. ...” Grassley said in a September 2013 statement. “If the goal is to deter and degrade Assad’s ability to use chemical weapons, how would a limited strike achieve this goal? What are the risks of military action? What is the U.S. national interest in striking Syria?”

That same month, Ernst — then a state senator and a candidate for U.S. Senate — said Obama had not made the case for “why it is in our vital interests to use force in the midst of Syria’s ongoing civil war.”

Grassley’s office clarified the senator’s shift in viewpoint in a statement to the Register, arguing that Trump’s strike was a single, clear action to disrupt Assad’s ability to launch another chemical weapons attack. Obama in 2013, by contrast, considered a wider military action “but the goal, strategy and plan were unclear.”

“Congress and the American people deserve details on the mission, and the plan to achieve it, before entering into a possible long-term conflict, regardless of which president is in the White House,” spokesman Michael Zona said. In a CNN interview on Friday, Ernst likewise argued that Trump has made the case for Thursday’s strike in a way that Obama did not four years ago. “He has laid out the case — humanitarian atrocities of course, and the use of chemical weapons — and we also have ISIS engaged in that region,” she said. “We simply do not want to see chemicals fall into the hands of ISIS operators. There’s an ongoing civil war and that paired with the ISIS threat makes it even more imperative that we make sure we’re destroying any of those deliver systems.”

Another Iowa member of Congress, U.S. Rep. Rod Blum, praised Trump’s “decisive leadership” in a tweet late Thursday, but he said if there was to be a sustained military effort, the president should seek congressional authorization.

Trump ordered the strike against Syria late Thursday in retaliation for the chemical weapons attack that killed 86 people on Tuesday.

The attack, the first conventional assault on another country ordered by Trump, comes a day after he declared that the chemical weapons assault had “crossed many, many lines,” including the deaths of 27 children.

The 59 missiles, fired from the destroyers USS Porter and Ross in the eastern Mediterranean Sea, struck the airfield where Syria based the warplanes used in the chemical attack, according to Navy Capt. Jeff Davis, a Pentagon spokesman.

The missiles destroyed aircraft, hardened hangars, ammunition supply bunkers, air defense systems and radar at the Shayrat Airfield, according to USA TODAY.

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE ‘DOESN’T FIT IN SOCIETY’

LINH TA

LTA@DMREG.COM

For Chase Nicholson's entire life, he's struggled with feeling adequate, his cousin Seth Nicholson of Des Moines said Friday. That struggle also caused friction between him and his family, the 28-year-old said. "His entire life has been a giant adjustment," Seth Nicholson said. Chase Marcus Nicholson, 20, is considered a material witness in the killing of his parents and sister in Bondurant on Thursday night. Chase Nicholson approached Wal-Mart employees in Neosho, Mo., about 12 hours after his family members were found dead in their Bondurant home. He allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy.

His parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24, were found dead in the family home in the 9700 block of Northeast 88th Street, authorities said.

At about 4 a. m. Friday, Seth Nicholson said, his mother called his wife, Kelsea Nicholson. She was bawling on the phone and told them about the deaths. However, she also warned them to lock their doors. "She said every one of them is dead," Seth said. "It was a nightmare."

Chase had been living with his parents in Bondurant. Seth Nicholson said police told relatives that Chase had stopped at a friend's house after the slayings and told him he killed his family. Then he drove south. "His friend called the police just to make sure it wasn't just a story," Seth Nicholson said. The call apparently prompted the welfare check on the Bondurant home.

The last time the family heard from the three victims was around 8 p. m. Thursday, Seth said.

Tawni, who graduated from Iowa State University in August, was at her family's home in Bondurant to help plan her brother's 21st birthday party. It was supposed to be in conjunction with the family's Easter celebration.

Her last text to a family member was discussing plans for the party.

"Tawni was there to plan the birthday party," Seth said. "She was there to help him." Chase Nicholson stayed at Orchard Place, a Des Moines charity that provides mental health treatment for children, from age 16 to 18, his cousin said. He went to school in the Bondurant school district and later attended an area private school.

Seth said Chase seemed to do well at Orchard Place.

"He was good for a little while, and then the assault happened with dad," Seth said, referring to Chase Nicholson's arrest in 2014.

A criminal complaint filed in that incident alleges Chase Nicholson threw a piece of metal from a fireplace set at his father on May 10, 2014. Mark Nicholson was cut on the left side of his face, by his left eye. Chase, who was 18 at the time, told officers that he had thrown a soccer cleat at his dad and said that could have caused the cut, according to the complaint. The criminal charge was eventually dropped.

But Chase was often easy to talk with, his cousin said. During family gatherings, he was upbeat and smiling.

"You would never know he had these issues," Kelsea Nicholson said.

After becoming an adult, Seth Nicholson said, Chase has been in and out of mental health treatment.

Nicholson said he had a hard time finding a hospital that would allow him to stay for longer than 24 hours.

In the fall, he was enrolled at the Ankeny Des Moines Area Community College campus studying computer programming.

He did not return for the spring semester because of complications with his mental health, Seth said. He had been working at a local Wal-Mart.

Seth said Chase Nicholson looked up to him, since they grew up together and he was a few years older than him.

He would confide to him about his thoughts, Seth said. He said Chase liked video games and listened to “headbanging” music. He was also interested in weapons, including knives.

Two weeks ago, Seth said, he spoke with Chase on the phone. He said Chase confided in him and told him he “doesn’t fit in society.”

Seth said the family has no ties with people in Missouri, so they’re unsure why he ended up there.

A vigil will be held on Saturday in Bondurant to remember Mark, Charla and Tawni.

It will be held from 7: 30 to 8: 30 p. m. outside Bondurant- Farrar High School at 1000 Grant Street North in Bondurant.

Seth said the tragic story demonstrates the importance of mental health care. He said he was concerned about Chase’s future.

“It is just a classic story of good people who had something really bad happen to them,” he said. “I don’t think he knows peace. I don’t think he’s ever met it.”

DMR: Iowa Senate confirms three appointees to regents board

JEFF CHARIS- CARLSON JCHARISC@PRESS-CITIZEN.COM

The Iowa Senate voted Wednesday to confirm all three of Gov. Terry Branstad’s appointees to the board that oversees Iowa’s three public universities.

In a series of 49-0 votes, the senate approved Branstad’s decision to appoint two former state lawmakers — former Rep. Nancy Dunkel, D-Dyersville, and former Sen. Nancy Boettger, R-Harlan — to the nine-member Iowa Board of Regents. Boettger and Dunkel will join board May 1, replacing regents Bruce Rastetter and Katie Mulholland, whose six-year terms expire April 30. Rastetter did not seek a second term, and Mulholland was not reappointed to one.

In another 49-0 vote, the senate confirmed Wednesday the reappointment of regent Sherry Bates, who has served on the board since 2015 and who heads the board’s Campus and Safety Subcommittee. When reappointing Bates in March, the Governor’s Office said she deserved a full, six-year term on the board. The Senate also voted 49-0 last month to confirm last year’s recess appointment of Regent Mike Richards, who has been serving on the board since May 2016. As with Wednesday’s confirmation vote, there was no debate. Wednesday’s vote will change the gender balance on the board after May 1 to five women and four men, but the partisan balance on the board will stay the same: five Republicans, one Democratic and three independents. With Rastetter and Mulholland stepping down, the board will be without a president and a president pro tem. A new leadership election will need to take place on or after May 1. One of the new board’s first tasks will be to find a replacement for Iowa State University



President Steven Leath, who is leaving to become president of Auburn University in Alabama.

Regent Larry McKibben, who served in the Iowa Senate from 1997 to 2008, described Boettger as “the leader on issues of education and educational finance.” He said both former lawmakers are “highly qualified appointees.”

“I care very much about the system,” Boettger told the Register in an earlier phone interview. “Iowa State is what brought me to Iowa in the first place. The state is known for quality education. I want to make sure it stays that way.” Boettger said she plans to learn as much as she can from her fellow Harlan resident, Mary Louise Petersen, who served as president of the regents from 1973 to 1981. Dunkel, a Democrat who served in the House for four years, is a retired banker and a former board member of Iowa Student Loan Liquidity Corporation and the Iowa Values Fund board.

She told the Register that she views Iowa’s public universities as a key part of Iowa’s economic development landscape “in terms of their research and in terms of their business incubators.”

“Have the colleges been not given enough money? Sure. But you know you can say that about a lot of other departments as well,” Dunkel said. “Our job is to make sure they are doing the best they can with the money they are getting,” Dunkel told the Register she initially had been contacted by Lt. Gov. Kim Reynolds to inquire whether she was interested in the position.

Once she agreed, the governor called later that day to make the offer.

With Branstad scheduled to be appointed as the next U.S. ambassador to China, Reynolds will take over the governor’s responsibilities.

The governor office said the choice of appointees was made collaboratively.

“Like all of our appointments the past seven years, they were all decided upon together by Gov. Branstad and Lt. Gov. Reynolds,” Ben Hammes, a gubernatorial spokesman, said Tuesday via email last month.

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

Iowa lawmakers promised to protect a popular tax credit benefiting more than 220,000 low-income working families in their effort to reform the tax code. House Appropriations Committee Chairman Rep. Pat Grassley, R-New Hartford, said at a subcommittee meeting Thursday the Earned Income Tax Credit, along with another that benefits community colleges, would be held harmless as lawmakers work to cut back state spending on tax credits. Grassley said he heard from legislators, advocates and others who opposed reducing benefits under the Earned Income Tax Credit, which primarily benefits those living in or near poverty.

“You have to weigh how difficult of a vote that is versus the savings that you’re going to achieve,” he said. “And I just think that this point, there wasn’t the appetite to take that on.”

Grassley recently introduced House File 187, which would cap and gradually reduce the total amount the state spends on tax credits, funneling the savings into a state account for an as-yet undetermined purpose. It also would roll back some of the most generous benefits associated with some credits, which result in refund checks for individuals and companies that have no tax liability.

But, he said Wednesday, it became too difficult to put an overall cap on state tax credit spending, which has ballooned by about 180 percent since 2005. Instead, he plans to look at each tax credit individually and find ways to cut back.

According to data from the Department of Revenue, the total value of state tax credits has grown from about \$153 million in 2005 to an expected \$427 million in 2018.

The state spends more on the Earned Income Tax Credit than any other on the books. During the 2016 budget year, it totaled \$71.9 million. That's projected to grow to \$76.3 million in 2021. About 71 percent of those credits were claimed by taxpayers with an adjusted gross income of less than \$25,000.

Rep. Chris Hall, D-Sioux City and the top Democrat on the House Appropriations Committee, said he supports taking that credit off the table, saying it has been "extremely effective" at accomplishing its intended purpose.

After a year in which spending outpaced revenue by about \$250 million, Hall and other Democrats have pushed for a review of tax credits as a way to save money and shore up the state's budget. But Republicans say cutting back on tax credits would provide savings that could be used to balance out a future tax cut.

"If the goal is tax reform, then you need to begin to achieve the savings from the tax credits, in my opinion," he said.

Hall said he disagrees with that approach.

"We need to make sure that this conversation is linked directly to improving and making the state's budget more sustainable, balanced, transparent and predictable," he said.

DMR: Templeton Rye one step closer to distilling whiskey in Iowa

Iowa-based manufacturer breaks ground on \$26M, 99,000-square-foot complex

THE DES MOINES REGISTER

Templeton Rye, the Iowa-based whiskey manufacturer, has broken ground on its new \$26 million distillery building in Templeton, Iowa.

The new 99,000-square-foot complex includes a 34,500-square-foot distillery as well as a museum and barrel-aging warehouse.

It's expected to be completed in the fall of 2018.

The new facility may muzzle critics who claim Templeton had been misrepresenting its liquor by labeling it as "small-batch rye" and "made in Iowa," when it actually was made from a stock whiskey distilled by MGP Ingredients in Indiana. Complaints culminated in a series of lawsuits over the whiskey's authenticity, which the company settled in 2015 with promises to change its marketing materials and bottle labeling.

Templeton Rye has six fulltime and about 10 part-time employees, the company said.

The distillery project will add 27 jobs and will be able to produce 500,000 proof gallons of rye whiskey annually.

The aging warehouse will be able to store 40,000 barrels.

DMR: Casino in Clinton debuts simulcast horse, dog racing

LINH TA

LTA@DMREG.COM

Iowans looking to bet on video simulcasts of horse and dog races will no longer have to go to a casino with live racing to make their wagers. On Friday, Wild Rose Casino & Resort in Clinton began to offer off-track betting, including races from Santa Anita Park, Aqueduct, Keeneland and Oak Lawn. It's the first state-regulated Iowa casino without live racing to offer off-track betting. "It's something new and fresh we're offering to people on the eastern side of the state," said Tom Timmons, president and chief operating officer of Wild Rose Casinos. "We're hoping to attract people from Clinton and the Quad Cities." The Iowa Legislature agreed in 2014 to allow state-regulated casinos that do not offer live racing to take bets on simulcasts of horse and dog races as part of a broader bill that permitted the state's greyhound tracks to stop offering live racing. The simulcasts are offered through a hub hosted by the Iowa Greyhound Association, which is operating the Dubuque dog track. Iowa's only other recent greyhound track, Bluffs Run in Council Bluffs, shut down in December 2015.

The greyhound association will receive a share of the revenues.

Previously, the only Iowa gambling operations that offered wagering on simulcasts of horse and dog races from outside tracks were Prairie Meadows Racetrack and Casino in Altoona and Iowa Greyhound Park in Dubuque, along with Meskwaki Bingo Casino Hotel at Tama. The Meskwaki casino, which is regulated by a tribal gaming commission, has long been allowed to offer off-track wagering under provisions of the federal Indian Gaming Regulatory Act.

For its debut, The Wild Rose will offer races from 16 different tracks across the country.

People interested in making bets will go into the Coaches Corner — Wild Rose's sports bar and grill. The area includes 56 new televisions including 16 screens that combine for theater-style viewing. Each booth includes screens for watching races.

Patrons can purchase a program and then let a clerk know what they're interested in betting on. They will receive a ticket and can either stay or leave Coaches Corner.

The wagering is parimutuel and people are not betting against the house. The casino will take a cut of the winnings, while the rest will be dispersed towards the winning tickets, Timmons said.

"We're excited," Timmons said "Got everything finalized and tested everything."

Timmons said they may expand simulcasting to its Jefferson and Emmetsburg locations.

"We'll be watching and see how it goes," Timmons said. "There is an investment with it."

The casino will feature the Santa Anita Derby on Saturday.

DMR Editorial: Is Harreld proposing merger or hostile takeover?

This isn't the way to unify the UI foundation and alumni

Perhaps it makes sense for the University of Iowa Foundation to merge with the school's alumni

association.

But it seems odd that the school's president, Bruce Harreld, is the man who has decided to make that happen; that he hasn't given much of a rationale for it; and that he's already decided, on his own, who will lead the new organization.

Stranger still, he has done all of this without consulting with the alumni group, leaving its leaders "shocked" by Harreld's actions.

It's important to remember the entities — the school, the foundation and the alumni association — are separate and distinct entities. The University of Iowa is a public institution dedicated to higher learning and run by the Board of Regents. The foundation and alumni groups are two separate, private, tax-exempt organizations run by their own boards of directors.

Obviously, the three have common interests and they collaborate and coordinate while pursuing their individual goals. But they have missions that are fundamentally different. The school exists to educate students; the foundation exists to raise money for the school and the University of Iowa Hospitals; and the alumni association exists to strengthen the school through recruiting, alumni events, networking opportunities and career programs.

Last fall, Harreld asked the leadership of the foundation and alumni association to form a committee that would explore ways the two organizations could work together in supporting the school. He said that after reviewing the committee's recommendations — none of which involved a merger — he decided to "create one, new, unified organization," citing their "overlapping missions and aspirations."

But the report on which Harreld claims to have based his decision doesn't actually recommend the merger of the two organizations.

Still, Harreld says a newly created, single entity will better serve the university by creating "more meaningful alumni engagement and increased philanthropic support" — although it's not clear how that would occur. There's no question the alumni and foundation have overlapping objectives, but they are fundamentally different organizations. The foundation, for example, employs 233 people and recently completed an eight-year fundraising drive by securing almost \$2 billion in pledges. The muchsmaller alumni organization has 25 employees and one of its biggest contractors is the foundation, which was paid \$137,000 last year for information- technology services.

To put the size of the two organizations in perspective, consider this: Last year, the foundation spent \$124 million, while the alumni association's total spending for the year was \$4 million. In fact, the foundation's fundraising budget was more than three times the total spending by the alumni group.

Can the two be merged without the alumni association losing its identity and focus?

Perhaps. But it's easy to see why the alumni organization's leaders are worried.

"The alumni association's board of directors was not aware that (Harreld) was going to make that decision until the day he did," Clare Kelly, chairwoman of the association's board of directors, told the Cedar Rapids Gazette. "We are not happy with the manner in which it's been handled."

And Harreld has done more than decree that these two nonprofits be combined. He has also decided that once merged, they will be led by Lynette Marshall, who now earns more than a half a million dollars annually as the foundation's president and CEO.

Harreld has also instructed the association to stop accepting new members and stop collecting membership dues.

"The board didn't vote on those decisions," Kelly told the Gazette. At this point, Harreld's "merger" looks

more like a hostile corporate takeover than a mutually agreed-upon consolidation. It's almost as if the two charities' boards of directors have no say in the fate of their organizations or their leadership, and their bylaws are utterly meaningless. If that's the case, the Internal Revenue Service should take a close look at their tax-exempt status and ask why it is that the head of a public university can, by his own edict, reorganize or dissolve these two independent, nonprofit organizations.

A merger might make sense, but the manner in which this one is being pursued does not.

DMR Iowa View: Women deserve to receive equal pay for equal work

This column was signed by Iowa state Sens. Rita Hart, Pam Jochum, Liz Mathis, Janet Petersen, Amanda Ragan; state Reps. Marti Anderson, Liz Bennett, Timi Brown-Powers, Abby Finkenauer, Ruth Ann Gaines, Mary Gaskill, Lisa Heddens, Monica Kurth, Vicki Lensing, Mary Mascher, Helen Miller, Amy Nielsen, Jo Oldson, Kirsten Running-Marquardt, Sharon Steckman, Beth Wessel-Kroeschell, Phyllis Thede, Cindy Winckler, Mary Wolfe.

Equal pay for equal work. It might sound like common sense, but unfortunately it's not reality.

The figures on equal pay are daunting. Women make just 80 cents for every dollar a man makes, according to data released by the Census Bureau. African-American and Hispanic women are even further behind, making just 63 and 54 cents, respectively.

Unfortunately, Iowa lags behind even those disappointing numbers. Iowa women make less than 77 cents on the dollar for what a man earns.

Women and our families are being shortchanged hundreds of thousands of dollars over the course of a lifetime.

Some argue that women choose different jobs, or choose motherhood over career opportunities. But even within the same profession, women are paid less. Female doctors and surgeons make 71 percent of what men make, and female financial specialists make 66 percent compared with men in their profession. For lawyers and judges, the pay gap is 82 percent. And while three-fourths of women who enter the workforce will get pregnant, half of working firsttime mothers receive no paid leave to have their babies, according to the Census Bureau.

Women are much more likely to have career interruptions because of child care being costly or unavailable, often resulting in lost pay raises when they return.

These are difficult financial decisions forced upon women and families because of failing economic policies.

Those are the figures. But they don't tell the whole story or how we can take action.

Tuesday was Equal Pay Day, symbolizing how long into the year women must work to earn what men earned last year. It's a day when we should remember not just the numbers, but the impact on women and families. After all, women are sole, primary, or co-breadwinners in nearly 72 percent of Iowa families.

Hardworking women trying to provide for their families are falling behind because of a discriminatory pay gap and policies that don't support the tough choices facing families.

Thankfully, there are solutions to make pay equitable.

The Legislature can create paid leave and child-care policies allowing mothers to keep their jobs,

avoiding long gaps in employment that drive down wages. And we need to raise the minimum wage — two-thirds of minimum-wage earners are women — and enact other policies to raise wages instead of engaging in a race to the bottom.

Employers can get help to correct their pay practices, through equalpay guidelines from the U.S.

Department of Labor. Women must also be empowered to ask prospective employers to show women and men are paid equally, that their hiring process seeks diversity, and that they can join a union. Women in unions earn over one-third more than women in non-union workplaces.

If there is unequal pay, women should discuss the problem with their employer.

If discrimination continues, every woman has the right to file a complaint with the U.S.

Equal Employment Opportunity Commission.

Equal pay for equal work shouldn't be an idea. It should be reality. Other states are moving forward, and women continue to recognize this issue's importance. We need to move Iowa forward, and we need citizen action, legislative action and participation from the businesses to make it happen. At current pace, the wage gap will not close for 50 years. Women and hardworking Iowa families cannot afford to wait that long.

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?

CHELSEA KEENAN

Top of Form

Bottom of Form

Iowa's insurance market could be the canary in the nation's coal mine if Congress or President Donald Trump doesn't offer clarity soon on the future of the Affordable Care Act, with millions of people losing coverage, one industry expert said Friday.

Two insurers announced this week that they would stop selling individual health plans both on and off the Iowa exchange — Des Moines-based Wellmark Blue Cross and Blue Shield on Monday and Aetna on Thursday. The decisions affect some 57,600 Iowans — 21,400 Wellmark policy holders and 36,200 policy holders with Aetna.

It also leaves the vast majority of the 50,000 Iowans purchasing subsidy-eligible insurance on the exchange with only one option — Minnesota-based Medica. But that insurer is tight-lipped on what it plans to do in 2018, saying Thursday that it is "evaluating the situation and (its) options."

"Iowa is a bit different in that it's happening so early," said Cynthia Cox, associate director for the program for the study of health reform and private insurance at not-for-profit Kaiser Family Foundation. "But it might be the start of many more exits to come."

Iowa has never shown up in any of the health care policy organization's lists of states with fragile markets. States such as Tennessee, Arizona and Oklahoma have had steep premium increases and seen insurers drop out.

"This goes to show that political uncertainty can make an otherwise stable market unstable overnight," she said.

The problem Wellmark, Aetna and other insurers face is that not enough young and healthy people are choosing to enroll in plans to help spread out costs. Instead, older, sicker individuals with multiple chronic illnesses — who need insurance and coverage — are purchasing the health plans, putting a high concentration of expenses in the individual market.

Wellmark said on Monday it lost \$90 million through the individual market in Iowa.

There's also quite a bit of uncertainty still looming over the future of the ACA. Trump and Congressional Republicans have promised to repeal and replace President Barack Obama's signature health care legislation, but have been stalled by disagreement over the changes they will make.

Insurers have said the unpredictability over which rules will be in place in 2018 — and over the billions of dollars in government subsidies that make the plans more affordable to millions of people — make it difficult to commit to offering such insurance.

Many have asked the government to extend the subsidies for 2018.

This comes as health insurers are preparing 2018 premium rate proposals to submit to federal and state insurance regulators over the next few months.

Whether Medica will stay in Iowa is hard to say, Kaiser's Cox added. Several states have only one insurance option on the exchange — but that insurer typically is the Blue Cross and Blue Shield plan, which are more established.

Medica is a significant player in Minnesota, Cox noted, and it has expanded into additional markets including Iowa and Kansas.

Bottom of Form

"But it's not clear if they have capacity to absorb all the enrollees in Iowa," she said. "It puts them in tough spot."

If Medica were to drop out, there isn't much in terms of a Plan B. Iowans could purchase plans off the exchange without subsidies, but Iowa insurers are pulling out of that market, too.

Trump has indicated he will not enforce the mandate or penalize those without insurance.

But that is hardly a relief if you are sick and in need of medical care, Cox said.

"This is warning sign," Cox said. If Congress "doesn't act soon, ... we can see this happen around the country."

SCJ Editorial: Election bill will strengthen system of voting in Iowa

Top of Form

Iowa's election system will be stronger as a result of a bill advancing through the Legislature.

Last month, the Senate passed and returned to the House for final approval a package of election changes. The House is expected to pass the bill, as well.

Getting the most attention within the bill is a voter ID provision.

As an additional layer of protection for the integrity of elections in this state, we long have supported a

requirement that voters show some form of identification before casting a ballot. We are not alone on this within or outside Iowa.

A February Des Moines Register/Mediacom Iowa Poll showed 69 percent of Iowans support such a requirement. Voter ID requirements vary from state to state, but 34 states have passed laws requiring voters to produce a form of identification at the polls, according to the National Conference of State Legislatures.

Under the bill moving through the Iowa Legislature, voters would need to show an acceptable form of government-issued ID before casting a ballot at polling places. If a voter doesn't have one of the acceptable forms of ID, the state will issue him or her a voter-verification card, free of charge. A request for an absentee ballot would need to include an acceptable personal identification number, as well.

Within today's society, one needs some form of identification to conduct almost any kind of personal business. We do not believe asking the same of voters in the name of ensuring honest elections in our state is at all unreasonable.

Another component of the bill we support and have advocated for in this space because it also speaks to improved integrity within the process of voting is elimination of the straight-party voting option.

#### Bottom of Form

In our view, straight-party voting is lazy voting. We understand voters have every right to vote for all Republicans or all Democrats if they wish and even if a straight-party option didn't exist on the ballot, voters could (and some would) fill in the ovals for all candidates of one party or another.

Still, if this choice wasn't so easily available, we believe more voters would spend more time getting to know more about all of the candidates whose names appear on their ballot.

Another benefit to elimination of the straight-party voting option is this: Nonpartisan questions on the back of the ballot wouldn't be so easily forgotten or ignored.

We look forward to the House joining the Senate and sending this election bill to the governor for signature into law.

LEE: Branstad meets with senators handling his confirmation

#### ROD BOSHAART

Gov. Terry Branstad said Friday he had productive meetings with members of the Senate Foreign Relations Committee during this week's trip to Washington, D.C. However, he doesn't expect a hearing on his confirmation to be the next U.S. ambassador to China to take place until next month at the earliest.

Branstad said he met with committee chairman Sen. Bob Corker, R-Tenn., and ranking member, Sen. Ben Cardin, D-Md., as well as other committee members and Iowa Republican Sens. Chuck Grassley and Joni Ernst, and he plans a return trip the last week in April after the two-week Easter recess. At that time, he'll meet with more members of the committee who will consider his appointment by President Donald Trump to be America's top diplomat in China.

"I had a lot of good meetings with senators," Branstad said Friday during his first public event since his trip. He said he has completed the paperwork phase of the process and now he is "learning as much as I can about the China issues, and there are many."



The governor said he also met with Sonny Perdue, Trump's secretary of agriculture nominee, who has cleared the committee process but awaits Senate confirmation pending an April 24 vote.

"It's getting kind of frustrating, I think, for a lot of people. This process has been very slow," Branstad said of this year's Senate action. "They've now just confirmed Neil Gorsuch to the Supreme Court and that took up a significant amount of time.

"But this has been the most, I guess, disruptive process that we've ever seen in terms of appointments. Confirmations usually don't take nearly this long. But, unfortunately, I think the Democrats have decided that they're going to just basically attack everybody. I hope that by the time I get there that will have worn out and that won't be case," he said.

"They ask tough questions and there are a number of issues. But I'm hopeful that I can generate bipartisan support. Time will tell," he added.

Grassley said he expects Branstad's confirmation to "go well."

Bottom of Form

"He's personable, professional and has the proven leadership and policy skills to serve in such an important diplomatic position. As members of the Foreign Relations Committee get to know him, they'll appreciate his trustworthiness, his work ethic and his ability to get the job done for the United States as he has for Iowa for a record number of years," Grassley added.

Ernst said Branstad would make an excellent ambassador and hopes the Senate moves him through the confirmation process "as soon as possible."

"Our relationship with China is very important — from agricultural trade to national security — so I look forward to the Senate moving on his nomination soon," she said.

LEE: Branstad and Xi: From possibilities, an enduring relationship

B.A. MORELLI

Top of Form

Bottom of Form

Jack Kintzle was part of a welcome wagon in 1985 that cast such a positive light on Iowa it sparked a decades-long friendship between Xi Jinping, who would go on to become China's president, and Iowa Gov. Terry Branstad — now thrusting Branstad and Iowa into the spotlight of U.S.-Chinese relations.

Branstad, who was nominated as U.S. ambassador to China last year although has not yet been confirmed, has met with Chinese officials a handful of times over the past 30-some years. The relationship has blossomed and the impact has been far-reaching for the state, say officials in business, trade and education.

Hospitality laid the groundwork for the good relations, but Kintzle observed a measure of strategy and foresight by Branstad in encouraging the warm, respectful welcome in the midst of the farm crisis.

"Iowa was going through such a tough time with agriculture, especially farm foreclosures," said Kintzle, 73. "Iowa was at a level we needed publicity and we wanted to open doors. I think that's one of the reasons they were treated so well. How many million Chinese are there? I think he saw an opportunity to trade. I think the governor sensed the possibilities."

Pending confirmation, Branstad plans to move to Beijing with his wife, Chris, his daughter and son-in-law and granddaughters as he works to enhance the relationship between the two countries, he said during a celebration with Chinese officials during the Lunar New Year earlier this year in Muscatine.

“I’m an old friend of China,” Branstad said there. “I’ve very honored and very proud that I’ve had a number of interactions with China and the leadership of China. We’ve seen great improvement in terms of exchanges and trade. Exchanges of students is one way to improve personal relationship and friendships. That is critically important to both of our countries and the world.”

Branstad would step in amid heightened tensions between the United States and China over trade equity, punitive tariffs and how to handle North Korea. Branstad was not scheduled to be at the meeting in Florida late last week between President Donald Trump and Xi.

Kintzle was an Iowa Corn Growers Association director with a farm near Coggon in the summer of 1985 when Xi — then a county-level party leader Kintzle equated to a state secretary of agriculture in America — toured Iowa farms as part of a small agricultural delegation from Hebei province.

Kintzle’s farm was right off the highway and convenient, so he got a call wondering if the delegation could visit. Soon, a small group of Chinese men wheeled up and spent a few hours inspecting machinery, grain bins and harvesters, then came inside for coffee. At the end, they took pictures together.

“They go back to China, he becomes president, and I farm for the next 30 years,” Kintzle said. “I should have bought a lottery ticket. Although, having a president on my farm might be better than winning the lottery.”

Branstad, then in his first term as Iowa governor, was instrumental in the visit, including hosting a then-unheralded Xi in his office.

By the time of the visit, Branstad already had signed an agreement establishing a sister-state relationship between Iowa and Hebei. In 1984, he led a 50-person delegation to Hebei. It was the first of six trade missions Branstad led to China.

Branstad next traveled to China as part of a three-country trade mission in fall 1993, marking the 10-year anniversary of the sister-state relationship. The goal was to expand markets for agricultural products, appliances, machinery and other exports, as well as stress in China Iowa’s commitment to human rights and treating people with dignity.

“We think that one of the things that helped lead to the downfall of communism in Russia and Eastern Europe was all the contacts to the West — the sister states, the trade missions and the understanding that the people gain from that,” Branstad said at the time. “I feel somewhat the same way about trade and building relationships in China.

“We can, hopefully, help push the Chinese state in the direction of more freedom and opportunity for the people as opposed to the old policy of trying to isolate them,” he added.

The early legwork has made a difference for Iowa. China is the fourth-largest export market for Iowa, with \$490.6 million worth of manufactured and value-added goods, according to the Iowa Department of Economic Development.

China’s spending supports 4,000 jobs, and 5,000 “young talents” are studying in Iowa universities, Hong Lei, consul general based at the Chinese Consulate of Chicago, said during the recent Muscatine visit.

“I would say because of the sheer fact he’s been involved, he’s never let go,” said Kim Heidemann,

executive director of Iowa Sister States. “He’s continued to nurture this relationship. He goes to visit, goes to meetings. He’s hosted meetings. The governor has made it a point. He’s simply done things right, especially in the last few years with Xi and done it in such a way he puts Iowa first.”

The trips to China, and return visits from Chinese officials, have continued.

Xi returned to visit Muscatine and Des Moines in 2012 for an “old friends” reunion dinner stemming from the 1985 trip, and 20 Iowans traveled to China that same year for another reunion. Branstad also participated in trade missions in 2014 and 2016.

Downing Thomas, a professor and dean of International Programs at the University of Iowa, traveled with Branstad to China in 2012.

The delegation also included elected officials from Wisconsin and Virginia, along with a handful of business people and educational leaders. The significance of Branstad’s relationship with Xi was evident in the respect and attention he received compared with the other visitors. The China Daily newspaper sought him out specifically for an interview.

#### Bottom of Form

Iowa universities and colleges have seen enrollment among Chinese students soar in the past 10 years. More than 4,000 Chinese students are enrolled at the three state universities alone. While the influx of Chinese college students is seen beyond Iowa’s borders, the relationship between Iowa and China has helped Iowa schools, Thomas said.

“Clearly many of our students are aware of the relationship with Xi and Iowa, and their parents are aware of it.” Thomas said.

The economic impact from international students and their families in Iowa topped \$365 million and has supported or created 3,700 jobs, according to an annual report from International Programs. Thomas estimates more UI alumni are living in China than anywhere else outside of Iowa and Chicago.

The visibility of Branstad’s relationship with Xi and Branstad’s personal involvement has opened doors for Iowa companies, such as West Des Moines-based Hy-Line International.

Tom Dixon, director of international sales and marketing for Hy-Line, which is one of the world’s largest breeders of laying hens, said the company received direct and indirect assistance from Branstad’s office in forging a relationship between it and the Huayu Group, based in Hebei.

Branstad was present at a deal signing in October 2013 between the companies for a breeder housing project in Hebei province. That show of support was important in a later deal in 2016 for a joint venture to distribute Hy-Line chicks in China. The ceremonial nature of the signing, particularly with someone on friendly terms with Xi, carries a lot of influence for local, state and regional officials in China, Dixon said.

“There’s some coincidence, but it certainly helped,” Dixon said. “Branstad put more prestige and elevated the deal. It gave more of an official nature, credibility it’s a real project. In China, government involvement is so very important for companies. It helped locally (in China) to get approvals.”

In China, Dixon explained, support of government officials and good relations between business and government is vital. Government officials need to sign off on acquisitions, permits and land sales, for example.

Dixon is hopeful Branstad’s agricultural background will help ease restrictions on poultry imports in China, which have been curtailed since the bird flu outbreak in 2015. He declined to be specific, but said it has cost Hy-Line millions of dollars.

“We’ve been working to try to negotiate things with health officials in China,” Dixon said. “We hope the governor of a large agricultural state could maybe lend influence to motivate or encourage some kind of solution so we can start exporting again. We hope his level of ambassador could facilitate and shed some light on the situation.”

Globe Gazette: Skipper: Government is often one big jigsaw puzzle

JOHN SKIPPER

Top of Form

Bottom of Form

Have you ever worked at putting a jigsaw puzzle together? Are you good at it?

The trick is to put all the corner pieces together first and then work your way in. You would think it would get easier as you go along, but it doesn't.

Often, the intricacies of city government are like putting a jigsaw puzzle together. The good news is you usually have an image of what the completed puzzle is supposed to look like -- the image on the cover of the box. The bad news is you have to put a thousand pieces together to get to the promised land.

Mason City seems to have to deal with one jigsaw puzzle after another. You know about many of them in the past. They're history, and that's where they should remain.

The new one is the proposal of Gatehouse Capital to build a hotel in the parking lot of Southbridge Mall, connect it to The Music Man Square with a skywalk, build a conference center/ballroom inside and relocate the museum on-site.

This is a project that has excited a lot of people, important because without public support, an important piece to the puzzle will be missing.

The city and Gatehouse have begun discussions on a development agreement.

Gatehouse is proposing a \$15 million project that should bring in oodles property tax and sales tax revenue and provide a viable entertainment venue for North Iowa.

The Music Man Square and Southbridge Mall should both benefit -- and both could use a boost. The city tax base will increase. The community will have another asset.

For its efforts, Gatehouse at this point wants a \$150,000 payment to get things moving and a development fee that is still negotiable but would probably be more than \$150,000.

Other negotiating points are an interest-free loan to Gatehouse estimated at between \$3.5 and \$4.3 million to be paid back to the city after 20 years. The city wants provisions on number of jobs created.

As of now, the city would be responsible for paying for the construction of the skywalk and renovations to The Music Man Square. And that brings in another element to the puzzle -- the city's application through the Iowa Economic Development Authority for state funds to help leverage a \$36.2 million River City Renaissance downtown development project.

The state has given pre-application approval for at least \$7 million in funding and more could be coming if final approval is given.

But the project has changed since first approval was given. Instead of a hotel downtown next to City Hall -- the developer, Philip Chodur defaulted on that plan -- the Gatehouse proposal is now in place. The state requires \$10 million in private investment to qualify for state funding. The Gatehouse plan fulfills that requirement.

Bottom of Form

Other parts of the pre-approved plan included a music pavilion, a parking ramp, a mixed-use building and an ice arena/multipurpose center.

When Trout meets with Iowa Economic Development staffers later this month, he will explain the change in hotel developers, how the parking ramp is no longer needed, and that there might be a change regarding the mixed-use building. None of this will be a surprise to the IEDA people because Trout has kept them advised for many months.

The wild card in all of this activity could be a referendum on Nov. 7 which residents petitioned for, regarding bonding for the ice arena.

The ice arena is part of the package for the state funding, so if voters reject it, the proposed state funding will probably die -- and that is the revenue Trout and the city hope to use to fund the renovations of The Music Man Square.

So, it is a big puzzle and one in which there are many opportunities for someone or something to come along and tip over the table.

Why do things have to be so complicated? It's government -- and it's puzzling.

LEE: Iowa's budget pinch: How did we get here?

ERIN MURPHY

A mere five years ago Iowa's state budget had nearly \$1 billion to spare and its reserve accounts were flush with another \$600 million.

And while money coming into the state continues to increase, the state budget has fallen into disrepair. This year, state lawmakers have been forced to cut make \$250 million in budget cuts, and next year's budget figures to be tight as well.

It has been a fast fall from fiscal fitness to this beleaguered budget despite ever-increasing revenue.

Gov. Terry Branstad, a Republican, regularly says a sluggish agricultural economy has slowed state revenue, leading to the current budget pinch.

Capitol Democrats say the state has too many tax breaks that leave too much money in big businesses' accounts rather than the state's.

Experts in state economics say the problem has been created by myriad factors.

Busted budget

Iowa's state budget was a picture of financial health in fiscal year 2013. There was a \$928 million budget surplus — unspent money in the state's general fund — and the state's two reserve accounts — a cash reserve and an emergency fund — were flush with \$622 million.

Fast-forward to fiscal year 2017, which has roughly three months remaining: the budget surplus has been whittled to less than \$50 million, and revenue came in roughly \$250 million under projections. So lawmakers cut \$118 million from state departments and used another \$130 million from the reserve accounts to make the budget whole.

And lawmakers just started work the budget for fiscal 2018, which, likely for the first time in eight years, will spend less than the previous year.

The amount of money coming into the state is not the issue; post-recession revenues have increased each year.

So what is the cause of Iowa's budget pinch?

Farm economy

Branstad regularly cites this as the main issue for the state's budget trouble. Prices for corn and soybeans, Iowa's largest crops, have been low — lower than the cost of production for roughly a year. That puts a drag on farm incomes — and thus the state's income tax collections. It also impacts state manufacturing, much of which is built around agriculture — and thus hinders state sales tax collections.

"Agriculture in Iowa has changed so much," said Pat Grassley, a Republican state legislator who leads the Iowa House's budget committee and a farmer. "It isn't just your corn and soybeans and your hogs and cattle and your chickens. It's the fact then you have a plant that makes a tractor. If they lay off people, those layoffs impact you as well. And it's not just those layoffs. Maybe there's somebody that makes a headlight for them, and they lay off people. ...

"That, in my mind, is the agriculture economy because it ties to how agriculture goes. That's kind of the anchor."

David Roederer, Branstad's budget director and a member of the three-member panel that makes future revenue projections on which the state budget is based, said the average total net farm income in Iowa from 2006 through 2010 was \$3.7 billion, and from 2011 through 2014 that exploded to an annual average of \$7.6 billion. But in 2015 that dropped to \$2.6 billion.

"Iowa still is very tied to agriculture, and generally that has served us well. But some years commodity prices are going to be better than others," Roederer said. "So you can see that in (2011 through 2014) that those were extraordinary years. If you average it out, you're going to be pretty close to what we normally have. The problem is life doesn't work on averages. ... Some years are going to be better than others."

Ernie Goss, an economics professor at Creighton University in Omaha, Nebraska, said the sluggish farm economy is impacting many Midwest states, leading to budget shortfalls in Iowa neighbors Nebraska and Kansas. Goss said net farm income has been falling since 2013, and that impact is felt in state tax collections.

"It really has to do with agriculture and those businesses tied to ag," Goss said. "Farmers are just not purchasing, for example, heavy equipment, and that shows up in the economy in Iowa and across the United States."

But not all economic experts agree the sluggish ag economy is driving Iowa's budget woes.

Dave Swenson, an economics professor at Iowa State University, said the farm economy's role in influencing the state budget often is overstated.

"The farm economy is not the main, nor a major cause of the current situation," Swenson said in an

email interview. “Farmers do not contribute as much to the state’s coffers as many think, and the ebbs and flows of farmer incomes are spread out over years — both gains and losses — allowing farmers to truly minimize both their federal and state taxation bites.”

Holly Lyons, who works with the state’s non-partisan fiscal estimating agency and also serves on the budget estimating panel, said the farm economy is only a part of the equation that has led to the current budget situation.

Lyons said income tax revenues turned flat in the spring of 2016, and that can be explained in part by lower commodity prices and a decline in the manufacturing economy — again, which is heavily tied to agriculture.

But Lyons said other factors, such as slowed sales tax revenue, also impacted the budget.

“The farm economy is just one of the factors in the shortfall — it is by no means the primary cause,” Lyons wrote in an email to Democratic state legislator Cindy Winckler, of Davenport, who had asked for Lyons’ assessment of Branstad’s claims that the farm economy is driving the budget issues.

#### Tax cuts and credits

Democratic state legislators insist the biggest driver of state budget issues is money not collected thanks to various tax relief programs.

Iowa’s 67 tax credit programs will cost the state more than \$1 billion in fiscal year 2018.

Statehouse Democrats take particular exception with the tax relief programs that they say go to big businesses that don’t need the help.

The most expensive programs are for commercial and industrial property tax relief (\$152.1 million), the homestead tax credit (\$136 million), and a business property tax credit (\$125 million).

#### Bottom of Form

“Farm prices certainly have affected Iowa’s economy, but our state budget is much more directly impacted by the cost of tax cuts and tax credits that have grown in the last four years at a rate that is just unsustainable,” said Chris Hall, a state legislator from Sioux City and the top Democrat on the House budget committee. “The areas of the budget that have been increasing in cost at the most rapid rate are tax cuts primarily to out-of-state corporations and also tax credits. Both of those numbers have increased exponentially over the last few years at a pace that is faster than the state’s economy is growing.”

Swenson agrees. He said tax relief programs for businesses — including the commercial and industrial property tax relief program, another for companies that perform research and development, and a sales tax break on manufacturing sales — are the primary drivers of the state’s revenue shortage.

Grassley said he is willing to examine the state’s myriad tax credits and whether some could be reduced or eliminated. He has introduced legislation that would start that process.

However, Grassley said he would like any change in state tax credits to be a part of a larger overhaul of state tax laws.

“I think the other party (Democrats) looks at the tax credits saying that money should go to be spent (in other areas of the budget). Philosophically, I would look at it as, can we do tax policy better in the state of Iowa than just doing a bunch of different tax credits. Could we do something that benefits all Iowans,” Grassley said. “But looking at the tax credits, I think, is healthy for us to do if the objective is how can we make Iowa’s tax climate more competitive with other states.”

Roederer said he thinks the impact of tax credits on the budget is overstated. He said two programs that have experienced some of the largest growth in the past half-decade are two programs largely supported by Democrats: the earned income tax credit, which benefits low-income taxpayers, and a program that helps cities rebuild aging buildings.

“To say that is the reason (for the budget troubles) is, I don’t think the numbers support that,” Roederer said.

Missing the mark

Whatever factors may be influencing state revenues, those revenues still continue to increase.

One critical issue that led to this year’s budget cuts was a misjudgment by the budget estimating panel. The group lowered its projections three times, in October, December and January, and the state was forced to cut the current budget with only a few months remaining.

The estimating panel meets quarterly to project the coming year’s state revenue. Its December estimate is used by the governor and state lawmakers to craft the next year’s budget.

This year the panel reduced its estimate by more than \$90 million in December, and then by another \$130 million in March, leaving the governor and state lawmakers to scramble.

The last time the estimating conference guessed too high by such a wide margin was in fiscal years 2009 and 2010 in the immediate wake of the recession.

“Based on indicators we saw at the time, we did our revenue estimate and it appeared, at least we thought, our estimates were going to be accurate. And obviously they were not,” Roederer said. “So you can still have a growing economy, but if your budget is based on an economy that is growing faster than it actually is, then you have a belt-tightening, which is what we’re going through.”

Grassley also has introduced legislation that he said would aim to help streamline the data collection process for the budget estimating panel and make it easier to perform its work. But Grassley conceded at the end of the day legislators will always be working with an estimate.

“That’s like playing the lottery. It’s hard when you’re estimating. There are so many moving parts,” Grassley said. “There is still growth. And that’s why we’ve tried to approach the budgeting process knowing that there’s going to be times when you don’t meet your growth level, and when you spend less you set yourself up in a position that you have a cash reserve or you have some other things that may help you take care of those situations.”

LEE: Iowa Senate leader sees ‘outside chance’ for tax reform this year

JAMES Q. LYNCH

Iowa lawmakers hope to wrap up the 2017 session this month, but Senate President Jack Whitver thinks there’s an “outside chance” tax reform can be accomplished

However, the Ankeny Republican said it will be hard to do this year because of the state’s revenue and budget situation.

“The reality of the situation is our budget is a little tighter than we had hoped,” Whitver said during taping of Iowa Public Television’s Iowa Press Friday. Lawmakers had to cut the current year budget by nearly \$120 million in January and tap the cash reserve fund for about \$130 million last month. So



majority Republicans want to “do the fiscally responsible thing and get the budget under control before looking at reform.”

Reforming Iowa’s taxes is one of the reasons he ran in 2010, Whitver said, and something he’s been working on since.

“I was hoping we could get to it this year, but it’s looking more and more like this might be a 2018 issue,” he said. Whitver acknowledged it won’t get any easier in an election year, but “frankly, to have real, true, lasting, impactful tax reform is a complicated process.”

As GOP senators look at reform possibilities, everything is on the table, including federal deductibility and tax credits, Whitver said. His priority is lowering individual income tax rates because that would affect the most Iowans and Iowa small businesses.

“The states that are growing and thriving and are prospering right now are the states with the lowest — or even no income tax,” he said. “I’m not sitting here today saying next year we’re going to eliminate the income tax, but the lower we can go on that, I think research shows we can be more prosperous.”

Not only would lower individual income tax rates affect most Iowa taxpayers, but Whitver said it would benefit small business owners like him. His food and fitness businesses are “pass through” businesses that pay individual income tax.

Bottom of Form

“When you talk about corporate tax reform, that really isn’t that big a part of our state budget,” he said. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across the state.”

He ruled out a sales tax increase unless it is accompanied by “major tax reform.”

Looking at the final weeks of the session, Whitver predicts the GOP House and Senate majorities are going to iron out differences in their respective 20-week abortion ban bills. The House version called for a 72-hour waiting period and contained no exceptions for fetal anomalies. The Senate bill included a 24-hour waiting period between the time a woman meets with her doctor and has the procedure. It also allowed an exception for abortions beyond 20 weeks in the case of a fetal anomaly.

Whitver also said lawmakers will provide more money for water quality efforts, will not dismantle the Des Moines Water Works, will ban texting while driving and said that if traffic enforcement cameras aren’t banned they will be “heavily regulated.”

Iowa Press can be seen at noon Sunday on IPTV, at 8:30 a.m. Saturday on IPTV World and online at IPTV.org.

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?

JEFF REINITZ

Authorities have declined to comment on any investigation into possible links between Jeff Lee Altmayer and the disappearance and deaths of cousins Lyric Cook-Morrissey and Elizabeth Collins.

Altmayer, 57, of Ankeny, is charged with attempting to lure children into his silver passenger car as far west as Onawa — near the Nebraska border — to a mobile home park just east of Dike. He’s also a person of interest in a similar incident at a Cedar Falls park.

Lyric, 10, and Elizabeth, 8, disappeared while riding their bikes in Evansdale on July 13, 2012, and their bodies were found Dec. 5, 2012, in a rural wilderness area in Bremer County. No arrests have been made in their deaths.

Black Hawk County Attorney Brian Williams said investigators in the cousins case are aware of Altmayer. The Iowa Division of Criminal Investigation agent who filed the criminal complaint in Altmayer's Jasper County case is the lead agent in the cousins probe.

In the past, authorities have commented about the rarity of double abductions when talking about the cousins case, and Black Hawk County Sheriff Tony Thompson said he found "interesting" the fact at least one of Altmayer's crimes involve approaching a pair of girls at the same time.

The double abduction angle also has been a red herring for cousins investigators. In 2013, authorities began looking into Michael Klunder for possible ties to Lyric and Elizabeth's deaths. Klunder, a 42-year-old farm worker who had served prison time for abductions, picked up two girls near a Dayton bus stop in May 2013. One fled, and he killed the other before taking his own life. Investigators eventually ruled out Klunder as a suspect in the cousins case after accounting for his whereabouts.

Reached Wednesday, Elizabeth's father, Drew Collins, said he wasn't familiar with the Altmayer case and said authorities haven't contacted him about it. However, he remembers hearing about the enticement attempts last summer before Altmayer was arrested.

Collins is skeptical about any connection to his daughter's death.

Bottom of Form

"It doesn't seem like that would fit," Collins said. "Whoever this is, I think if he takes a couple of little girls, why would he let them go if he already killed a couple kids."

Collins said he's heard countless leads and rumors since his daughter's death. It can be maddening, he said.

"I think something different every day, man. I think in my head, 'it could be this,' but the next week or the next day or 20 minutes later, I'm thinking 'it's this guy or that guy.' I've heard a ton of names, I can't keep them all in my brain. All I can do is speculate, and I think about it all day, every day," Collins said.

LEE: Branstad no fan of granting pardons

His rate since 2011 is lowest in more than six decades

Since returning to the governor's office in 2011, Terry Branstad has granted fewer pardons on average than any Iowa governor in more than six decades.

His record of granting reduced jail sentences is similarly stingy.

A review of Iowa gubernatorial records going back to 1949 — a span covering 11 administrations — shows Branstad, since his return to office in 2011, granted fewer pardons than any other Iowa governor during that time span.

Branstad is closer to the middle of that pack for granting commutations, or reduced sentences, since 2011. However, remove the roughly three dozen commutations that were the direct result of a 2012 U. S. Supreme Court ruling that negated lifetime sentences for juveniles, and Branstad once again drops to the fewest granted since at least 1949.

A pardon forgives an individual for a crime committed and restores lost rights.

A commutation reduces an individual's sentence and makes him or her eligible for parole.

"I've always tried to be very thoughtful and very judicious in making these decisions. The governor is given the extraordinary power of being able to grant pardons," said Branstad, a Republican who was a lawyer before being first elected to public office — the Iowa House — in 1972.

Branstad has approved just more than four pardons per year, on average, since 2011.

Not only is that the lowest average of any governor since 1949, it is dramatically lower than the averages posted by Branstad's two immediate predecessors, both of whom were Democrats.

Chet Culver, who governed Iowa from 2007 to 2010, approved an average of nearly 24 pardons per year, a rate six times higher than Branstad. Tom Vilsack, who led Iowa for two terms from 1999 to 2006, approved more than 12 pardons per year.

Even Gov. Robert Ray, a Republican under whom Branstad served as lieutenant governor, granted nearly a dozen pardons per year on average, or a rate three times higher than Branstad's.

Since 2011, Branstad has been slightly stricter even than his previous self: He approved an annual average of seven pardons during his first stint as governor from 1983 to 1999.

Branstad said he believes a governor's power to pardon should be used sparingly. In addition to the normal application process, he requires a face-to-face interview with the applicant.

"I believe a pardon, which is an extraordinary power, which basically eliminates that conviction from their record, should only be granted if you're very confident this person is an exemplary citizen who has given back and helped other people in substantial ways," he said. "So, I have required a personal interview. I want to be able to look them straight in the eye. I want to feel confident that they're never going to commit another crime, that they're never going to embarrass me or the people of the state of Iowa."

Branstad is even less a fan of commutations.

During his first, 16-year term in office, he approved just two reduced sentences. In his second, six-year stint, he has approved 39 commutations, but 38 of those were in response to that U.S. Supreme Court ruling.

Take those out and Branstad, during 22 years in office, has approved three reduced sentences overall.

"Most governors keep in mind they're running for re-election almost always. The worst thing you can do is be called soft on crime," said Robert Rigg, a Drake University Law School professor who specializes in criminal law. "No politician ever wanted to get stuck with being soft on crime. Certainly, Terry Branstad can never be accused of being soft on crime."

Branstad's rare commutations are not as strikingly different from his predecessors as were his pardons. Culver granted no commutations during his four years in office; Vilsack granted seven during his eight years; Ray granted an average of just two per year during his 14 years in office.

The Iowa governors with the highest rates of commutations held office during the 1950s. Leo Hoegh granted 30 in two years, and Herschel C. Loveless averaged 12 per year during his one term.

"Any time you deal with a governor, you're dealing with the political office. And any governor's staff is going to sit there and try to review the downside of doing a parole, or commutations, or a pardon," Rigg said. "I'm sure all governors, whether Terry Branstad or somebody else, is going to take that into the

calculus of whether you grant a pardon or commutation. But hopefully that's not the only reason."

When pardons and commutations are combined and averaged, Branstad's separate tenures account for two of the three lowest among all Iowa governors since at least 1949. If those commutations that were the result of that U.S. Supreme Court ruling are removed, Branstad's tenures are the two lowest.

Branstad received nearly 400 requests for pardons since 2011 and approved 26. He received almost 90 requests for commutations and granted 39. Branstad said the application process for pardons and commutations is thorough, and justified his rare approvals as having public safety in mind.

"We go through a very extensive process. We do an extensive (Iowa Division of Criminal Investigation) background investigation, it has to go before the parole board before it ever comes to me," Branstad said. "The good news is we've not had the tragedies that have occurred in some other states where governors haven't been as careful or judicious and people that they pardoned have then committed other serious crimes."

P.S. Ruckman, a professor at Rock Valley College in Rockford, Ill., who writes a blog on executive clemency, said while commutations can be risky, he thinks there is little downside to granting pardons.

"When I see a pardon number that low, I just don't get why that is not in the hundreds," Ruckman said. "Because, again, the political risks there are just about zero."

Ruckman said governors appear to be motivated, in part, by wanting to avoid granting a pardon or a commutation to an individual who then commits another crime. Ruckman and Rigg both noted George H.W. Bush's 1988 campaign ad that used the example of a felon who raped a woman after he escaped while on a weekend furlough program supported by Bush's opponent, Michael Dukakis. Even though that individual was given neither a commutation nor a pardon, Ruckman and Rigg said they think that kind of example weighs on governors when making those decisions.

"There's something to this idea that you should be careful, but you should be careful anyway," Ruckman said. "If you look into those high-profile things, they're almost always about commutations (not pardons). The idea that there is some risk to restoring rights is just lunacy."

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible

Iowa State University is seeing fewer international applications as places of higher education are facing similar issues nationwide.

The school says it has received 20% fewer international applications than the year before. Forty percent of colleges across the country also report reduced interest from international students, and ISU says the reason why is clear.

"Some of our students are just concerned about safety and how welcome they're going to be in the community. So with the executive orders issued, it has some of them a little concerned about will they be welcomed once they get to the U.S.," said Director of Admissions Katharine Johnson Suski.

The executive orders aimed at stopping travel from several predominantly Muslim countries and President Trump's campaign stance on China is not going unnoticed by potential students. ISU's applications from China are down 30%, and those from predominantly Muslim countries are down 60% to 80%.

"Certainly it saddens me when students don't feel safe here because, really, we know students are going to be very welcome here and taken care of in Ames," said Suski.

International student Waasay Mirza came to study from Pakistan, and says the problem is one of perception.

"I didn't feel uncomfortable, especially on this campus. People were really good, they helped me out," said Mirza.

Mirza came four years ago to study electrical engineering, and said being an international student has changed his life for the better.

"You get a lot of exposure, you get to learn a lot of things, and not only that, you get to see and meet so many different cultures and different diverse communities that you learn a lot," he said.

This is a message the college is trying to drive home as they participate in the national "You are Welcome Here Campaign."

"The You are Welcome Here Campaign will be a video of a lot of our students, faculty, and staff standing there saying 'you are welcome,' some in their native languages so students can hear that message from across campus," said Suski.

Suski also said representatives from the school recently returned from a trip to China, where international alumni spoke to prospective students about coming to America to study.

ISU says while international applications to the United States are down, applications to schools in Canada are on the rise.

KCCI: Six years later: Ashley Okland's murder still unsolved

Saturday marks the sixth anniversary of real estate agent Ashley Okland's shooting death.

Okland, 27, was working as a real estate agent in West Des Moines when she was found shot on April 8, 2011, at 558 Stone Creek Court, a model town home for a new development.

She was rushed to Iowa Methodist Medical Center in Des Moines, where she later died.

Investigators have interviewed hundreds of witnesses since her death, but no one has been charged in the case. West Des Moines police have said it remains an active investigation.

The case sparked new calls throughout the real estate industry to increase safety for real estate agents.

Anyone with information on the case is asked to call the West Des Moines Police Department at 515-222-3344 or Crime Stoppers of Polk County at 515-223-1400.

The Gazette: Branstad expects to sign firearms bill following review

Legislation makes 'monumental' changes to Iowa's gun laws

Gov. Terry Branstad said Friday he expects to sign legislation making major changes to Iowa's firearms laws but he is reserving judgment until he and his staff have time to review the provisions of House File 517 that received final House approval on Thursday.

"Obviously, we want to review it in its final form, but generally I've been a strong supporter of the

Second Amendment and I believe the legislation passed with bipartisan support with a pretty strong margin,” Branstad said in an interview. “I’m inclined to be supportive but I want to reserve judgment until I get a chance to review it in its final form.”

Branstad said he had some concerns with the original version passed by the Iowa House but those were addressed in changes adopted by the Iowa Senate that were accepted by representatives Thursday before sending it to his desk for consideration.

“It looks pretty good,” the governor said.

Included in House File 517 is a controversial “stand your ground” provision that states a law-abiding citizen does not have a duty to retreat in a public place before using deadly force when confronted with danger to life or property.

The bill also would allow children below the age of 14 to handle pistols or revolvers under the supervision of an adult parent, guardian or instructor; pre-empt local ordinances restricting gun rights; create a uniform permit to carry weapons; provide for five-year permits to acquire handguns rather than single-year permits; and create confidentiality for those with permits, legalize short-barreled rifles and shotguns and allow those with permits to carry handguns in the Iowa Capitol and other public buildings.

Iowa Republican Party Chairman Jeff Kaufmann praised Speaker Pro Tempore Matt Windschitl and House and Senate Republicans for their work in shepherding the bill through both chambers of the Legislature in a bipartisan fashion. He called the bill “the most monumental piece of pro-Second Amendment legislation in Iowa’s history.”

Earlier in the week, members of Iowans for Gun Safety expressed concerns about the bill and on Friday, the Rev. Jeremy J. Brigham, executive director of the organization, wrote Branstad a letter urging him to veto the bill.

“This bill is particularly dangerous to men of color, women and children and many from these communities have joined us in speaking out,” Brigham said in his letter.

“Gov. Branstad, we believe it is particularly important that you veto this bill. As ambassador to China, like your predecessors, you will be asked to protect the rights of minorities in China. This bill ... threatens the rights of minorities in Iowa and we ask that you veto this bill and protect the rights of minorities in Iowa.”

If the bill becomes law, members of the Iowa Chapter of Moms Demand Action for Gun Sense in America said Iowa will become only the second state to enact a new “stand-your-ground” law since the killing of Trayvon Martin in Florida in 2012.

“In the weeks since this bill was introduced, lawmakers have listened thoughtfully to the widespread concerns about certain portions of it, and we’re grateful they removed dangerous sections that would have gutted Iowa’s background check and permit-to-carry requirements,” said Amber Gustafson of the Iowa Chapter of Moms Demand Action for Gun Sense in America.

“Still, we remain deeply concerned that the stand-your-ground and punitive pre-emption portions of this bill would leave our communities less safe,” Gustafson added in a statement. Stand-your-ground laws embolden people to escalate everyday disputes, and the statistics from states that have passed them are deeply troubling. We’ll be urging the governor to keep our state from following their concerning lead.”

Burlington Hawk-Eye Editorial: A wise move

Rex Troute, Steve Delaney

Top of Form

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There is a bill on Gov. Terry Branstad's desk that would consolidate elections in Iowa. School board and municipal elections would be held on the same day.

While many times on this page we take exception to what's happening in the Statehouse, this is one measure we can support, and we hope the governor signs this bill into law.

Lobbyists for schools oppose this bill. They haven't articulated why and there really is no objective reason to oppose a measure that would encourage more people to cast a ballot for someone to represent us.

A check of the records over the years reveals school elections, held in early September, have generated embarrassingly low turnout. It's been a disservice to the taxpayers who must pay the bills. It's been a disservice to the people who put their names on the ballot.

We ask people to serve and then hold them accountable for their service. That's the trade-off of public service. Greater voter turnout isn't all that much to ask.

One would think school lobbyists would embrace a law designed to get more people to the polls, get more people involved in the process. Instead, they oppose it.

That's unfortunate. And troubling.

Moreover, school districts typically charge taxpayers more than other government entities. Shouldn't they want more involvement among the public?

And equally, municipal elections have had terrible turnout when not combined with national elections.

We should remember, it's our local representatives — city council members, school board members, county supervisors — who have the most impact on us, and our pocketbooks.

We preach frequently the need for people to get involved in their government. Voting is the most important part of that process. Government should make voting convenient for people. With today's technology, there's no reason voting couldn't be done on someone's home computer. The hope here is that day will soon come.

After all, if we can pay all of our bills online, and grab cash from an ATM machine, and trust that it's secure, surely we can vote online as well. But, as with most things related to government, change takes time.

This new law will, we believe, get more people to participate in the process of electing representatives who are to work on our behalf. It's difficult to imagine why someone would be opposed to that.

Here's hoping the governor isn't opposed to that concept.

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements

Centerville reaches \$1 million benchmark and Ryan Stober receives leadership award during ceremony honoring award winning projects, entrepreneurs and volunteers

Main Street Iowa hosted the 31st annual Main Street Iowa awards celebration on Friday, April 7 at Hoyt Sherman Place in Des Moines. The program honored the efforts of those who work day in and day out in downtown revitalization in Iowa. The event was attended by approximately 550 individuals representing communities across the state.

Main Street Iowa has annually presented awards honoring outstanding accomplishments, activities and people that are making a difference in Iowa's Main Street districts. Projects large and small are recognized and serve as outstanding examples of what historic commercial district revitalization is all about.

Fifteen projects and activities occurring in local Main Street communities were selected to be recognized from the 160 competitive nominations submitted. The honors were presented by Gov. Terry E. Branstad, Lt. Gov. Kim Reynolds and Debi Durham, director of the Iowa Economic Development Authority.

"The Main Street Iowa program has stood the test of time since its introduction in 1985. The program continues to bring businesses, jobs, investment and vitality to our states' communities, both big and small," stated Branstad. "The Main Street Approach works, and Main Street Iowa has been a national model because we are creative, we embrace change, we demand local initiative and action, while holding strong to our roots as an historic preservation program."

"Healthy, historic commercial districts are a key deciding factor for industrial and business recruitment," said Reynolds. "Since 1986, local Main Street programs have made a significant impact on Iowa's economy with 4,514 new businesses and a net gain of 13,402 jobs. More than 740 building projects have been reported with an investment in those rehabs of over \$2 billion. Last year alone, the Main Street Iowa network surpassed 156,135 total documented hours of human capital invested into Iowa's downtown revitalization efforts. This demonstrates a tremendous commitment to Iowa's Main Streets."

During the event, 10 communities were recognized for reaching significant benchmarks based on private dollar investments made in the purchase and revitalization of properties within their respective commercial districts. Centerville and Lansing were recognized for reaching the \$1 million benchmark in the last year and Ft. Madison was honored for \$2 million in local investment. Ames and Guthrie Center were recognized for achieving the \$5 million level. Des Moines Sixth Avenue, Chariton, Corning, State Center and Ottumwa all attained \$10 million in local investment since being designated as local Main Street programs. Four communities were recognized for significant anniversaries. Osceola was recognized for 20 years of participation as a designated Main Street community. Cedar Falls, Spencer and West Des Moines were recognized for 30 year anniversaries.

Two special awards were presented as well. James Walsh received the Spirit of Main Street Award, an honor that recognizes the person, organization, community or project which best demonstrates the true meaning and spirit of "Main Street at Work." The community of Oskaloosa was honored with a Signature Project Award for their inspiring and innovative place-making efforts in beautification, promotion and partnership.

In 1985, the Iowa Legislature adopted the National Main Street Center's Four Point Approach to district revitalization by establishing Main Street Iowa within the agency that is now the Iowa Economic Development Authority. Since its inception, the state program and its communities have been considered examples of excellence in the national effort to revitalize historic commercial districts across the country.

Visit [iowaeconomicdevelopment.com/MainStreetIowa](http://iowaeconomicdevelopment.com/MainStreetIowa), e-mail [mainstreet@iowaEDA.com](mailto:mainstreet@iowaEDA.com) or call 515.725.3051 for more information

NEW MILLION DOLLAR BENCHMARKS REACHED IN 2016



Private dollars invested in commercial district rehabilitation and property acquisition in the designated Main Street districts since the programs' inception.

\$1 Million – Centerville and Lansing

## LEADERSHIP AWARD RECIPIENTS

Special award that recognizes inspirational leadership and volunteers who make significant contributions to the local Main Street programs' downtown revitalization mission.

Ryan Stober, of Centerville with Main Street Centerville.

The Gazette Editorial: Affordable Housing: Second chances & better processes

Elected officials don't often get second chances, or clear-cut strategies for complex problems. Right now Cedar Rapids City Council members have both.

Minnesota-based nonprofit CommonBond Communities has submitted an updated plan for Crestwood Ridge, a northwest side housing project that fell shy of supermajority support last fall amid outcry from neighborhood residents.

Awarded \$8 million in federal tax credits through the Iowa Finance Authority to develop alongside Edgewood and Crestwood roads, Crestwood Ridge included a mix of market rate and affordable apartments, including five supportive housing units. Staff from Willis Dady was tapped to provide case management for those five tenants.

Council members rejected rezoning for the project in October, when a majority neighbors voiced concerns about area sidewalks, increased traffic, lot density and water runoff. The updated Crestwood plan addresses these issues, so the nonprofit is requesting the city forego its typical 1-year delay and reconsider the project now, before the grant expires.

We continue to support the development because it earned city support for its grant application, met the strict criteria of the competitive grant, aligns with the comprehensive plan, won the recommendation of city staff and, most importantly, fills a long-standing affordable supportive housing gap. We also remain impressed by CommonBond and its partnership with Willis Dady.

Although most national reports rate the Midwest, Iowa and Cedar Rapids as generally affordable, the reality is a lack of local housing stock has increased local demand and cost. Rental vacancy rates in the city hover around 2 percent, and more than 40 percent of area renters are cost-burdened. Many households are only one financial crisis away from added reliance on taxpayer-funded safety nets or homelessness.

To make matters worse, the Trump administration wants to cut \$6.2 billion, or 13 percent, from the U.S. Department of Housing and Urban Development. Specifically targeted are two programs that help people secure and sustain affordable housing — Community Development Block Grants, which fund initiatives ranging from disaster aid to police engagement to anti-poverty efforts like Meals on Wheels, and the HOME Investment Partnership, which helps low-income citizens repair existing homes.

Other HUD programs related to housing are in danger as well, including rental assistance, heating and air-conditioning aid, energy-efficiency assistance and various other local government partnerships like AmeriCorps and the Interagency Council on Homelessness. The Self-Help Homeownership Opportunity and Choice Neighborhoods programs, which aim to replace distressed public housing with mixed-income development, are on the chopping block too.

Given what's happening in Washington, you'd think Iowa lawmakers would be doing more to help communities prepare for worst-case scenarios. Instead, they are supporting similar policies and implementing laws that further erode the middle class, adding more Iowans to the list of those searching for housing and other assistance.

That's the economic and political backdrop Cedar Rapids Council members need to consider before they once again refuse \$8 million in housing tax credits, newly offered neighborhood improvements and proven affordable housing project management partners.

This is a multifaceted challenge that needs public-private coordination and public buy-in.

Healthy communities offer diverse housing options for people at all levels of the economic ladder. Business owners, retirees, farm laborers and bus drivers all need a place to live. When they can't find one, negatives ripple out.

For instance, a lack of workforce housing impedes the ability of employers to attract talent, leaving jobs unfilled and companies thinking twice about local expansions. And, when workers can't live near employers, they must travel further. Individual cars increase traffic and impact air quality. Alternatively, public transit faces greater demands in an ever-widening service area, which costs taxpayers.

Throughout Linn County, only eight supportive housing units are open to the public. And yet housing is the foundation for well-being — food security, economic contribution, health management, stability.

This housing gap won't be closed if strategies are limited to owner-occupied, large-lot single-family housing — or if all options are regulated to only certain neighborhoods.

This is a test of political will we cannot afford to fail. Fortunately, the Safe, Equitable and Thriving Communities Task Force subcommittee on housing has recommendations:

- Expand financial incentives for development of affordable housing throughout the city
- Build community capacity for supportive services programming
- Implement ongoing landlord education efforts
- Target nuisance property owners
- Develop partnerships to revitalize aging housing stock
- Remove barriers faced by specific populations
- Strengthen and support neighborhood associations
- Coordinate and unify affordable housing efforts

While these objectives are fully and individually possible, they are more easily accomplished by first focusing on the final item.

As the task force noted “at present, there is no coordinated, collaborative, unifying body or effort that develops and implements a strategic communitywide vision for affordable housing.”

That must change. We agree with the task force that Cedar Rapids needs a group — perhaps something similar to the Johnson County Affordable Housing Coalition or the long-dormant Affordable Housing Commission mandated by municipal code — with the necessary political capital to drive public policy. Ideally, this group will spur additional regional opportunities.

Dr. Mary Wilcynski and Stacey Walker, who served as co-chairs of the SET Task Force, noted that the group's recommendations were derived from discussions with several housing experts, many of whom served on the subcommittee. They aren't commentary on any one proposal, but an attempt to establish a more comprehensive approach.

"We do know that barriers to affordable housing currently exist in our community and everyone interested in a safe, equitable and thriving community should take the challenge of affordable housing seriously," they said as part of a joint statement.

"It is imperative that local governments work with nonprofit organizations and good developers to bring more affordable housing options to our city. ... The need for safe, affordable housing is not going away, therefore it is incumbent upon leaders to act."

Perhaps due to political aspirations or concern about the next election, needed and initially supported Cedar Rapids housing projects have been successfully derailed by small groups of citizens. Each time this happens, the city's relationships with established housing developers erode, more groups are emboldened to read from the same noisy playbook, and the diverse housing supply needed for the city to thrive is delayed.

Whether the updated Crestwood development stands or falls, it shouldn't have come to this. Taxpayers shell out thousands each year for professionals who use council-approved tools like the comprehensive plan and city ordinances to determine details like landscaping and water retention.

Given the inability of council to consider recent housing projects by the standards of merit they established, we are no longer convinced the current system provides a level playing field for all developers or projects. Time for changes. Let's start with a fearless and politically-savvy team committed to meeting the city's long-term and diversified housing goals.

The Gazette Column: This is no time for a constitutional convention

Todd Dorman

So amid the deepening political divisions and thrill-a-minute volatility of our post-truth Trumpian times, Republicans running our Legislature think the moment is right to grab us by the Constitution.

Last month, the Iowa House voted 58-38 along party lines to petition Congress to convene a constitutional convention under Article V of the U.S. Constitution. The convention, according to House Joint Resolution 12, would be "limited to consideration and support of amendments that impose fiscal restraints on the federal government, and amendments that limit the power and jurisdiction of the federal government, and no amendments on any other topic."

So just money, power and jurisdiction. What else is there?

It's now awaiting action in the Iowa Senate. Its floor manager there, Sen. Jason Schultz, R-Schleswig, said a debate will come "soon."

The resolution's writers have a flare for drama. It addresses our "crushing national debt." It accuses our federal government of "abuses of power" and talks of how it's "invaded the legitimate role of states" through federal mandates. It has "ceased to live under proper interpretation of the Constitution."

Stirring, to be sure. But the convention won't come in time to stop the feds from, for instance, invading Iowa with a fresh \$225 million transfusion to save Gov. Terry Branstad's hemorrhaging Medicaid scheme. Such future federal incursions, funding roads, crop insurance and water quality, surely could be halted. Ask your nearest county supervisor, after lawmakers' 2017 local control pre-emption fest,

about abuses of power, legitimate roles and unfunded mandates.

But I digress.

State Rep. Zach Nunn, R-Bondurant, led the charge in the House on March 15, insisting a constitutional convention would be like a “subcommittee,” or simply a “proving ground for new ideas.” It can happen if 34 state legislatures approve petitions. Nine have taken the plunge, including Arizona, Georgia, Alaska, Florida, Alabama, Tennessee, Indiana, Oklahoma and Louisiana. Other states, including Wisconsin and Ohio, are debating the issue.

Some con-con backers claim as many as 30 states have passed resolutions, counting actions taken years or even decades ago. Maryland just rescinded its resolution, passed in 1977.

“If not us, then who? If not now, when?” Nunn asked the House as debate opened.

It was hardly a debate for the ages.

Minority Democrats questioned the wisdom of lecturing Congress at a time when Iowa’s budget is a mess. That didn’t sit well with Rep. Chip Baltimore, R-Boone, who called a “point of order,” accusing Democrats of breaking House rules by going off topic. Apparently you can’t discuss state budgetary imprudence in a debate over federal budgetary imprudence. Somehow, his point was well taken by House Speaker Linda Upmeyer, R-Clear Lake.

It was not until Rep. Tim Kacena, D-Sioux City, rose to speak did we get a solid assessment of the convention drive.

“I can honestly say this resolution scares the hell out of me,” said Kacena, a retired firefighter who probably knows scary when he sees it. “This is dangerous.”

The thought of popping the hood on the Constitution at this point in our history is pretty scary. Our facts now are alternative. Our political cash comes in two flavors, shady and dark. Our nation just put a tweeting huckster in the Oval Office. Scrapping health insurance for 24 million people is what passes for sound public policy. We’re still trying to recover from the Bowling Green massacre.

A convention, now? Maybe the Russians will send delegates.

Sure, it takes 34 states to call a convention and 38 states to ratify any amendments it yields. No worries. That will never happen. Just like Donald Trump will never be president. Thank goodness.

I’m not going to defend the crushing national debt or any other boneheaded action taken by the federal government. There are many. And I can think of ways I’d like to change the Constitution.

But when the hottest trend in governing is called “the nuclear option,” the time to change the Constitution is not now. The people to do it is not us.

Legislatures across the country, including Iowa’s, are shoving through sweeping ideologically-driven initiatives with all the care, caution and concern for consequences of Visigoths on a Roman holiday. They would pick the convention delegates. That ought to work out well.

And a convention would not necessarily be “limited.”

We’ve had one such convention, in 1787. It was called by Congress to amend the Articles of Confederation. Instead, delegates tossed the articles and crafted an entirely new Constitution. It was a masterstroke for the future of America. It is not an example of cautious restraint.

Drake University Professor Dennis Goldford, who teaches constitutional law, said there were strong

objections to straying from Congress' original charge in 1787. James Madison answered those criticisms in Federalist 40.

"He said, look, if you think things are so tough and difficult right now that we can't stay where we are, then go ahead and vote for this new Constitution, and we'll take that as your consent to the rather irregular procedure we adopted," Goldford said. "If you think that we had a runaway convention ... vote against the new proposed Constitution.

"So we had precisely this issue as far back as 1787-1788. Our only constitutional convention in American history was itself a runaway convention," Goldford said.

And if a convention's actions sparked a court challenge, it's uncertain what jurisdiction the courts would have, Goldford said.

"This opens up a huge can of worms," Goldford said.

I say let's not open that can.

Conservatives who want big changes at the federal level should note they currently control Congress and the White House, with a Supreme Court majority on the way. A convention isn't necessary, unless you want to do things so unpopular they can't be accomplished through the normal political process. Many of these proposals also are known as bad ideas.

And HJR 12 is a bad idea. The Senate should grab it and scrap it.

QC Times: Q-C lawmakers weigh in on Syria strikes

Ed Tibbetts

Top of Form

Bottom of Form

In mostly measured tones, lawmakers representing the Quad-Cities got behind President Donald Trump's decision to launch missile strikes against Syria. But there also were warnings, mostly from Democrats, about the prospect of a deeper commitment there.

The strikes, which came late Thursday, also rekindled calls in some corners of Congress for lawmakers to come up with an authorization for use of military force in the event there was to be further action. Rep. Dave Loebsack, D-Iowa, said Friday that Trump should have come to Congress before launching Thursday's strikes.

Republicans said Trump showed resolve, and that this represented a break from the Obama administration.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said. "The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate."

Sen. Joni Ernst, R-Iowa, praised the strikes Thursday night. "Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis," Ernst said in a statement.

Republicans have long criticized Obama over Syria. In 2013, he raised the prospect of military action

after government forces launched a chemical attack. The year before, Obama had said chemical weapons would cross a red line.

Obama decided ultimately against launching an attack on his own and went to Congress for authorization. But Congress took no action, either.

As for the region's Democrats, Sen. Dick Durbin, D-Illinois, called Thursday's strikes a "measured response." Sen. Tammy Duckworth, D-Illinois, said they sent a "clear and measured message" to Syrian President Bashar al-Assad.

Rep. Cheri Bustos, D- Illinois, called Thursday's action a "proportional response."

However, they also said Trump needs to lay out a strategy before any further action is taken.

Bottom of Form

Duckworth raised concerns about heightened tensions with Russia. "After weeks of sending dangerously mixed signals on Syria, the president owes it to our troops, who are now in greater danger, to clearly and unequivocally outline the long-term strategic end-state he is seeking to achieve in Syria and the region," she said.

Bustos said the president "must present the American people and Congress a clear and transparent strategy to ensure we do not rush into another open-ended conflict in the Middle East."

Loebsack, meanwhile, also called for a "comprehensive plan." He did not weigh in specifically on the propriety of Thursday's missile strike but said it was important that the U.S. and the world "ensure that Assad is held to account for war crimes committed against his own people."

Grassley also called on the president to "develop a comprehensive strategy with respect to ending the six-year-long crisis in Syria."

QC Times Editorial: No answers in sight as Iowa exchange crumbles

Quad-City Times editorial board

Top of Form

Bottom of Form

Iowa's health insurance exchange this week became the poster child for self-fulfilling prophecies.

In just 72 hours, Iowa's version of the Affordable Care Act, or Obamacare, crumbled under its own weight and the additional heft a Republican White House with no interest in supporting it.

Wellmark Blue Cross and Blue Shield and Aetna last week both announced departures from Iowa's exchange in 2018, citing mounting financial losses and continued "uncertainty." That leaves Iowa's exchange with just one provider, Medica, which has yet to make its future intentions known. Wellmark and Aetna represent a majority of the Iowa exchange's total plans.

So, now what?

What's clear so far is Republicans in Washington have no answers.

Obamacare has always been a highly compromised, deeply troubled program. Even proponents of the

massive federal program lamented its shortcomings. It's over-reliance on young, healthy populations to subsidize the elderly and sick didn't pan out. Obamacare was costly and clunky. But, by most objective measures, it was relatively successful.

Roughly 20 million Americans have health insurance thanks to the ACA. In 2016, national insurance rates reached a record low of 10.6 percent, according to Gallup. That's down from 18 percent in 2013, and it's the working poor -- a population who spent decades one heart attack away from financial ruin -- who benefited most.

An imperfect program, for sure. But Obamacare isn't responsible for the country's astronomically high health care costs. Americans pay more and get less relative to the rest of the developed world, according to the World Health Organization. It even slowed the incessant rise of health insurance premiums, concluded the Congressional Budget Office.

Republicans spent seven years wasting time on meaningless votes to repeal ACA. It was a go-to foil in congressional districts in every purple district throughout the country. It was "evil," they said. They stoked nonsensical fears about "death panels." President Donald Trump has repeatedly called it a "disaster" without bothering to actually understand it and last month promised to let ACA fail when his party couldn't offer any real solutions.

That last bit is the "uncertainty" to which Aetna and Wellmark officials were referring. Trump's promise to starve ACA to death all but doomed an already troubled Iowa exchange.

Bottom of Form

The White House and congressional Republicans, still smarting after last month's failure, spent much of last week in closed-door meetings trying to hash out a replacement to ACA, reported the New York Times. Most of the talks involving the White House concerned placating the GOP's right-wing Freedom Caucus, which killed the party's first attempt at repeal. Proposed concessions included high-risk pools, a downright scam that's failed in multiple states, and the elimination of hugely popular pre-existing conditions protections for consumers.

A bill that already turned the noses of the GOP's reasonable center reeks even worse after this week. Flailing is fine for a minority party. Chaos is not acceptable for the majority that's supposed to govern.

So, we ask again: What now?

Republicans tapped widespread confusion and fear to score political points off Obamacare. They've railed against it without any real solution. They're now actively destabilizing it. And, predictably, Iowa's exchange is quite literally falling apart amid a GOP civil war.

The well-being of thousands of Iowans are at stake here. More than 50,000 benefit from taxpayer subsidized policies on Iowa exchange. Tens of thousands of Iowa's poorest rely on the state's already foundering Medicaid system, expanded as part of the ACA and privatized by Gov. Terry Branstad.

And the very people who sowed discontent and stoked fears have, so far, proven incapable of picking up the pieces.

RI: Ashton Kutcher says good character 'is like your DNA'

APRIL 9, 2017 BY O. KAY HENDERSON

Eastern Iowa native Ashton Kutcher is the latest recipient of a "Pillar of Character" Award named in honor of former Iowa Governor Robert D. Ray.

“Thank you for having me home,” Kutcher said as he took the stage at Saturday’s ceremony in West Des Moines.

The actor who has starred in “That ’70s Show” and the current Netflix series “The Ranch” relied on some of the biochemistry he studied at the University of Iowa to explain the difference between personality and character.

“Personality is kind of the you that you show in the light,” Kutcher said. “...But your character is the you in the light and it’s the you in the darkest moment of your life. It’s just you. It’s like your DNA.”

The Robert D. Ray “Exemplar Award” is presented by the Drake University-based “Character Counts” organization to Iowans who “consistently demonstrate good character as a visible role model.”

Kutcher thanked his wife, his parents, his scoutmaster, his teachers and the neighbors from his childhood for their influence on his character.

“I’m the lucky one, but then I also had the great fortune to fail again and again and again,” Kutcher said. “I had the great fortune of going to jail when I was 18 and getting a deferred judgment, because I knew I never wanted to go back.”

Kutcher also talked about how his twin brother, Michael, has influenced his life.

“My brother was born with cerebral palsy and he taught me that loving people isn’t a choice and that people aren’t actually all created equal,” Kutcher said. “...We’re all created incredibly unequal to one another in our capabilities and what we can do and how we think and what we see, but we all have the equal capacity to love one another...He also taught me that he had gifts that I didn’t have...and that every time I felt sorry for him in life, I made him less.”

Kutcher, who is now 39 and the father of two young children, told his parents that with the experience of being a parent, he finally realized how much his own parents loved him.

“And so actually I didn’t come here, ultimately, to receive this award for myself,” Kutcher said. “I came here to receive it for all of you.”

Iowa’s current governor, Terry Branstad, handed Kutcher’s wife, Mila Kunis, a certificate that makes her an “honorary” Iowan. Other recipients of the Robert D. Ray “Pillar of Character Award” include Norman Borlaug, Hayden Fry, Dan Gable, Fred Hoiberg and Shawn Johnson.

Kutcher has become known as an entrepreneur, investor and philanthropist in addition to his work as an actor. He recently testified against human trafficking during a congressional hearing. Kutcher and his ex-wife, Demi Moore, co-founded a non-profit called “Thorn” that fights “the sexual exploitation of children.”

RI: New leader to take over at the Clarinda prison

APRIL 7, 2017 BY RADIO IOWA CONTRIBUTOR

A new warden has been named for a prison facility in southwest Iowa.

The Board of Corrections has approved the appointment of Randy Gibbs to become Warden of the Clarinda Correctional Facility on April 21. Gibbs is currently Assistant Deputy Director of Institution Operations.



The Clarinda facility currently houses over 900 inmates, many of whom are classified with “special needs” — offenders with mental health issues or intellectual disabilities.

The warden vacancy at Clarinda was created when Sheryl Dahm was appointed in January as Warden of the Iowa Correctional Institution for Women in Mitchellville. That was after former women’s prison warden Pattie Wachtendorf was named the first female warden of the Iowa State Penitentiary in Fort Madison. She replaced Nick Ludwick, who retired.

RI: Grassley, others comment on Supreme Court confirmation vote

Iowa Senator Chuck Grassley, a Republican from New Hartford, spoke to reporters today after the U.S. Senate voted to confirm Neil Gorsuch to the Supreme Court.

“I think that we just witnessed one of the most important votes that a member of the Senate can cast,” Grassley says. “Judge Gorsuch will be an independent voice on that Supreme Court. He proved that by answering questions for 20 hours.”

Grassley is the chair of the Senate Judiciary Committee which holds hearings on the Supreme Court nominees. The Senate used the so-called “nuclear option” to change the rules so Gorsuch would not need 60 votes to be confirmed. Grassley would ask if that would be a constant negative for Gorsuch in his time on the High Court. The senator says it will not be because Democrats set the precedent of changing the rules back in 2001.

“When they said ‘we’ve got to change the ground rules.’ We’ll they did change the ground rules. Those ground rules were changed for a lot of nominees that George W. Bush had, those same ground rule...continued through the Obama administration,” Grassley says. “So those Democrats who met back in 2001 poisoned the well that got us to where we are.”

Some Democrats said they were against Gorsuch’s nomination because Grassley would not hold a hearing on a judge President Obama nomination. He was asked how the whole fight over the Supreme Court nomination will impact other work in the U-S Senate.

“I think the comity will be back to the Senate in regards to legislation — but I think it’s going to take somebody like Senator Schumer who started this whole slippery slope back in 2001 — to drill a new well that’s not going to be poisoned,” Grassley replied.

Grassley says there are plenty of Republicans and Democrats who are willing to work together to make that new start when it comes to selecting Supreme Court judges.

Iowa other U.S. Senator Joni Ernst, a Republican from Red Oak, voted for Gorsuch and released this statement on her vote:

“I am thrilled that a bipartisan majority has voted to confirm Judge Gorsuch, who is eminently qualified to serve on our nation’s highest court,” said Senator Ernst. “Throughout his career, Judge Gorsuch has shown an unparalleled depth of understanding and respect for our Constitution. He is dedicated to interpreting the text of the Constitution and statutes as they are written, rather than attempting to legislate from the bench. It’s easy to see why Judge Gorsuch was previously confirmed by the Senate with unanimous support – including the support of Minority Leader Chuck Schumer.

“The American people are behind Judge Gorsuch, and I look forward to seeing him take his seat on the bench very soon.”

The group Why Courts Matter Iowa issued this statement in response to the confirmation of Neil Gorsuch, to the U.S. Supreme Court:

“Senator Grassley and Republicans in the Senate just ensured that the Supreme Court will be far more partisan and political than at any time in our country’s history, after voting to end the filibuster for Judge Gorsuch and future nominees. The so-called ‘nuclear option’ completes the partisan hatchet job on the independence of the judiciary that began last year when Grassley and Republicans engaged in unprecedented obstruction of Merrick Garland’s nomination.”

“Working side by side, President Trump, Senator Grassley, and Senate Republicans have undermined the U.S. Senate, an American institution. And their vote today undermines the independence of our highest court in the land.”

“This move to further politicize the judiciary is unfortunate, and it did not have to come to this. Republicans made a choice to strip away more than two centuries of Senate tradition. If they truly cared about bipartisanship, they would have worked across the aisle to put forward a consensus nominee who could receive the 60 votes that 25 of the past 26 justices have earned.”

“President Trump, Senator Grassley, and Senate Republicans won their vote today, but the American people lost. A judge who does not believe in protecting the constitutional rights of every citizen will be given a lifetime appointment because of a partisan vote. That’s not what we expect from our judiciary, or from our Senators, and we deserve far better.”

RI: Key senator: ‘outside chance’ for tax cuts, reform in 2017

The president of the Iowa Senate today said he and other Republicans are anxious to reform and cut Iowa income taxes, but with about two-weeks of scheduled work left in the 2017 legislative session, the task may be tabled ‘til next year.

“I was that hoping we could get to it this year,” Senate President Jack Whitver of Ankeny said. “There’s still an outside chance we could do something, but it’s looking more and more like this might be a 2018 issue.”

Whitver said the delay is mainly because when state tax revenues started falling below expectations, it forced two rounds of cuts to state budget plans.

“The reality of our situation right now in the state of Iowa is our budget is a little tighter than we hoped and we want to focus on getting our budget under control, do the fiscally responsible thing there,” Whitver said, “and then start looking at tax policy.”

After decades of resistance from within the Republican Party, Whitver said it is possible GOP lawmakers will get rid of the deduction that lets Iowans subtract their federal income taxes from their state income tax liability. Only one other state has that deduction and it makes Iowa’s income tax rates appear higher than they actually are.

“The states that are growing and thriving and are prospering right now are the states that have the lowest or even no income tax,” Whitver said. “I’m not sitting here today and saying: ‘Next year we’re going to eliminate the income tax,’ but the lower we can go on that, I think research shows we can be more prosperous.”

Whitver said he is willing to “consider anything” — including a single-rate “flat tax” on income — if it reduces the tax burden “on hard-working Iowans.” Cutting individual income taxes is a higher priority for Whitver than reducing the state’s tax rate on corporate income.

“That really isn’t that big a (part) of our state budget,” Whitver says. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across our

state.”

That’s because the majority of small business owners do not operate a corporation. They pay taxes on their small business by filing Iowa individual income forms. Whitver made his comments during taping of tonight’s “Iowa Press” program that will air on Iowa Public Television at 7:30.

RI: Iowa Supreme Court rules against request for a hospital safety report

The Iowa Supreme Court says information gathered for a patient safety study cannot be used in a lawsuit against a hospital.

Dennis Willard was seriously injured in an accident in Davenport in November of 2011 and was transferred from the hospital there to the University of Iowa Hospitals in Iowa City.

He was sedated for a scan of his stomach to check for injuries. After returning from the scan he had problems with his left arm, and an x-ray found his shoulder was dislocated.

The x-rays taken before the scan had not shown the dislocated shoulder and Willard believed the shoulder was dislocated as he was moved for the scan, so he filed a lawsuit against the hospital. He sought to get a copy of what’s called a Patient Safety Net report that was filed about an incident during the scan.

The incident reports are intended to help improve the safety of hospitals and under Iowa law are required to remain confidential. The district court ruled he should be given the report as part of the discovery phase of the lawsuit.

The Iowa Supreme Court ruled Willard cannot have the report as the confidentiality given the reports allows hospital staff to feel comfortable reporting problems and that information is utilized to improve patient safety by reducing preventable medical errors. The ruling says the protection is intended to apply to documents or communications that constitute “patient safety work product.”

Here’s the full ruling: [Hospital safety report ruling PDF](#)

POLITICO: White House on edge as 100-day judgment nears

‘We’ve got essentially two-and-a-half weeks to turn everything around,’ says one Trump staffer.

By SHANE GOLDMACHER

President Donald Trump has far more than three years left in his first term. But inside his pressure-cooker of a White House, aides and advisers are sweating the next three weeks.

The symbolic 100-day mark by which modern presidents are judged menaces for an image-obsessed chief executive whose opening sprint has been marred by legislative stumbles, legal setbacks, senior staff kneecapping one another, the resignation of his national security adviser and near-daily headlines and headaches about links to Russia.

The date, April 29, hangs over the West Wing like the sword of Damocles as the unofficial deadline to find their footing— or else.

But however real Trump’s frustrations are with the three rival power centers he has installed — chief of staff Reince Priebus, son-in-law Jared Kushner and chief strategist Stephen Bannon — top officials

inside and around the White House don't expect Trump to make any drastic changes until after 100 days, lest staff turmoil stories swamp a key stretch of media coverage.

That reprieve — unless Trump simply decides he's had enough — has both bought his staff a little time and put them on edge.

"One hundred days is the marker, and we've got essentially two-and-a-half weeks to turn everything around," said one White House official. "This is going to be a monumental task."

For a president who often begins and ends his days imbibing cable news, the burden has fallen heavily on a press team that recognizes how well they sell Trump's early tenure in the media will likely color the president's appetite for an internal shake-up.

That was the backdrop for a tense planning session for the 100-day mark last week.

More than 30 Trump staffers piled into a conference room in the Eisenhower Executive Office Building adjoining the White House, according to a half-dozen attendees who described the Tuesday meeting.

Mike Dubke, Trump's communications director, and his deputy, Jessica Ditto, kicked off the discussion of how to package Trump's tumultuous first 100 days by pitching the need for a "rebranding" to get Trump back on track.

"I think the president's head would explode if he heard that," one of the White House officials present said.

Staffers, including counselor Kellyanne Conway, were broken into three groups, complete with whiteboards, markers and giant butcher-block-type paper to brainstorm lists of early successes. One group worked in the hallway.

"It made me feel like I was back in 5th grade," complained another White House aide who was there. "That's the best way I could describe it."

Dubke, who did not work on the campaign, told the assembled aides that international affairs would present a messaging challenge because the president lacks a coherent foreign policy. Three days later, Trump would order missile strikes in Syria in a reversal of years of previous opposition to such intervention.

"There is no Trump doctrine," Dubke declared.

Some in the room were stunned by the remark.

"It rubbed people the wrong way because on the campaign we were pretty clear about what he wanted to do," said a third White House official in the room, "He was elected on a vision of America First. America First is the Trump doctrine."

One of the administration officials lamented, "We've got a comms team supposedly articulating the president's message [that] does not appear to understand the president's message."

Dubke told POLITICO he was disappointed White House staff would complain in the press rather than in real time.

"It was a brainstorming session and I really wish they had spoken up in the room so that we could have had an open and honest conversation," he said. "It is unproductive adjudicating internal discussions through the media."

As for the rebranding remark, Dubke said that had been misinterpreted. "There is not a need for a

rebranding but there is a need to brand the first 100 days," Dubke said. "Because if we don't do it the media is going to do it. That's what our job is."

Trump's communications team is now plotting to divide their first 100 days into three categories of accomplishments, according to people familiar with plans: "prosperity" (such as new manufacturing jobs, reduced regulations and pulling out of the Trans-Pacific Partnership trade deal), "accountability" (following through on swamp-draining campaign promises such as lobbying restrictions) and "safety/security" (including the dramatic reduction in border crossing and the strike in Syria).

Amid near-constant talk of staff shuffling, Dubke's name has fallen below the radar, in part because he cuts such a low profile. He was a late addition to Trump's team after the initial pick for the job, Jason Miller, bowed out for personal reasons. A behind-the-scenes operator, Dubke has yet to appear on television, Trump's favorite medium.

But as most of Trump's senior team — Cabinet members, military and economic advisers, Bannon, Priebus, Kushner and White House press secretary Sean Spicer — went to Mar-a-Lago last week for the bilateral meeting with China amid the unfolding Syrian situation, Dubke was conspicuously absent and back in D.C.

"That would tell you exactly how he is perceived," said one of the White House officials.

However, another White House official defended Dubke's internal role, saying before his arrival people in the press operation were "doing whatever they wanted to do without a broader set of goals being defined." Dubke imposed structure "and that's going to ruffle some feathers."

Still, the more sympathetic aide to Dubke admitted, "He has not yet integrated into the senior leadership."

The constant presence of senior advisers encircling Trump has created a vicious — and some officials say self-defeating — cycle in which top aides feel they cannot leave his side, lest they lose influence or be perceived to have.

"People are saying, 'Why is everyone traveling with the president?' and in the next breath, 'You must not be important, you're not traveling with the president?'" another White House official complained. "You can't have it both ways."

Trump hired Dubke in mid-February after a frustrating first month of bad press, telling Fox News later that month "in terms of messaging, I would give myself a C or a C+." But even after Dubke's arrival, Trump and his senior team have continued to seek outside advice.

During the failed push to pass health care legislation, Miller drafted a short messaging memo with four bullet points that was given to top White House officials, including Kushner and Bannon, according to four people familiar with the matter.

Miller, who now works for Teneo, the consulting firm created by former aides to Bill and Hillary Clinton, has been spotted around the White House twice in recent weeks, though he has made clear to friends in the administration that he has no interest in joining the White House.

The constant palace intrigue and internal jockeying has left the White House in a state of paralysis.

Trump parted with deputy chief of staff Katie Walsh in late March, his aides are discussing a reorganization and Trump himself has begun floating names to replace Priebus, his chief of staff, for feedback, according to a person close to the White House. On Friday, Trump ordered his two other senior-most advisers, Kushner and Bannon, to settle their differences in a Mar-a-Lago sit down after a week of their increasing shadowboxing through anonymous accusations in the press.

One White House official last week questioned why Bannon was taking on a member of Trump's family so openly.

"For a Svengali that doesn't seem like a smart thing to do," the official said. "I don't think that ends well for him."

A White House ally of Bannon noted that despite bumping up against Trump's son-in-law, he had held sway over the most crucial policy rollouts, such as Trump's hard line on immigration and trade. "Anyone who thinks that Steve has lost his influence, they don't know what the f--- they're talking about," this person said.

The strikes on Syria, a successful summit with President Xi Jinping of China and Friday's sit-down between Bannon and Kushner appear to have calmed some frayed nerves. Two people who have spoken with the president in recent days said Trump's mood has improved.

Still, the question of how to frame the first 100 days remains a challenge.

Trump aides are grappling with the reality that they will end this opening period with no significant legislative achievements other than rolling back Obama-era regulations. Even the White House's most far-reaching success, the confirmation of Justice Neil Gorsuch to the Supreme Court, required the Senate rewriting its own rules to overcome Democratic opposition.

Though the White House continues to push for progress on stalled health care legislation, there are only five legislative days remaining once Congress returns from a two-week spring break. Plus, another deadline looms: Trump and the Republican-controlled Congress must still pass a bill before April 28 to keep the government running.

If they fail, a shutdown would begin on Trump's 100th day in office.

## Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings

### Egyptian President Declares 3-Month State of Emergency

Suspected suicide bombers struck two Egyptian churches on Palm Sunday, killing more than 40 people in the deadliest assault on civilians since President Abdel-Fattah El-Sisi's election nearly three years ago.

Islamic State claimed the attacks on the St. George church in the Nile Delta city of Tanta and St. Mark's cathedral in Alexandria, according to the U.S.-based SITE Intel Group, which monitors jihadist channels on social media. At least 27 people were killed in the Tanta bombing, the day's first blast, Health Ministry spokesman Khaled Mogahed said. In Alexandria, at least 16 were killed in an attack on the seat of the Coptic Orthodox church there.

The violence demonstrates Islamic State's intent to expand its presence in Egypt beyond the rugged confines of the Sinai Peninsula. That will likely add more pressure on El-Sisi to restore order as he seeks to attract foreign capital and placate a population increasingly frustrated with economic hardship.

The bombings come less than a week after El-Sisi met President Donald Trump at the White House, where he was praised for his efforts to fight terrorism. Targeting two major cities outside Sinai lets Islamic State show it's "still able to operate -- despite this growing pressure -- and to embarrass the Egyptian government after Sisi's visit to Washington" and before Pope Francis's visit this month, said Michael Horowitz, director of intelligence at the political risk consultancy Prime Source.

'Great Confidence'

Trump tweeted that he's "sad to hear about the terrorist attack in Egypt" and has "great confidence that President Al Sisi will handle the situation properly." The U.S. "will continue to support Egypt's security and stability in its efforts to defeat terrorism," State Department spokesman Mark Toner said in a statement. Al Sisi ordered the deployment of military units to help protect vital installations nationwide, the presidency said in a statement.

Egyptian shares dropped after the bombings, with the benchmark EGX 30 Index retreating 1.6 percent, the most since Feb. 27, at the close in Cairo.

The incidents bore the hallmarks of the Islamic State -- multi-pronged attacks aimed at inflicting as much damage as possible while minimizing the group's losses. In Alexandria, one of the casualties was a police officer who blocked the suspected suicide bomber from entering the church after he evaded a metal detector, security footage aired on television showed. In Tanta, the remains of a suspected suicide bomber were found in the church, the state-run Middle East News Agency said, citing an unidentified security official.

The bombings were "a mixed bag" for El-Sisi, said Samuel Tadros, a senior fellow at the Hudson Institute in Washington.

#### 'Dangerous Development'

"On the one hand it reinforces his narrative that Egypt is in war against terrorism, rallying the nation around the flag and so forth," Tadros said. "At the same time the attacks send a message of incompetence of the security apparatus" in containing the militancy, he said.

If the jihadist group proves able to operate more extensively outside of Sinai, "that would be a very dangerous development," he added.

El-Sisi declared that the attacks "will not undermine the resolve and true will of the Egyptian people to counter the forces of evil," according to a statement from the presidency. But the violence against civilians dealt the president a new blow at a time when his support is already being tested by the hardships Egyptians are being forced to endure as part of his economic reform program.

#### Currency Controls

A November decision to abandon currency controls helped to secure a \$12 billion International Monetary Fund loan and attract foreign investors. Yet it has also caused the pound to lose half its value against the dollar, sending prices soaring and annual core inflation climbing to over 33 percent in February.

#### Bottom of Form

The militant threat exploded after the 2013 military-backed popular uprising against Islamist President Mohamed Mursi and the deadly crackdown on his Muslim Brotherhood group that followed. The expansion of the attacks outside the confines of Sinai and, according to Egyptian media, a new focus on targeting Christians have only proven the jihadists' resilience. A deadly bombing at the Cairo cathedral in December, claimed by Islamic State's local affiliate, killed at least 25 worshippers.

The latest bombing "won't be the last terrorist attack because the state fights terrorism but doesn't fight terrorism-inspiring ideas, which is the main cause of the problem," billionaire Naguib Sawiris wrote on his official Twitter account.

#### Loyal Backers

Christians, who are widely estimated to make up around 10 percent of the nation's 92 million residents,

have long complained of discrimination in the Muslim majority nation. They were among El-Sisi's strongest backers after Mursi was pushed from power, but that loyalty, too, is being strained by the government's failure to contain the assaults on their community.

"This type of attack is the most dangerous, since it inflicts maximum amount of damage on human lives, disrupts tourism, and shakes the image of the state," said Ghanem Nuseibeh, founder of London-based consulting firm Cornerstone Global Associates. "It turns the conflict from a confrontation in the desert to a civil conflict in the heart of Egypt."

"This attack is likely to embolden the government, and provide it with even more legitimacy in its crackdown on Islamists and on dissent," he said.

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely

GOP attempts to reach across the aisle are complicated by lack of agreement on priorities

By RICHARD RUBIN

Democrats are starting to settle on a price for participating in a tax-code overhaul, and many Republicans won't want to pay it.

Democrats say they oppose net tax cuts and will resist proposals that mostly benefit high-income households. Those priorities diverge from President Donald Trump's repeated promise to "cut the hell out of taxes" and congressional Republicans' plans to lower marginal tax rates and repeal the estate tax.

"Tax reform's got to be responsible and it's got to be progressive," said Sen. Ben Cardin (D., Md.).

Republicans made overtures across the aisle in recent weeks and, in theory, Democratic participation on tax policy could ease legislative challenges for Republicans vexed by slim House and Senate majorities and internal disagreements. By attracting Democratic votes, Republicans could overcome procedural hurdles without uniting fractious wings of their own party.

TRUMP'S FIRST 100 DAYS

There is, at some level, rhetorical room for agreement. Mr. Trump says middle-class tax cuts are a top priority. House Speaker Paul Ryan (R., Wis.) says he's aiming for his plan to be revenue neutral—collecting as much money over the next decade as the current system does. Mix Mr. Trump's class rhetoric, Mr. Ryan's budgetary promise and the prospect of spending on infrastructure and there is a recipe for bipartisanship.

But so far, those priorities aren't widely shared among Republicans and GOP plans haven't matched them. Mr. Trump's campaign plan delivered half its tax cuts to the top 1% of households, according to the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. House Republicans haven't shown in detail how their plan adds up and don't want to tie infrastructure and taxes together. Lower tax rates on businesses, investors and top earners are a unifying force in the GOP, and many lawmakers are reluctant to give that up to get a deal with Democrats.

Even if the White House and Democrats reach a conceptual agreement on taxes, any accord would drive many Republicans away and require the Trump administration and lawmakers to make decisions on hundreds of details.

Still, White House officials, who declared they are taking the lead on tax policy, have been meeting with Democratic lawmakers. House Ways and Means Chairman Rep. Kevin Brady (R., Texas) met with two



groups of Democrats last week.

Democrats say they are wary but listening.

Mr. Trump's unpopularity, especially among Democratic voters, gives lawmakers political advantages in opposing the admin

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING/WEEKEND CLIPS 4.10.17  
Date: Mon Apr 10 2017 07:13:13 CDT  
Attachments:

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## Contents

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences' 1

DMR: Duel on guns at public venues in Iowa. 4

DMR Editorial: Legislature should ban use of traffic cameras. 6

DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES. 8

DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM... 11

DMR: Bondurant community remembers killed family. 16

DMR: KUTCHER: 'I ALMOST OWE EVERYTHING OF WHO I AM' TO IOWA.. 17

DMR: Chinese media take interest in D.M.-based Jasper Winery. 19

DMR: COMING OUT CONSERVATIVE. 20

DMR Editorial: State and federal forfeiture reforms fall short. 25

DMR: Did city councilman's opposition to a pork plant lead to suicide?. 26

DMR Iowa View: On abortion, liberals cite science fiction. 35

DMR: Grassley pledges to preserve filibuster for legislation. 37

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN.. 39

AP: ISU ROTC TACKLES SOCIAL POST FALLOUT. 40

DMR: Grassley, Ernst back U.S. strike on Syria. 41

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE 'DOESN'T FIT IN SOCIETY' 42

DMR: Iowa Senate confirms three appointees to regents board. 44

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts. 45

DMR: Templeton Rye one step closer to distilling whiskey in Iowa. 46

DMR: Casino in Clinton debuts simulcast horse, dog racing. 47

DMR Editorial: Is Harreld proposing merger or hostile takeover?. 48

DMR Iowa View: Women deserve to receive equal pay for equal work. 49

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?. 51

SCJ Editorial: Election bill will strengthen system of voting in Iowa. 52

LEE: Branstad meets with senators handling his confirmation. 53

LEE: Branstad and Xi: From possibilities, an enduring relationship. 54

Globe Gazette: Skipper: Government is often one big jigsaw puzzle. 57

LEE: Iowa's budget pinch: How did we get here?. 59

LEE: Iowa Senate leader sees 'outside chance' for tax reform this year. 63

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?. 64

LEE: Branstad no fan of granting pardons. 65

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible 67

KCCI: Six years later: Ashley Okland's murder still unsolved. 68

The Gazette: Branstad expects to sign firearms bill following review.. 68

Burlington Hawk-Eye Editorial: A wise move. 70

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements. 71

The Gazette Editorial: Affordable Housing: Second chances & better processes. 72

The Gazette Column: This is no time for a constitutional convention. 75

QC Times: Q-C lawmakers weigh in on Syria strikes. 77

QC Times Editorial: No answers in sight as Iowa exchange crumbles. 79

RI: Ashton Kutcher says good character 'is like your DNA' 80

RI: New leader to take over at the Clarinda prison. 81

RI: Grassley, others comment on Supreme Court confirmation vote. 81

RI: Key senator: 'outside chance' for tax cuts, reform in 2017. 83

RI: Iowa Supreme Court rules against request for a hospital safety report. 84

POLITICO: White House on edge as 100-day judgment nears. 84

Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings. 88

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely. 90

Bloomberg: McFarland to Exit White House as McMaster Consolidates Power. 92

Bloomberg: Trump Preparing Order to Expand Offshore Oil Drilling. 93

REUTERS: U.S. air strike gives Tillerson a boost for Moscow talks. 95

DMR: Victims' loved ones can't fathom a life being taken, then 'very few consequences'

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

In December 2013, Miranda Lalla was sent away for up to 25 years after she pleaded guilty to vehicular homicide while intoxicated for running over her friend in a pickup truck.

But two years, one month and eight days later, Lalla walked out of prison a free woman.

"It makes it feel like her life didn't matter," said Jessica Anderson, 28, the niece of Pamela Gross, the 44 year-old Iowa City woman Lalla killed. "I don't understand how you can take someone's life and then suffer very few consequences."

It's a common refrain from families whose loved ones have been killed in crashes caused by intoxicated drivers: Offenders are serving only a fraction of their sentences, which is evidence, they say, that Iowa doesn't treat drunken driving with the seriousness it deserves.

A Des Moines Register analysis of Iowa felony sentences lends credence to their argument.

Over the past six years, 47 people convicted of vehicular homicide while intoxicated were released after serving an average of 6 years and 4 months in prison — roughly one-fourth of their maximum sentence, Iowa Department of Corrections data show.

That's far less on average than inmates serving time for Iowa's other Class B felonies, including arson, robbery and manslaughter, all of which are punishable by up to 25 years in prison.

For example, released offenders serving time for second-degree murder or manslaughter spent 12 years on average behind bars, Iowa Board of Parole data show.

And prisoners doing time for arson or robbery, crimes where a victim may have been injured but not killed, spent seven to 15½ years on average in prison before they were released, a parole board report shows. "What message is that sending Iowa residents? That it's OK to get intoxicated, get in your car and go out and kill someone?" said Frank Harris, director of state government affairs for Mothers Against Drunk Driving, who has spent time in Iowa lobbying lawmakers for legislation that would strengthen Iowa's intoxicated driving laws. "Unfortunately, this is par for the course nationwide."

Others, however, caution that while there should be serious consequences for killing someone while driving drunk, it's equally important to provide treatment to offenders struggling with alcohol addiction. "The sentences should be done on a person-to-person basis," said Lilly Wisely of Clinton, who in 2006 pleaded guilty to vehicular homicide-reckless or eluding and served one year. "I didn't have a previous criminal history or a drunk driving history. "I was scared straight in prison. Serving a longer sentence would not have been beneficial to me at all."

How much time is enough?

Despite decades of attention on the issue, Iowa has struggled to curb the state's problem with drunken driving, which in 2016 resulted in the deaths of at least 84 people from alcohol-related crashes.

The state is investigating another 16 fatal crashes where alcohol is suspected, potentially driving that number higher. Vehicular homicide while intoxicated has been a criminal offense in Iowa since 1911, according to a guide written by the state's Legislative Services Agency.

In 1986, Iowa lawmakers, citing its serious nature, made the offense its own chapter in the state criminal code. They designated the crime as a Class D felony, punishable by up to five years in prison and fines up to \$7,500.

Harsher sentences and fines were passed during the next decade, and by 1997, vehicular homicide while intoxicated was designated a Class B felony punishable up to 25 years.

Iowa is one of 14 states that sentences offenders up to 25 years or more for killing someone while driving impaired, but it also has one of the nation's most generous earnedtime policies for inmates. Depending on the crime, many offenders see their sentences cut by more than half the first day they are incarcerated.

On Dec. 2, 2005, Teresa Fagen, 15, was driving home after a Perry High School basketball game when a man fleeing police in a pickup rear-ended her vehicle, killing her. Joseph Phillip Long pleaded guilty to four charges, including vehicular homicide while intoxicated and was sentenced to up to 35 years in prison.

In late 2015, Long, now 46, was released to parole after serving 8 years and 10 months in prison.

"Once a sentence is handed down, you should be required to serve all of that sentence," said Michelle Brecht, 35, of Des Moines, who is Teresa's oldest sister. "When you go through the trial and the sentencing, it's all about the victim, which is the way it should be.

"But when you get to the prison part, it's like they forget there's a victim because they are so busy focusing on ways to get (the offender) out."

Efforts to reach Long were unsuccessful.

Through a spokesperson, parole board chairman John Hodges declined interview requests on what the board considers when deciding whether to release someone on parole. Hodges was appointed in May 2014 to the board, a full-time, taxpayer-paid position.

A spokeswoman provided the Register with criteria the board considers, including previous criminal and recidivism records, participation in prison programs, drug and alcohol history and propensity for violence.

Matthew Lindholm, a defense attorney whose practice is in West Des Moines, said the parole board also must take other factors into consideration, such as crowding in the state's prisons and whether there is room for "more dangerous offenders who need to be housed." "Everybody is so quick to point the finger at the offender — let's put them in jail and throw away the key," Lindholm said. "Statistics show that

incarceration doesn't work. These are people with an addiction, and we need to look at solving their addictions."

Wisconsin lawmakers for the past three years have debated whether to require offenders convicted of vehicular homicide while intoxicated to serve a mandatory minimum sentence before becoming parole eligible. Polk County Attorney John Sarcone said that is worth exploring.

"The penalty (now) is such that it's almost like you're forgiving certain things," Sarcone said. "Maybe it should be higher, like second-degree murder, which has a 70 percent mandatory minimum" on the sentence.

'They haven't learned their lesson'

Intoxicated driving third or subsequent offense is Iowa's most serious charge for impaired drivers who haven't hurt or killed anyone, no matter how many times they're charged. Other states have added graduated levels and increased penalties for repeat drunken drivers. Beginning in January, Wisconsin can punish someone convicted of a fourth intoxicated driving charge with up to six years in prison. In addition, someone convicted of their 10th lifetime drunken-driving offense in Wisconsin must serve at least four years before becoming eligible for parole. However, an Iowa coalition that made recommendations last year for getting impaired drivers off the state's roads did not include stiffer penalties for current drunken driving charges.

In past years, the Iowa Peace Officers Association has supported strengthening Iowa's drunken driving laws. A spokeswoman said the group stopped advocating for changes because of the lack of interest from Iowa lawmakers. Sarcone said he would favor stricter sentences for repeat drunken driving offenders, particularly for those with three or more convictions.

"That's the one area that ought to be looked at because for that small group, they are a danger to everyone," Sarcone said. "It's obvious they haven't learned their lesson." Since 2005, at least 11,390 people have been charged in Iowa with operating while intoxicated third or subsequent offense, a Register review of court record records shows. Among them is Leon Kurt Shivers, who in May 2012 and June 2014 was charged with third or subsequent offense drunken driving. Shivers eventually was sentenced to up to five years in prison but served 8 months and 25 days. Eight months after his release to parole, Shivers was driving drunk when he slammed into the minivan of John McCartney, 82, killing him. "The lack of teeth to our laws is frustrating," said Story County Attorney Jessica Reynolds, whose staff prosecuted Shivers on the June 2014 charge. "When we send someone to prison for five years, we believe that they should go to prison for five years." A review of data provided by the Iowa Justice Data Warehouse shows that on average, people convicted of third or subsequent drunken driving spend less than three months in prison before they are released to an OWI treatment center. Offenders who don't go to a treatment center typically spend 15 months or less in prison, the data show. "It's every prosecutor's worst nightmare to have something like this happen," Reynolds said, "that you work hard to send someone to prison for a certain amount of time, they are let out and re-offend and kill someone."

'People know drunk driving is wrong'

Pamela Gross' family remains puzzled why Lalla served less than three years of her 25-year sentence.

Gross and Lalla had gotten into a fight in a parking lot after the two had been at a bar, court records show. Lalla got into her truck to leave, knocked Gross down with the truck and then ran over her, killing her.

Lalla spent more than a year in the Johnson County jail before she entered a guilty plea and was sentenced.

That jail time, as well as her time in prison, contributed toward her early release, as did her completion

of a prison program, a parole board spokesman told the Iowa City Press-Citizen last year.

Lalla declined an interview request. Her parole was revoked in January because she was consuming alcohol and living with a felon. She's at a community-based corrections facility in Cedar Rapids.

Gross' family remains unsatisfied with her punishment.

"People know drunk driving is wrong and the risks involved with doing it," said Dianne Hesseltine, Gross' sister. "There should be mandatory sentences when you kill someone when you're driving drunk."

DMR: Duel on guns at public venues in Iowa

Bill's passage spurs debate on potential allowance at sites such as courts, Capitol

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The passage of a wide-ranging gun rights bill by Iowa lawmakers is raising questions about whether local officials can stop gun-carrying citizens from entering courthouses and city halls, although supporters of the measure insist there won't be any problems.

Sen. Nate Boulton, D-Des Moines, an attorney who voted against House File 517, said the legislation lacks clarity in defining local government control over firearms in public buildings. A "pre-emption" section of the bill says that Iowans can sue any city, county or township that enacts firearms bans if they believe they are adversely affected by the ban.

"I think there were a lot of missed opportunities to expressly define where these rights and limitations are," Boulton said. "Right now there are a lot of grey areas and it is going to require court interpretation."

But Sen. Dan Dawson, R-Council Bluffs, the bill's floor manager, said nothing has changed in current law regarding security in Iowa's public buildings. The legislation

does include a "just cause" provision for people who believe they have been adversely affected, he added.

"Our position is that it doesn't change the status-quo out there," said Dawson, who is also an Iowa Division of Criminal Investigation agent. For courthouses in Polk County and Pottawattamie County, for example, where dangerous weapons are banned and people must pass through a metal detector, there would be a "pretty high threshold" for someone to prove that while the buildings are highly secure, they are adversely affected, Dawson said. He believes city officials can prohibit weapons in city halls and he noted that schools will remain gun-free zones under a different section of state law.

The Iowa Judicial Branch, representing the state's courts, is officially opposed to the legislation, which received final approval Thursday from the Iowa House.

"The Judicial Branch registered against HF 517 solely because we are unsure if the pre-emption section of the bill (Division VII) will maintain the status-quo on courthouse security," said Steve Davis, communications director for the Iowa Judicial Branch.

Iowa Attorney General Tom Miller, the Iowa County Attorneys Association, and the Iowa Judges Association are also registered as opposed to the gun bill, which has a host of other provisions. They

includes a controversial “stand your ground” section that says a law-abiding person does not have a duty to retreat before using deadly force with a gun.

#### Bill headed to Branstad

The bill now goes to Gov. Terry Branstad, who must decide whether to sign it or veto it. Branstad spokesman Ben Hammes said the governor is reserving judgment until he has time to carefully review the bill, as he does with all legislation. Polk County Attorney John Sarcone, a Democrat, told The Des Moines Register on Friday he wants Branstad to veto the gun bill. There is no question that local rules banning guns in courthouses and city halls will be challenged in the courts, Sarcone said, and he is concerned how the legislation will be interpreted. He also has concerns about possible difficulties in prosecuting homicide cases as a result of the stand your ground provisions. He described his stance as not political, but pro-public safety. “We come to the courthouse to resolve disputes in a peaceful fashion, not to fear if someone is carrying a weapon if they don’t like the result,” Sarcone said. “Banning all types of weapons from the courthouse just makes sense.”

Sarcone said the gun legislation raises the possibility that someone could be charged with a felony crime, yet not have a criminal record and still have a permit to carry a gun that could be brought into a courtroom.

“Can they sit there at the counsel table with a gun?” Sarcone asked.

#### Firearms at the Iowa Capitol

One legal issue is clear: The new legislation will allow Iowans who have a permit to carry firearms to have concealed guns as they walk inside the Capitol to visit with legislators, watch debates and attend committee meetings. Visitors to the Capitol are now screened and they aren’t allowed to bring guns into the building, although some legislators have acknowledged being armed inside the Capitol. Sen. Jake Chapman, RAdel, said he believes lawabiding Iowans should be allowed to carry firearms at the Capitol, and in courthouses and city halls as well. “The reality is that this building is owned by the people of Iowa,” Chapman said in an interview at the Capitol. “My seat out there is not my seat; it is the seat of the people of Senate District 10. This is their seat. They own the building. If they have a right to keep and bear arms, they have a right to carry in their building.” Sen. Tod Bowman, DMAquoketa, has a different view. He points to an incident in September 2014 in which a man died at the Jackson County Courthouse in Maquoketa after he pulled a gun from a briefcase and pointed it at the county assessor. Francis Glaser, 71, a former Maquoketa city manager, had become agitated and vocal about his property taxes going up during a weekly meeting of Jackson County Board of Supervisors. Glaser pulled a small gun and fired at County Assessor Deb Lane but missed. A struggle ensued with a county supervisor and Glaser died when he was struck by a second shot.

“Most people that I have talked to don’t want guns freely floating into these environments where feelings and emotions get high,” Bowman said. Bowman voted for the overall gun rights bill, but he supported an unsuccessful effort to amend the measure.

Rep. Dave Heaton, RMount Pleasant, was among a handful of Republicans who voted against the gun bill. He said last month he supported most of the gun rights provisions, but the section applying to cities and counties would keep him from voting for it. He pointed to the 1986 murder of then-Mount Pleasant Mayor Edd King, who was shot by an angry constituent during a city council meeting.

“My town will never forget what happened,” Heaton said. “They are my constituents. I can’t support this bill because of what this bill does.”

One of the gun bill’s most controversial provisions, which would have prevented the Board of Regents from enacting gun-free zones on college campuses, was previously removed from the bill.



## DMR Editorial: Legislature should ban use of traffic cameras

### Regulation of the devices won't solve the profit-motive problem

At the beginning of this legislative session, it appeared that Iowa's state lawmakers were finally prepared to ban the use of traffic-enforcement cameras throughout the state.

The proposal seemed to have the support of both the governor and the Senate's Judiciary Committee chairman, Brad Zaun.

Then lawmakers gravitated toward a compromise proposal that would allow the cameras to remain. The final version approved by the Senate sought only to regulate the cameras' use by limiting their deployment to state-approved, high-risk locations, with fines capped and the revenue used for infrastructure improvements and public safety.

Now, however, the pendulum may be swinging back toward an outright ban. More than two dozen representatives in the Iowa House are supporting a bill that would prohibit the use of red-light and speeding cameras.

Not surprisingly, the biggest obstacles to both proposals are the Iowa cities that rely on revenue from the cameras. Cedar Rapids, for example, generates more than \$3 million a year from the cameras. Along with the cities of Muscatine and Des Moines, Cedar Rapids is now suing the Iowa Department of Transportation over the state agency's efforts to regulate the devices. It may be only a few weeks before a judge rules on the question of whether the state has the authority to order cities to take down cameras in locations where they aren't improving traffic safety.

Iowa lawmakers who remain unsure of how to proceed should take a close look at the arguments presented in this case. The cities are opposing a DOT rule that requires 1,000 feet of separation between a traffic camera and a speed-limit reduction. That rule was imposed after research conformed what common sense would indicate: placing the cameras any closer than 1,000 feet leads to more rear-end collisions as law-abiding drivers slam on the brakes to avoid being ticketed for exceeding the reduced speed limit.

It's a clear-cut example of how cities are willing to use the cameras not to make their streets safer, but to raise revenue. In fact, it could be argued that the cities are raising revenue at the expense of public safety — placing cameras in a manner that leads to more, not fewer, crashes.

Lawmakers should also be mindful of what triggered the lawsuit: In 2015, after the DOT examined the cameras' impact on traffic flow around the state, it determined

that 21 of the 31 cameras in use could remain in place due to their positive impact on traffic safety. But almost one-third of the cameras couldn't meet that standard and had to either be eliminated or modified, the DOT said. The cities didn't accept that.

Again and again, backers of the technology have argued that those who don't like the cameras should just watch their speed and they'll have nothing to worry about. Not true. They'll still have to be concerned with rear-end collisions caused by obvious speed traps. They'll also have to be concerned with their local law enforcement agencies being turned into revenue centers by their city council.

As effective as the cameras are in identifying and penalizing violators, they also invite abuse. Some states have been forced to pass laws prohibiting cities from collecting more than 30 or 40 percent of their total revenue from traffic citations.

As the DOT court case makes clear, some Iowa cities not only refuse to respect the DOT's authority to regulate traffic cameras, they are also willing to spend taxpayer money arguing that point in court. They

also are unwilling to act appropriately even when their own data shows the cameras aren't being used in a way that enhances public safety.

That's why the Iowa Legislature needs to move forward with its initial effort to ban the devices outright. It's the only way to prevent cities from continuing to partner with questionable, revenue-sharing companies that spit out citations in the form of civil penalties that completely bypass the criminal courts

## DMR: THE FUTURE OF IOWA'S 100 COURTHOUSES

Warren County may be harbinger of efforts to meld services

GRANT RODGERS

GRODGERS@DMREG.COM

KNOXVILLE, Ia. — The court appearance here Wednesday by Warren County resident Erin Karas lasted just two minutes.

But it pulled Karas away from her restaurant job to make the 35-minute trip east from her home in Indianola to the Marion County Courthouse. Warren County's courthouse has sat mostly empty for more than nine months, evacuated amid worries about mold, plumbing issues and other problems.

"I'm missing out on work today because of this," said Karas, 45, who pleaded guilty to providing alcohol to a minor at her home last month.

For more than two decades, Iowa Supreme Court chief justices have issued intermittent warnings that budget considerations might someday force consolidation of the legal system. The move of Warren County's court operations is temporary, but what residents, attorneys and judges have experienced since June offers a glimpse of what court consolidation could bring.

State Rep. Chip Baltimore, a Boone Republican and attorney, said in an interview with The Des Moines Register that certain measures, such as closing clerks of court offices in certain counties, could be worth considering again — particularly in the age of digital filing.

"I think it has to come up," he said. "We talk about government efficiency and efficient use of tax dollars. ... Not that we are going to close a bunch of clerk's offices, but do they need to be there 40 hours a week, every week of the year with a full staff. I think that's definitely something we need to take a look at."

There is no plan in the works to consolidate court services, said State Court Administrator David Boyd, who is set to retire in September after four decades of working for Iowa's court system. And there are state laws barring certain moves, such as creating regional litigation centers or moving clerk offices out of county seats.

But Boyd admits there may come a time when offering court services in all 99 counties could be reconsidered.

"I really do hope at some point we are in fact considered to be a separate and equal branch of government and properly funded," he said. "That's not to say that we have to continue to do things in a particular way just because we've always done it that way." Legislators in January cut \$3 million from of the judicial branch's current budget as part of cost-cutting effort spread across the entire state government, causing a \$400,000 budget gap. In response, Boyd and court officials chose to close courts for an unpaid furlough day on May 26. The branch was already hamstrung when legislators in 2016 gave the judicial branch the same \$178.7 million it received the year before, forcing a hiring

freeze, Chief Justice Mark Cady told lawmakers in January. “We are starting to see delays in our court process, and I fear that this is going to continue if our needs aren’t met,” he said at the time.

While the judicial branch administers court services in the counties and employs clerk staff, judges and other workers, the responsibility for maintaining the state’s aging courthouses falls to county governments. The average age of an Iowa courthouse is 100 years old. Thirty-eight of the current courthouses were built before 1900.

In May 2016, Warren County voters shot down a \$35 million plan to build a new courthouse and jail to replace the existing courthouse built in 1939 with financial support from the Public Works Administration. One month later, Arthur Gamble, chief judge of the Fifth Judicial District of Iowa, ordered court services to vacate the building amid health concerns.

Court officials hope they can return to Indianola next month. Warren County is renovating a former Fusion Fitness center into temporary courtrooms. It will spend about \$100,000 annually to lease the space while a more permanent solution is found to repair or replace the town square’s deteriorating courthouse.

Years of chatter, but opposition remains

In 1991, lawmakers faced a \$300 million budget deficit. In an interview with the Register, former Chief Justice Arthur McGiverin outlined several ideas aimed at saving money, including the creation of regional “litigation centers” that could replace court services in some counties. McGiverin, an Ottumwa resident, emphasized that he would prefer having court in all 99 counties, but admitted “that may well be difficult to do” in the future. In January 1993, McGiverin announced in the annual State of the Judiciary Address to legislators that court administrators were working on plans to move courts out of several county courthouses and into regional centers. But the plan met strong opposition. The Iowa State Bar Association and rural county supervisors organized opposition amid concerns, in part, that closing court services would hurt small-town economies, even if other offices like county auditors and treasurers remained in courthouses.

That same concern would likely be raised again — along with concerns about lowans’ access to justice — if lawmakers and judicial officials were to consider consolidating services again, said Skip Kenyon, president of the Iowa State Bar Association. Kenyon is a longtime attorney in the Union County seat of Creston, where a district court judge travels to the courthouse for hearings one day a week and an associate district court judge comes on a different day.

In neighboring Adams, Taylor and Ringgold counties, a judge comes to the courthouse for hearings every other week, Kenyon said.

“If you don’t have that draw to help bring commerce in, I think it’s real hard for the town to continue to thrive,” he said. “And I think the courthouse is part of that. It brings people to town.”

Judicial branch officials under Chief Justice Louis Lavorato in 2001 released a cost-savings restructuring plan that would have moved clerk of court offices out of several counties in the state and into regional centers. But the plan was pulled weeks after it was released when lawyers and county officials again spoke out.

“Chief Justice Lavorato and I took a lot of heat,” said Boyd, the deputy court administrator at the time.

Two years later, then-Gov. Tom Vilsack, a Democrat, signed a bill that included language prohibiting the creation of “regional litigation centers” — a reaction borne out of the court’s restructuring plan floated in 2001, Boyd said.

In her 2009 address to lawmakers, Chief Justice Marsha Ternus briefly raised the issue again amid a national recession.

“We simply do not want to spend precious time on a concept that you are not prepared to consider, and in the past, you have acted to prevent any movement toward consolidating court operations,” she told lawmakers at the time.

### Consolidation in a microcosm

Warren County attorneys have gotten a taste of space sharing due to the forced closure of the courthouse in June 2016.

Under the order from Gamble, the Fifth District chief judge, most of Warren County’s court services were moved to the neighboring Marion and Madison county courthouses in Knoxville and Winterset, respectively. In the order, Gamble described “periodic” leaks of sewer water found in courtrooms, deteriorating air quality that made some employees sick, and dirty restrooms in the old building.

“Unfortunately, it is likely these alternate places of holding court will not be convenient for the citizens of Warren County. However, the board has not provided an alternative,” Gamble wrote at the time. Warren County Attorney Doug Eichholz, who was appointed to the position, said the emergency closure of the courthouse has put his office approximately \$41,000 over its yearly budget, partly due to the travel costs now associated with cases. To cut down on the costs of driving to Knoxville, the sheriff lent the attorney’s office a spare vehicle, and prosecutors try to carpool, he said.

Sharing space in aging courthouses is a temporary fix.

Several attorneys and others interviewed by the Register agreed that consolidating court services into regional centers would require construction of new facilities. “I think that almost unquestionably that would have to happen,” Boyd said.

Others, such as the Iowa State Bar Association’s Kenyon, suggest that the most worrisome aspect of consolidation is the effect on people using court services.

Since the closure of the Warren County Courthouse, some of the biggest frustrations have come from families involved with juvenile proceedings.

Juvenile matters were moved to Winterset, a 25-mile drive from Indianola and approximately 40 miles one-way from both Carlisle and Southeast Warren Junior-Senior High School in Liberty Center. Juvenile court hearings take place on Monday mornings. Children who are being held by the county have to be driven to and from court by their parents or guardians, said Alex Crabb, the first assistant Warren County attorney. “You’re picking your kid up at school and now you’re driving all the way over to Winterset,” he said. “I think that’s where I’ve had most of the frustration.”

Mason Ouderkirk, whose Indianola law firm sits on the town square directly north of the empty courthouse, said the costs passed on to clients is the chief burden. The travel costs for the average 45 minutes he spends on the road driving to and from Knoxville or Winterset can add “hundreds of dollars to the cost of a hearing for a client,” he said. “It’s a burden directly upon the client,” said Ouderkirk, who specializes in civil cases and family law. “They’re paying me for my time, and that’s unfortunate.”

Kenyon raised a similar concern. A state budget crisis forced the judicial branch to belt-tighten around 2009 and cut back on travel costs for judges and other employees, he said. At the time, he was litigating a personal injury case filed in Adair County that ultimately went to trial at the Dallas County Courthouse to accommodate the judge’s travel schedule. That meant Kenyon and the other attorneys and witnesses were on the road daily to Adel throughout the trial. “It created a lot of additional expense for my client,” he said. “If you go to something like a regional center, that makes it that much more expensive, and the people who need (court services) are the ones that are going to have to be paying for it,” he said. Warren County officials are trying to decide their next move. They could choose to tear down the existing courthouse on the Indianola square and start from scratch at another location. Or

they could keep the courthouse where it is, but build a jail at another location. A new bond referendum is currently scheduled for Aug. 8.

## DMR: DRIVING DRUNK: IOWA'S DEADLY PROBLEM

State struggles to reduce number of repeat offenders

Since 2005, over 11,300 have been hit with at least their third drunken driving charge

KATHY A. BOLTEN

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Part of The Des Moines Register series "Driving Drunk: Iowa's deadly problem."

Randy John Stubbe was sent to prison in 2008 for driving while intoxicated in a Butler County crash that killed his wife. After he got out, he was charged twice more with driving drunk and in March returned to prison for two more years.

Deanna Marie Gliem of Des Moines was drinking before she crashed her car into another vehicle in 2015, killing the driver and passenger. Before she could go to trial, she was arrested for drunken driving in Lucas County.

And Donald Dean Gridley of Fairfield served less than a year in prison in the 1990s for causing the death of a passenger in a drunken driving crash. When he got out, he was arrested twice more for drunken driving, then charged with vehicular homicide while intoxicated in a 2012 crash that killed his father.

Talk with Iowa law enforcement officers, and they will tell story after story of people arrested repeatedly for being drunk behind the wheel. It's a constant struggle that is costing lives, they say.

"You would think, as a human being, if I killed somebody while I was drinking and driving that I wouldn't drink and drive anymore," Woodbury County Sheriff Dave Drew said. "That just shows you the power of alcohol in some people's lives. Some people are better off never touching it."

An exclusive Des Moines Register analysis of more than 200,000 Iowa court records involving intoxicated driving over the past 12 years illustrates the magnitude of that struggle:

» Since 2005, 222 people have been charged with vehicular homicide while intoxicated, and nearly one-third previously had been arrested for driving while intoxicated. Several had been arrested multiple times.

» At least 13 of those drivers were caught driving drunk again after they had been charged or convicted of killing someone while driving under the influence.

» More than 11,300 people were charged with intoxicated driving-third or subsequent offense, meaning they had been charged with driving while intoxicated at least three times in the past dozen years. The repercussions of those stark statistics play out daily on Iowa's roads, too often ending in tragedy, such as on Oct. 17, 2006, in Story County. A driver weaving in a van on U.S. Highway 30 slammed head-on into a sedan and killed Jonathan Baugh, a 17-year-old Valley High School senior who was on his way to watch a volleyball match in Ames. The van's driver, Phillip Ray Stephens, had an open bottle in the vehicle and reeked of alcohol, court records show. Stephens had already been convicted of drunken driving in 2000 and had another charge pending for a January 2005 arrest, according to court records.

Stephens was sentenced to up to 18 years in prison for the fatal crash but served only 5½ years before being released in September 2012 to a community program. In May 2016, he was discharged from parole and within weeks was arrested twice for operating a vehicle while intoxicated, with sentencing scheduled for Monday. “He’s using his vehicle like a weapon when he gets behind the wheel,” said Tracy Baugh, a Baptist minister and father of Jonathan, who was among the 1,100 people who have been killed in alcohol-related crashes in Iowa since 2005. Stephens did not respond to a request for an interview. Tracy and his wife, Pam, who now live in Spencer, want Iowa to require intoxicated drivers who kill someone to serve 80 percent or more of their sentence. And they want to see chronic offenders such as Stephens barred from driving for life. “People on the road with him are escaping death — just like if there’s a gunman in a shopping mall and people walk away unharmed,” Tracy Baugh said.

‘Drinking is like a deadly weapon’

Donald Gridley, who has twice killed people while driving drunk, said people like him are “playing with disaster.”

“Bad things are going to happen to you eventually,” Gridley told the Register during a telephone interview from Mount Pleasant Correctional Facility.

A jury in 2014 convicted after a jury convicted him of vehicular homicide while intoxicated. “Drinking is a like a deadly weapon, and somebody will either be hurt or wind up dead because of it.” Of the 13 drivers in the past dozen years caught driving drunk again after already killing someone while driving drunk, nine, including Gridley, Stephens and Stubbe, had served time in prison. Four, including Gliem, were awaiting trial. Gridley’s first conviction for causing a death came in 1992, when he pleaded guilty to involuntary manslaughter and driving drunk. That was followed by two more arrests for drunken driving before the night of drinking in December 2012 when his father, Patrick Gridley, was killed. Gridley said his father had persuaded him to attend a funeral with him. Afterward, the two went to a bar and drank into the early hours. “I made a bad choice to go to the funeral and then to drink,” Gridley said. “It ended up in a mess.” Gridley said he doesn’t remember the crash or whether he was driving. Court records say he ran a stop sign and drove his father’s Ford pickup into a ditch in rural Wapello County, then walked to a nearby farmhouse for help. A county sheriff’s deputy found his father, 65, dead inside the truck.

A test administered several hours after the crash showed that Donald Gridley’s alcohol concentration was 0.198 percent, more than twice Iowa’s legal limit.

It also detected marijuana, oxycodone and an anxiety medication, court records show. Gridley was sentenced to up to 25 years in prison. His expected release date is December 2025. While in prison, Gridley said he’s attended weekly meetings of Alcoholics Anonymous and Narcotics Anonymous and attended a class called “Thinking for a Change.”

But, he said, he’s not received any treatment or counseling for his addiction to alcohol.

Nonetheless, Donald’s mother, Linda Gridley, said her son has been behind bars long enough.

“He’s not the man he was five years ago,” said Gridley, 69, of Fairfield. “He talks differently and he acts differently. He’s paid his dues — now he’s in there without any rehabilitation and with no treatment.” Donald Gridley also believes he’s ready to be released after more than two years behind bars. He said he won’t drink again because “of all the trouble and pain and agony it caused my mother and the rest of my family.”

‘He should have been sitting in jail’

The Register’s analysis of tens of thousands of intoxicated while driving arrests since 2005 illustrates Iowa’s shortcomings in keeping impaired motorists from getting back behind the wheel.

Intoxicated driving third or subsequent offense, filed against more than 11,300 people in Iowa in the past dozen years, is the state's most serious charge for impaired drivers who haven't hurt or killed anyone. The Register found offenders who had been arrested as many as eight times for impaired driving since 2005, but they still faced the "third or subsequent offense" charge. One of the people who faced that charge was 53-year-old Kirk Arnell Thomas of Marshall County, who was sentenced in February 2016 to up to 15 years in prison as a habitual drunken driving offender after his third arrest in less than six years. In fall 2015, Thomas was arrested twice for driving while intoxicated by Marshalltown police. Preliminary breath tests showed Thomas' blood al-

Continued on Next Page

Signs you may be an alcoholic

People who answer "yes" to at least two questions on the so-called CAGE screening test should investigate whether they may be abusing alcohol. The screening test is widely used to determine potential problems with alcohol, according to the National Institute on Alcohol Abuse and Alcoholism. CAGE is an acronym based on key words from each of four questions: cut down, annoyed, guilty and eye-opener.

The questions to ask yourself are: » Have you ever felt you needed to cut down on your drinking?

» Have people annoyed you by criticizing your drinking?

» Have you ever felt guilty about drinking?

» Have you ever felt you needed a drink first thing in the morning (eye-opener) to steady your nerves or to get rid of a hangover?

Where to get help:

The following are centers or groups that work with people with chemical dependencies: Powell Chemical Dependency Center Iowa Lutheran Hospital 700 E. University Ave., Des Moines 515-263-2424 St. Luke's Chemical Dependency Program Cedar Rapids 319-363-4429 Iowa Substance Abuse Information Center Cedar Rapids Ladd Library 3750 Williams Blvd. Southwest, Cedar Rapids 866-242-4111 Alcoholics Anonymous' Central Office 1620 Pleasant St., Suite 228, Des Moines 800-207-2172 (toll free)

More online

More than 80 people were killed in crashes involving drunken drivers, Review data on the crashes by location and type of crash, plus find information about each of the people killed in those crashes in 2016. Go to [DesMoinesRegister.com/DrivingDrunkData](http://DesMoinesRegister.com/DrivingDrunkData).

cohol concentration at nearly three times the legal limit.

Thomas, in a telephone interview, said he has been attending Alcoholics Anonymous meetings and life-skills classes while incarcerated at Iowa's North Central Correctional Facility in Rockwell City.

He said he's lucky he didn't seriously injure or kill someone when he drove drunk.

"There was no good reason for me to be doing that," Thomas said. "But I did it, for some foolish, unknown reason."

Law enforcement officials say something is wrong that people like Thomas can't be kept from behind the wheel of a vehicle after multiple intoxicated driving charges.

“It’s frustrating to me because, one, he shouldn’t have been driving because he had been barred,” said Marshalltown police Lt. Rick Bellile, who arrested Thomas on Oct. 6, 2015, for third-offense drunken driving. Thomas had also been arrested four weeks earlier for drunken driving.

“The problem with our system is that we let these repeat offenders out of jail while they are waiting (for trial), and they go out” and continue to drive while they are intoxicated, Bellile said.

The fact is most people caught driving drunk have done it before, said Kim Brangoccio, manager of UnityPoint Health’s Powell Chemical Dependency Center in Des Moines.

Alcoholism is a “chronic relapsing disease, and although people can get treatment, sometimes they really don’t want to quit,” she said.

Typically, Iowa requires those charged with third-offense intoxicated driving to undergo treatment. Many are sent to community-based residential correctional facilities, which provide substance abuse treatment programs licensed through the Iowa Department of Public Health.

Treatment isn’t always successful, however, particularly if offenders fall back into old habits. “If they get back into similar life situations with the same stressors and the same friend and the same job, they’ll relapse,” Brangoccio said. “Changing just a few things is not enough — you have to really make some significant changes.” People need to understand what causes them to drink, she said. “If the reason you drink has to do with coping or has to do with your inability to deal with your own self-anxiety — if you don’t get help for those things at the same time you’re getting alcohol or drug help, your chance of relapse is very high.”

Searching for a better way

Meanwhile, Iowa continues to look for ways to better address its drunken driving problem, particularly repeat offenders.

Last year, a coalition submitted 66 proposals for reducing impaired driving in the state. One of those has made its way into a bill making its way through Legislature. The proposal would give law enforcement jurisdictions the option of participating in a program requiring some offenders to provide a breath sample twice a day to prove they haven’t been drinking. A similar program in South Dakota called 24-7 requires repeat drunken drivers to take a Breathalyzer test twice a day as part of their bond or parole conditions. Since the program has been in place, arrests for repeat drunken driving have fallen 12 percent, studies have shown. Polk County associate district court Judge Carol Egly wonders whether some drivers must be saved from themselves.

“There are some people that — maybe one should just assume — should not be driving regardless of what they do with their treatment program,” said Egly, whose assignments include presiding over intoxicated driving sentencing. “Maybe we should be identifying those people and making it possible for them not to be using automobiles.”

That idea appeals to Tracy and Pam Baugh, whose teenage son died in a drunken driving crash 11 years ago. Stephens, the driver who killed their son, was arrested Aug. 26, 2016, after a Johnson County sheriff’s deputy saw him swerving “all over” eastbound Interstate Highway 80 in Iowa City, court records show. Stephens “smelled strongly of ingested alcohol.”

Six weeks earlier, Stephens was arrested at Saylorville Lake in Polk County for operating a boat while intoxicated.

A trial is pending in the Polk County case; Stephens pleaded guilty to the Johnson County charge and will be sentenced Monday.



“It’s like how many more lives does it take before they throw the key away,” Pam Baugh said. “Whose life is going to be next?”

DMR: Bondurant community remembers killed family

LINH TA

LTA@DMREG.COM

The community of Bondurant is close-knit.

Most people know each other, or know of each other, residents say.

So when they learned that three of their own were killed, they did what close communities do — they gathered to support one another.

“Because it’s Bondurant, people just come to help each other,” said Samantha Hunter, a 24-yearold from the town.

Outside Bondurant-Farrar High School, people cried and embraced during a vigil to remember Mark, Charla and Tawni Nicholson.

In a circle around the flagpole, people stood shoulder-to-shoulder with candles flickering against the night sky.

It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons’ home to conduct a welfare check. There, they found the bodies of Mark Alan Nicholson, 58, Charla Lee Nicholson, 56, and their daughter Tawni Alexis Nicholson, 24.

Chase Marcus Nicholson, 20, is currently in Polk County Jail on a valid material witness warrant, according to a news release. He is being held on a \$2 million cash-only bond. He is the son of Mark and Charla, and is Tawni’s brother.

Hunter and Lindsay Schaper, 24, went to Bondurant- Farrar High School with Tawni.

They also roomed together at Iowa State University, where she graduated in August.

“She was just a ray of sunshine,” Schaper said. “She always had open arms for everybody.”

When they learned both she and her parents were killed, they were shocked.

It’s something that doesn’t happen in the town of about 5,000 people.

“It’s one of those things you can’t believe that happened here,” Hunter said. “They treated you like you were a part of their family.” As Chase Nicholson sits in Polk County Jail, additional charges in relation to the case are possible, according to law enforcement.

But as the community mourned together outside, Jeff Sanderson, pastor at the Federated Church of Bondurant, addressed them. He reminded them of one thing — that in the afterlife, anything is possible.

“I pray that we have the opportunity to watch a mother, a father, a daughter and son embrace.”

DMR: KUTCHER: ‘I ALMOST OWE EVERYTHING OF WHO I AM’ TO IOWA

Actor in W.D.M. to get award for 'good character'

MATTHEW LEIMKUEHLER

MLEIMKUEHLER@DMREG.COM

Ashton Kutcher left Iowa wanting to escape the small towns and endless farmland that surrounds each.

Now, a worldwide success at age 39 and a father of two, he seems pretty happy to be home.

"I left Iowa wanting to get out of Iowa, and the older I get the more I want to come home," he said in an exclusive interview with the Register Saturday evening. "In part, because the more places I go, the more I realize how great it is here, and the more I realize that I almost owe everything of who I am to where I come from."

The eastern Iowa-raised Hollywood superstar appeared at the Ron Pearson Center in West Des Moines Saturday night to receive the Robert D. Ray Pillar of Character Award, an annual honor given by Drake University to "individuals who demonstrate good character as a role model." Outside of acting, Kutcher, 39, is known for multiple philanthropic efforts, including cofounding (alongside Dallas Clark) the Iowa disaster relief organization The Native Fund and Thorn: Digital Defends of Children, which uses technology to combat sexual exploitation of children.

"I think the one thing that you realize the minute you become a parent is that character is the one thing you can give them as a parent," he said. "You can actually, materially impact that ... and then everything else becomes their choice."

The "That '70s Show" and "The Ranch" star was born in Cedar Rapids and went to high school in Homestead; he made his West Des Moines appearance alongside wife and fellow star Mila Kunis. Kutcher's mother, Diane Portwood, and her spouse, Mark, as well as his father Larry and his spouse, Colleen, were also in town to see one of Iowa's most celebrated bring home the award.

On fatherhood, Kutcher said there are three Iowan values that impact how he raises his children: A general kindness, always keeping your word and showing good work ethic. Kutcher and Kunis welcomed their second child, a son, Dimitri Portwood Kutcher, into the world last November. The couple became parents to a girl, Wyatt Isabelle Kutcher, in 2014.

"There's an earnestness and an honest-ness here that lacks in a lot of other places in the world," Kutcher said. "People aren't afraid to work and aren't afraid to work really hard. They understand that working hard actually gets you there."

That earnestness was on display Thursday when Kutcher and Kunis surprised students at Oskaloosa High School. When addressing the students, he delivered a short, galvanizing message: "Just because you're a kid from Iowa, don't think you can't have big dreams."

It wasn't his first time impacting Iowa schools: In 2016 he surprised teachers in more than 100 Iowa schools by fully funding every Donors Choose.org project open in the state on that day. DonorsChoose is an online crowdfunding platform teachers use to finance classroom needs. Kutcher said he wanted to let the students know that you can build "the next great thing," no matter where you're from.

"What I suggested to those kids is (that) they don't limit the scope of their pursuits to the things that see that already exist," he said.

Kutcher received the Pillar of Character award in part due to the launch of The Native Fund, which

works primary in disaster relief for lowans. Kutcher said he could see the locally- based non-profit extend the model in place to other states and more causes.

First, he said, the organization must continue to grow capital. After that could come expansion into new regions and different causes.

“For us right now, it’s about raising a significant reserve capital fund for disaster relief,” Kutcher said. “And then really identifying for ourselves what constitutes disaster relief. Who actually needs disaster relief? And how do (we) build this so it’s not some wonky entitlement plan that grows and gets sloppy? ... This is all about helping people. It’s not about doing for people.”

The discussion wasn’t completely dominated by Kutcher’s character and philanthropic efforts; when asked about the Hawkeyes’ football prospects in the fall, he smiled and laughed.

“That’s a set-up,” he laughed. “I know a set-up when I see one.”

Notables intended for the “All Star Evening” featuring Kutcher and Kunis included Gov. Terry Branstad, Lt. Gov. Kim Reynolds, Super Bowl-winning former NFL tight end Dallas Clark, Drake University president Marty Martin and “The Bachelor” alum Chris Soules, a news release said. Past recipients for the award include Hayden Fry, Fred Hoiberg and Shawn Johnson.

DMR: Chinese media take interest in D.M.-based Jasper Winery

While Chinese President Xi Jinping’s first meeting with President Donald Trump has made headlines for the potential implications to trade and international relations, it has also sent reporters looking for off-the-beaten-path stories about the two nations.

That’s what recently led CGTN, China’s state-owned 24-hour English Language TV network, to a winery in Des Moines.

CGTN this week published a feature about Jasper Winery, highlighting the deep economic and political ties between Iowa and China and the growing interest from Hawkeye State companies to do business in the world’s most populous country.

Mason Groban, head winemaker at Jasper said the TV spot could help the small, Des Moines-based winery gain a larger foothold in China.

“If you understand the Chinese consumer, a story like this can be pretty significant,” he said.

The ties between Iowa and China, and specifically those between Gov. Terry Branstad and Xi, who have called each other “old friends,” are well-documented and widely celebrated.

In 1985, Xi visited Iowa on an agricultural research trip and met Branstad for the first time. The two leaders met again in 2011 during a gubernatorial trade mission to China.

In 2012, Xi returned to Iowa, for a farm tour, agricultural forum and state dinner, where he and Branstad toasted with wine from Jasper.

In December, Trump appointed Branstad ambassador to China, noting his deep ties to China and Xi. Branstad is yet to be confirmed.

CGTN toured Jasper’s vineyard and winery and then visited Muscatine, where Xi stayed as a young agricultural researcher.

The network also asked Iowa Republican Party Chair Jeff Kaufmann about the tension between Iowa's dependence on exports to China and the state's support for Trump, who has promised to get tough on China, stoking fears of a potential trade war.

"Hopefully, we can find a policy that fits our interests but at the same time doesn't alienate any economic opportunities we have with China," Kauffman told CGTN.

China Daily, a state-owned English-language newspaper, also recently featured the state in a front-page story titled "Iowa hopes to ramp up trade with China."

Jasper Winery has been eyeing the Chinese market ever since the toast between Xi and Branstad. The winery hired The China Iowa Group, a West Des Moines-based trade consulting firm, to help clear regulatory and political hurdles needed to sell wine in China.

In 2015, Jasper made its first shipment, selling about 1,000 bottles in China.

"They don't have a lot of spare capacity, but we sold as much as we could get our hands on," said Li Zhao, founder of the China Iowa Group.

Chinese consumers have a taste for wines from Napa and other well-known grape-growing regions, but few Iowa wines have made it into the market, Li said.

Groban, the winemaker, hopes the CGTN feature, as well as Branstad's pending ambassadorship, open the door to more exports. "Initially, we were just getting our feet wet in the market," he said. "We would love to export more and we definitely have the capacity to ramp up production."

#### China Iowa Group and LS2group form partnership

The China Iowa Group, meanwhile, recently announced a partnership with LS2group, another Des Moines-area consulting firm. The two firms said they plan to work together to help U.S. companies sell products in China and facilitate the Chinese investment in the U.S.

LS2group will focus on government affairs, lobbying for policies, like those that would allow U.S. eggs, beef and other products to be imported to China. China Iowa Group will focus on finding markets for U.S. products in China and facilitating Chinese investment in the U.S. "It's a perfect relationship because our skill sets complement each other well," said Chuck Larson, a partner with LS2group, and a former state senator and U.S. Ambassador to Latvia.

#### DMR: COMING OUT CONSERVATIVE

Chadwick Moore was an openly gay socialist at the University of Iowa. Now he's a pariah among New York liberals

For Chadwick Moore, admitting he was a gay man to his "Fox News-watching, gun-toting Republican" dad in Iowa was a breeze compared to coming out as a conservative this year to his liberal friends in New York.

This is the 33-year-old University of Iowa alumnus whose Out Magazine profile of former Breitbart News provocateur and "Internet super villain" Milo Yiannopoulos inspired such outcry against Moore that it made him realize he had been living a lie: He now has more in common with the GOP.

He has been lambasted as a "fake conservative" and "attention whore" on social media. But he insists that his ideological shift was glacial and gradual, not sudden and opportunistic. Even in high school, Moore said, his senior AP English thesis was an argument against hate-crime legislation based on

constitutional grounds. "I'm not, like, an establishment Republican," he said. "I'm still very much the person I've always been. And I've never registered as a Democrat for that reason."

His world was simpler and more neatly defined in 2001, when Moore was a high school graduate en route to his freshman year at the University of Iowa in Iowa City. He rode shotgun in his father's pickup truck.

On the verge of dropping off his son into a teeming throng of 29,000 restless young coeds, Moore's father, Gary, finally broached the topic.

Well, his dad said, your sister told me something about you.

Moore had an inkling of what was next: Oh yeah?

She told me that you're gay. Is that true?

Moore's stomach suddenly was in knots. He already had come out to his liberal mom a few years earlier, with no problem. His parents are divorced; she lives in Nashville. But he was a little more daunted by his dad: a macho, cigarchomping accountant, farmer and hunter in Oskaloosa.

Moore braced himself and answered: Yeah, it's true. Gary was quiet for a minute. Finally, he responded: Well, I guess I'm going to have to tell your boyfriends what I tell your sister's boyfriends.

Moore, still apprehensive, suddenly was intensely curious: What's that?

If you hurt my son

I'll... To complete that sentence no doubt would offend some of you. Suffice it to say that Gary, to quote Iowa Sen. Joni Ernst, was ready to "make 'em squeal" in defense of his son. Moore thanked his dad profusely for the sweetly protective sentiment.

That tender moment, if a bit raw, was a bridge between a father and son who, at the time, stood on opposite ends of the political spectrum.

Once ensconced at the U of I, Moore "became an immediate socialist," he said. He marched and protested his way through college while decked out in a garish wardrobe of thrift store castoffs.

All the while, the identity crisis that seethed within Moore was not hormonal. It was ideological.

"Some people experiment with their sexuality in college," he said. "I experimented with farleft politics."

'Alienated and frightened'

Moore now lives in another liberal enclave — the Williamsburg neighborhood of Brooklyn, New York. He has long since set aside his college dreams of becoming a fiction writer to establish himself as a legitimate working journalist.

His profile of Yiannopoulos was posted Sept.

21 in the publication catering to the LGBT community that serves an audience of a couple hundred thousand readers, on the eve of the bitter presidential election. The Breitbart editor had become a notorious figure thanks to his loud mouth and the rampant protests over his speeches on college campuses.

(This was before Yiannopoulos resigned from Breitbart in reaction to the firestorm spurred by his comments that appeared to condone pedophilia.) Moore faced instant backlash from friends and

strangers alike.

His editors went so far as to preface the profile with a lengthy disclaimer to distance themselves from Yiannopoulos' views while simultaneously decrying "social media tribalism," where "the mere act of covering a contentious person can be misrepresented as an endorsement."

Moore kept getting the cold shoulder at his local gay bar. Good friends stopped calling.

He had become a pariah.

"The gay community has been my entire life since I was 15," he said.

"And I love the gay community. I love gay culture. I love drag queens.

I love gay bars. It's been my everything, and now all that's gone. So, yeah, it's sad. I'm mourning the loss of that."

Fed up with all the backlash, Moore in February wrote a manifesto of sorts in the New York Post: "I'm a gay New Yorker — and I'm coming out as conservative." He criticized President Donald Trump for his travel ban and cabinet choices. But mostly the article served as a kiss-off to the left wing that had counted him as one of their own. "All I had done was write a balanced story on an outspoken Trump supporter for a liberal, gay magazine," he said, "and now I was being attacked. I felt alienated and frightened." "It can seem like liberals are actually against free speech if it fails to conform with the way they think," he added.

"And I don't want to be a part of that club anymore."

'It seems like if you choose a side, you're ostracized'

Among those shocked by Moore's conservative coming out were two of his best friends and college classmates, a pair of women from Iowa. Kat Durst, raised in Ottumwa and Davenport, met Moore on their first day in the college dorm, not long after the pivotal scene in the pickup truck with his father. Today, she's a 34-year-old real estate agent. She and her husband, a physician, are raising two kids, 3 and 5, in Gainesville, Florida. Moore was a bridesmaid in her 2010 wedding.

As Moore tangles with critics on Twitter, Durst fills her Facebook feed with liberal commentary fully in keeping with her former undergraduate self. Durst can't take the leap from Democratic socialist to conservatism with her friend, but that doesn't matter to her.

"Even the things that I thought he thought in college... He doesn't owe that to me — to still think that — or owe it to anyone," she said. A third friend entered their circle at the U of I when Haley Niichel spotted Moore in a computer lab clad in a white T-shirt, tight jeans and blue bandanna. She grew up in Orange City, the conservative stronghold of northwest Iowa. This was the first gay person she was aware of meeting.

Moore "knows how to kind of step on a nerve," said Niichel, who now lives in West Des Moines. "He has that innate sense of going in for the kill.

But I think he makes liberals really think about what they're fighting for."

Her job as a mortgage underwriter, as Niichel puts it, is to "document logic." She wonders whether that helps make her more of a libertarian who falls on the political spectrum somewhere between her two friends.

"It seems like if you choose a side, you're ostracized by the other side," she said. "If you're not super liberal, you're a Republican in the liberals' eyes. If you're not actively going to all these protests — in an

aggressive, gnashing way — it's not enough for them.”

Are we building bridges or silos?

Moore's paternal family roots in Iowa predate the Civil War. He was born in Tennessee and raised in Illinois.

I wouldn't be surprised if he ends up writing his gay, Midwestern variation on J.D. Vance's "Hillbilly Elegy," a New York Times best-selling account of the author's roots in white workingclass Appalachia that has been embraced as a guide to the rural disaffection that helped Trump win the White House.

"I've always known these people," Moore said of his conservative Midwestern friends and family. "I've always liked these people." Moore's dad said that he and his son always have been close and have shared quality political discussions.

"I probably disagree with everybody on certain things," Gary said.

"Talk to me. I will listen.

But don't try to be overbearing and convince me that you're right unless you can really have some facts to prove it." Perhaps surprisingly, Moore in the recent election voted for Hillary Clinton — not Trump. He called it a "pre-emptive defense" against criticism from his liberal neighbors, when he still was worried about mending fences.

Moore's dilemma made me seek out one of Iowa's most prominent, stalwart gay activists: Donna Red Wing. She has fought for decades for gay rights. She's married to a woman. She recently stepped down as director of LGBTQ-advocacy group One Iowa and now directs the Eychaner Foundation that awards its own Matthew Shepard Scholarships.

Red Wing made headlines in recent years by partnering with somebody perceived as her nemesis: Bob Vander Plaats, whose Family Leader pushes the "family values" cause of evangelical conservatives and led the fight against same-sex marriage in Iowa. The unlikely pair turned their private coffee conversations into a public series of dialogues to make a point about the desperate need for civility in our polarized politics.

If not to the extent of Moore, both of them weathered criticism from their respective political camps for breaking bread with the "enemy." But Red Wing considers herself "old and cranky enough" that she's "tired of always making it one side or the other."

"Are we living in this community," she said, "or are we just building silos and living by ourselves?"

She added, "Our sexual orientation and gender identity really have little to do with where we are, in terms of being progressive and conservative."

Not that Red Wing is on the same page as Moore when it comes to Trump. He sees the president as opening up the GOP to new, more diverse voices. He sees the president's trolling of the media and his rivals as a necessary gambit to wrangle with entrenched forces.

"The most powerful institutions in our society are all toting the same narrative," he said, "and they're all left-leaning."

Red Wing, however, sees Trump promoting intolerance. She worries that his actions hampering, say, immigrants and Muslims all too easily may spread to the gay community, or already have through far-right forces grown more powerful in various courts and state and local offices.

I don't have easy answers about when to stand up and shout in protest versus when to sit quietly and

talk, extending an olive branch.

Both civility and protest, if we can apply them at the proper times, are crucial to our democracy. I do know that Moore shouldn't have been spurned for writing his original profile of Yiannopoulos when he was simply doing his job as a journalist. Because Red Wing's words echo in my head: Are we living in this community, or are we just building silos and living by ourselves?

As Gary put it, "I don't know if there's ever going to be an answer" to our polarized politics.

"All I can say is I hope people will listen."

If nothing else, Moore as an outed conservative has a lot more to discuss politically with his dad and his other Republican relatives in Iowa. "If Trump does a good job," he said, "I'll be very excited to vote for him in four years." That may not be a rhetorical bomb on par with Yiannopoulos.

But it still won't play very well in Brooklyn.

DMR Editorial: State and federal forfeiture reforms fall short

Civil libertarians and small-government conservatives agree: The government should not be allowed to seize the assets of law-abiding citizens.

Yet, for the past 30 years, state and federal officials have done exactly that, wrapping the practice in the bulletproof vest of "law enforcement." The officials argue that they are keeping our streets safe by laying claim to the cash, cars and real estate belonging to individuals whose only "crime," assuming one was even committed, was a minor traffic offense or drug-possession rap. In 2013, two California men driving home after a gambling tournament in Illinois had their \$100,000 bankroll seized after an Iowa police officer pulled them over for failing to signal a lane change on Interstate 80 in Poweshiek County. Authorities eventually gave back \$90,000 of the money, but after the men sued, the state was forced to pay the men an additional \$60,000 just to settle their case.

Such abuses are numerous and well-documented, but state and federal lawmakers have been slow to enact reforms for fear of being perceived as soft on crime. But changes are in the works.

Under a bill approved late last month by the Iowa Senate, prosecutors would have to convict a suspected offender of illegal activity before seizing any property that's valued at less than \$5,000, and that property will have to be linked to the charged criminal activity.

The intent is to keep the police from shaking clean the pockets of motorists. You might not think such a law would be necessary, but it is.

Last year, there were 822 cases of cash forfeiture made in Iowa under state law, for a total of \$2.6 million. Individually, none of these cases involved more than \$15,000, and only eight cases involved assets worth \$5,000 to \$15,000.

The average value of a cash forfeiture was just \$3,217. So we're not talking about cartel-caliber drug kingpins here.

In fact, the police are only too happy to seize sofa-cushion money. No amount of money seems too small. In one 2015 case, Iowa authorities seized \$13 from an individual and claimed it as their own. That's one reason why the bill approved by the Senate zeroes in on amounts of less than \$5,000. But of course the argument could be made that this limit preserves the profit motive for police and prosecutors to pursue high-dollar assets.



Fortunately, the Senate bill, which has to be approved by the House, would also raise the standard of proof in forfeiture cases so police and prosecutors would have to present “clear and convincing evidence” that the assets are tied to criminal activity. There’s also a proportionality test that says the assets seized cannot be “grossly disproportionate to the severity of the offense,” which should help ensure that Iowa police aren’t seizing six-figure sums from people who have been convicted of only minor offenses.

The legislation also requires law enforcement agencies to maintain certain records related to asset forfeiture, so lawmakers — and the public — will know if the abuses are continuing.

Even so, this bill is far from perfect. It does nothing to redirect assets away from the police and prosecutors who initiate property seizures, so they can continue to use the process not to enhance public safety but to enhance their own budgets. The bill also says that while police agencies will be required to keep detailed, publicly accessible records of property seizures, these “records shall not identify or enable identification of the individual officer who seized any item of property.” That provision would make it impossible to determine whether any abuses can be traced to one rogue law enforcement officer.

Even if the Senate bill becomes law, it will do nothing to address the larger problem of civil forfeitures initiated by federal authorities. On March 29, the inspector general of the U.S. Department of Justice released a report that details the manner in which the agency has failed to evaluate its own forfeiture data to determine the extent to which these property seizures benefit law enforcement and threaten civil liberties.

The report makes a series of recommendations for improvement, all of which are long overdue. The most urgent is the call to ensure that the DOJ’s state and local task-force officers are adequately trained on federal forfeiture laws.

A newly introduced, GOP-sponsored bill in the U.S. Senate, dubbed the Fifth Amendment Integrity Restoration Act, would help end some of the abuses. It would shift the burden of proof in forfeiture cases to the government; it would provide for indigent defense in all such cases; and it would eliminate the profit motive altogether by steering the proceeds away from police agencies and into the U.S. Treasury. It’s almost identical to a bill first proposed in 2014, but now, at least, it is being given serious consideration by Congress.

These state and federal initiatives represent progress, but they also underscore the fact that when it comes to civil forfeiture, much work remains to be done.

DMR: Did city councilman’s opposition to a pork plant lead to suicide?

The brief life and premature death of a dynamic Iowa politician provokes hard questions

“(One) can easily wreck in a day or two what builders have taken years to do.”

— verse from a poem Mason City Mayor Eric Bookmeyer sent to City Councilman Alex Kuhn

“ There won’t be any bullies to burden your way.

No words that cut like a knife at the end of the day.”

— verse from a poem to Alex Kuhn from his father, Mark, after his son’s death

MASON CITY, Ia. — An overflow crowd turned out for a City Council meeting last May 3 in anticipation of a final vote for construction of a \$240 million, 600,000-square-foot pork-processing plant on Mason

City's southwest side. Processing up to 10,000 pigs a day, it would be the state's second- largest of its kind.

State and local officials stood ready to welcome it with generous subsidies. Realtor Dick Mathes addressed the council in favor, citing job losses and Prestage Foods' promise to add up to 2,000 jobs in four years. But the 14 supporters there to speak were outnumbered by 47 opponents, who voiced concern over the plant's potential impact on health, the environment and the community, especially if a concentration of hog confinements followed.

One young man, Dylan Daniels, handed the council a petition he said had nearly 1,000 signatures opposing the plant. "The council is still ignoring the way the majority of citizens feel," he said.

He spoke prematurely. It turned out to be a fateful night for Prestage and its proponents, who had considered passage a done deal: The vote tied at 3-3, effectively killing the proposal.

It was also, some believe, a fateful night for a popular 34-year-old at-large city councilman named Alex Kuhn, who had been heavily courted by proponents and opponents. After much research and questioning, Kuhn was not convinced that the city was getting a good deal for its investment. Unbeknownst to him and everyone else, his hesitation had paved the way for the other two "no" votes.

Two months later, Kuhn shot and killed himself, after his friends and family say he was pressured and blamed for the outcome. Once heralded by people from both parties as destined to go far in politics, praised for his compassion and commitment to the underrepresented as well as to economic development, Kuhn now found himself an outcast among the city's powerful. He became a casualty of the divisive, high-pressured, back-biting political environment.

His father, Mark Kuhn, is blunt: "Alex was being bullied."

#### A promising future

With his youthful good looks, intelligence, political pedigree and knack for getting along with everyone, Alex Kuhn was often likened to a young John Kennedy. He grew up around both politics and farming, having clerked for his father, a former Democratic state representative now on the Floyd County Board of Supervisors, and helped on the family's 850-acre farm in Charles City, southeast of Mason City. After graduating from high school there in 2000 and Iowa State University in 2004, he went to Houston, Texas, to student-teach. But when his father was injured the following year in a farming accident, Alex returned to help.

"He'd get up early in the morning and load corn all day," says his mother, Denise Kuhn. "At night he would do exercises with his dad. He took him to physical therapy."

In 2006, Alex went to work for U.S. Sen. Tom Harkin, directing his mobile office from Des Moines. He moved in 2008 to Mason City, where his ex-wife's family lived, where he taught and did community organizing for United Way. He got elected to the Mason City City Council in 2011. Although a Democrat, he had support from many Republicans, says a Republican friend, Todd Blodgett. "His purpose was to defend people who couldn't defend themselves."

Blodgett introduced me to a man of modest means named Jim Burgess, who previously lived in a rental home where he had awoken daily to the sounds of mice nibbling his food. The landlord's response, Burgess says, was to advise him to get cheese from the local food bank and put it out for the mice. Then Kuhn came by, saw the situation and not only worked to resolve it but also sponsored an ordinance targeting problem landlords, Burgess said.

Nearly all of the 20 people I interviewed said Kuhn was the last person they'd expect to take his own life. But his parents and others who spoke to him before his death also noted his deep distress at the furor that erupted around him after the Prestage Foods deal collapsed.

Mark Kuhn is driven to speak because of a Dec. 18, 2016, front-page story in the Mason City Globe-Gazette, which attributed Alex's suicide to an ongoing struggle with depression. True, Alex had dealt with the fallout from a divorce and co-parenting his two young sons. He had at times seen a therapist and taken anxiety medication, but had no history of depression, his parents say. They say despite their disclosures to the newspaper about Alex being taunted and blamed for his vote, the writer chose to build a narrative around depression, enabling those who had hurt Alex to turn his suffering back on him. Now Mark Kuhn wants to give Alex a voice.

The failure of the Prestage deal inflamed politicians, agribusinesses, local business boosters and government economic development folks, Mark Kuhn says. But it was the wrath of those Alex considered his friends, particularly the mayor, that really hurt him.

Blodgett agrees, saying, "The mayor bullied Alex relentlessly."

"I certainly reject the accusation," responded Mayor Eric Bookmeyer. "Did we have frank conversations? Sure." But "I know that Alex had a lot of other stuff going on in his life. I don't believe under any circumstances that it was just one thing."

Debate divides the town

The Prestage plant was the biggest economic development prospect Mason City residents can remember. It had the vocal support and lobbying of the governor, the mayor and state and local economic development officials.

But as with anything involving hogs in Iowa, the proposal sparked controversy.

"If this processing plant is so good, why not put it in West Des Moines?" bristled state Rep. Sharon Steckman, a Democrat who represents Mason City, in an interview with me last May.

Bookmeyer, in an interview, called farming "our lifeblood," and said he saw an opportunity to help the city grow and use water and sewer systems that taxpayers were already paying for.

Mark Kuhn points out that farming was Alex's lifeblood, too. Both father and son became embroiled in the debate over Big Pork during their political careers. Mark Kuhn was in the Legislature in the 1990s when Gov. Terry Branstad and the Republican majority took actions to prevent neighbors of hog confinements from suing for nuisance and stripped localities of a final say on where confinements were placed. Kuhn was also in the Legislature in 2001 under Democratic Gov. Tom Vilsack, when lawmakers commissioned a study of proposed air pollution rules, which 27 state university scientists spent two years studying and signing off on. Yet repeatedly, in 2003 and 2008 (then under Gov. Chet Culver), the rules were voided by a legislative majority and sent back for further study to satisfy lobbyists, Kuhn says.

Prestage's interest in Mason City first became known to the mayor when state economic development officials contacted Chad Shreck, who heads the North Iowa Corridor Economic Development, on Dec. 17, 2015. Prestage officials arrived the next day. The mayor was excited. "This was not your everyday, average project," Bookmeyer said.

But the mayor doesn't get to vote. So after meeting company representatives, he called council members in a few at a time to rally them in favor, without revealing Prestage's name. Kuhn spotted it in February in the city manager's folder. As mayor pro tem, Kuhn was the first to be called in, along with Councilman Travis Hickey, who is also on the North Iowa Corridor board.

In February, the city's planning and zoning commission rezoned the area from farming to heavy industrial. Secrecy surrounding the move angered some residents, who later accused the council of flouting democracy and ramming the plant through without an independent environmental impact study.

Branstad and Prestage leaders went to Mason City in March to announce the plan, and the Iowa Economic Development Board voted to issue \$34 million in general obligation bonds to support it. After a six-hour meeting April 5, the council voted unanimously to set the terms for a development agreement. But Kuhn had reservations about them. He didn't necessarily oppose Prestage, people close to him say, but didn't think the city should give it a 50 percent tax abatement. And he was wary of the city offering \$15.5 million in tax-increment financing. Kuhn cited reports showing a 50 percent turnover in meat processing. He wanted to require a \$13-per-hour minimum wage, along with a 2.5-mile buffer zone preventing hog confinements around Mason City and Clear Lake.

"I didn't feel it was the role of local government to put that stuff in," Bookmeyer says, but he says he and city staff worked to accommodate Kuhn's concerns. Prestage committed \$1.4 million to Mason City schools over 10 years to help accommodate the expected influx of employees' children, including English-language learners.

On April 21, after a seven-hour meeting, Kuhn broke ranks with the five other council members to vote no on the agreement, noting Prestage had lowered its estimate of the number of hires to 1,772, split in two phases. He brought up odors from rendering, the cost of improvements to the water utility and the fact that Prestage hadn't promised to hire local farmers for feeding operations. And in reference to the hourly wages, he asked, "Does the industry deserve incentives for these kind of wages? Why do we have to give \$15.5 million to get it? I'm not going to vote for a development agreement at any cost." After the meeting, a local pork producer accosted Kuhn, accusing him of putting his career before the community, Mark Kuhn said.

On the day of the final vote, May 3, it was learned that Prestage's planned contribution to the schools fell short of meeting needs. Just before casting their votes, two other council members, John Lee and Bill Schickel, announced they were voting no. Everyone was shocked when the proposal failed, including Kuhn, several people say. Schreck says Kuhn had told him, "'There are five votes and you don't need me.'" Gary Schmit, Kuhn's boss at Henkel Construction, said, "He was hoping they would come back with answers."

#### Reaction spreads beyond Mason City

Opponents celebrated, but the governor told a press conference the City Council made a mistake. Ron Prestage, a principal in the company, blamed racism, and City Councilwoman Janet Solberg agreed. Iowa Economic Development Authority Director Debi Durham warned that Mason City would now be less attractive to site selectors.

Iowa Pork Producers Association CEO Pat McGonegle called it "a vote against agriculture" in the May 2016 Iowa Pork Producer newsletter. In the same issue, Kirk Leeds, CEO of the Iowa Soybean Association, declared that when leadership was needed, "a few elected officials ... apparently caved to a group of activists opposed to livestock production and Iowa agriculture."

The Globe-Gazette, which had editorially supported the project, lamented the "negative light" cast on the community and asked whether new information would change Kuhn's mind.

And Rick Mathes, a local Realtor with his father, Dick, and a Prestage booster on the city's planning and zoning commission, sent out a mass email declaring, "Prestage Blindsided." He organized a petition drive for a revote, and according to Mark Kuhn, would turn up at Alex's office to show him the names of important people who had signed it.

Mathes has since moved to Michigan, after concluding Mason City's future is bleak. He acknowledged lobbying Kuhn in weekly visits but called the idea of harassment "ludicrous."

The local chamber of commerce hosted a closed-door meeting June 2 hoping to resurrect the deal. Schickel was said to be reconsidering his vote, but Kuhn remained unsatisfied with the terms, according

to his friend Jodi Draper and others. "Alex wasn't against Prestage. He was against the process," she said.

On June 2, Prestage announced it was no longer interested in Mason City. In a written statement, it blamed misinformation for the vote.

Still, even after Prestage pulled out, Kuhn approached Schreck, the economic development director, wondering if there was a chance of continued negotiations. But Schreck said the company felt there was "too much animosity" toward it.

"He was made to feel he let people down," says Denise Kuhn, Alex's mother.

It's unclear whether the pressures Kuhn felt included fears the vote would affect his job at Henkel Construction. Schmit says Henkel probably was too small to have a role in the Prestage project, but Bookmeyer says the company might have benefited from side contracts. While Blodgett and others say Kuhn did fear for his job, Schmit insists: "There was no pressure at all on Alex from me."

#### A friendship strained

Alex Kuhn and the mayor had been so close, Bookmeyer says, that Kuhn had the code to his garage door, and stopped by regularly for a craft beer and a chat. "We were like brothers."

Mark Kuhn says his son had received frequent emails and text messages from the mayor's private email address. But "after the first no vote, he shunned Alex," Kuhn said. "Alex said, 'He shut me out.' " "We didn't communicate much," Bookmeyer acknowledged in an interview in February 2017. "He certainly knew I was disappointed." On May 11, Alex Kuhn got a call from the mayor that lasted 51 minutes. Mark Kuhn learned that from getting Alex's cellphone records after his death. The next day, Bookmeyer sent Alex an email from a private account that Mark later found, under the subject line, "So...?" It said: "AK, It is time to find out if you can lead or not." That was followed by a poem, "A Builder or a Wrecker?" containing the lines, "I can easily wreck in a day or two what builders have taken years to do." It referred to a wrecker "who walks to town, content with the labor of tearing down."

Asked about that, Bookmeyer said, "The point was, let's not lend voice to folks who don't have our interests in mind."

His message to Kuhn went on: "One ill-timed, politically expedient vote and commentary set off an amazing set of events. We talked about the repercussions yesterday but maybe you should read it for yourself."

Attached was an email from California developer Philip Chodur to City Administrator Brent Trout. Chodur was planning to develop a hotel as part of a downtown redevelopment project, but claimed the failed Prestage plan would make it harder to get financing and as a result, he was scrapping plans to add a floor.

However, even Councilman Hickey, who was at odds with Kuhn over Prestage, believes Chodur was using Prestage as an excuse for his failure to get financing.

Family and friends say in the last weeks of his life, Kuhn's mood grew darker and he rarely went out. He told his father he wasn't attending City Council meetings in person to avoid seeing Bookmeyer and Hickey. He also stayed away from Democratic functions, says John Stone, the Cerro Gordo County Democratic Party chairman. Kuhn told Stone the mayor was very mad at him.

"Alex wanted to be friends with everyone and help everyone," Stone said. "I would have attacked back. A lot of people would have."

Scott Tornquist, a former Mason City City Council member who left last May during his third term,

visited Mason City last June 29, and saw Alex Kuhn two weeks before his death. What most struck Tornquist was Kuhn saying he was grateful that Hy-Vee delivered groceries because he didn't want to be out in public running into people. "That was so diametrically opposite to who he was."

"For one and a half hours, he just unloaded," Tornquist said. "...He said he was catching unbelievable heat and pressure from both Eric (the mayor) and from Travis Hickey."

On July 5, Prestage announced it was going to locate outside Eagle Grove. The Mason City council met that night, with Kuhn participating by phone. Hickey singled him out in remarks when the council voted unanimously to grant Chodur an extension on the downtown hotel project. Noting Kuhn had been the council member most in contact with Chodur, he suggested a conflict of interest since Alex's employer, Henkel Construction, could get a contract for part of the downtown development project.

Blodgett last saw Kuhn 10 or 12 days before his July 15 death. He said during the last two months of his life, Alex made half a dozen stops at the Outing Club, a posh, members-only club near Clear Lake partly owned by Blodgett's family and frequented by Republicans. On the last two visits, he was more distraught than Blodgett had ever seen him.

"He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him," Blodgett said. "He said his life wasn't fun and he found it hard to get up in the mornings."

A week before Kuhn's death, Jodi Draper, who had made an unsuccessful run for city council in 2013, said Kuhn called her and asked if she had considered running again, for the at-large seat. "I said, 'Nobody's going to beat you.'" Now she believes he was already planning to end his life.

"The guilt I feel from that couldn't possibly be put into words," she said choking up. "You wish you could turn back time."

Both Tornquist and Draper had had their own run-ins with the mayor. Draper said she campaigned on giving voice to city employees, to whom she claimed Bookmeyer "was sometimes very mean and rude." At least one city employee filed a hostile work environment complaint against Bookmeyer, the Globe-Gazette reported in 2010. And North Iowa Today reported in 2014 that a lawsuit against the mayor and city council by Lionel Foster, the former director of the city's Human Rights agency, resulted in a \$240,000 settlement. Foster alleged race and age discrimination and retaliation for his civil rights investigations. One of his claims was that Bookmeyer had refused to reappoint three of his commissioners, telling one, a woman, that he wanted younger commissioners with fresher perspectives.

Tornquist said he too felt pushed "to the brink" in his council position, and like Kuhn had thoughts of ending his own life. He said on one occasion, Bookmeyer put him on a committee to look at the future of the city sanitation department, and Tornquist felt he "stacked the deck to get the outcome he wanted," to keep the budget down. Then he learned the press and public were excluded. After more incidents, he left for Indianapolis.

"My wife and I were trapped in our own house. We couldn't go out to dinner," said Tornquist, about having to face constituents after being associated with such tactics.

"I think of Alex every day," said Tornquist. "How could I have not seen it? But nobody saw it in me."

Bookmeyer has his defenders. Council member John Lee was one of the three to change his mind at the last minute and vote against Prestage because of the funding shortfall with the schools. But he says, "The mayor never put undue pressure on me or called to say, 'What the hell are you doing?'" Hickey, who says he, like Bookmeyer, felt "let down" by the vote against Prestage, observed, "As a part-time mayor, Eric takes his role very seriously and does a very good job lobbying folks to go in whatever direction he thinks would be good for the community."

## Kuhn's last days

On July 12, Mark Kuhn attended Alex's 11-year-old son's Little League game and sat with Alex on the bleachers. "I could tell there was really something wrong," he said of Alex's withdrawn mood. "He believed it was all his fault that the community was so divided. When I told him 'No way, most people in Mason City think you are a hero for standing up for what you believe is a bad deal,' Alex replied, "'That's not what I hear from some people in the business community I work with.'" The Kuhns later learned from his calendar that Alex had plans to see his counselor on Thursday, July 14, (the counselor declined to answer my calls) and also to meet Hickey. "He woke up on the 14th and the very first thing he did was a Google search on conflict of interest legislation," said Mark Kuhn, referring to the other councilman's accusations.

Hickey says Kuhn showed up unexpectedly at his office that day. There had been tension between them, Hickey acknowledged. "We were on opposite sides. I was frustrated with his vote."

During a previous lunch meeting, Kuhn had expressed dismay at Hickey's allegation but neither mind was changed, Hickey said. But calling Kuhn "one of the nicest guys you'd ever want to meet," he said Alex wasn't angry.

On that day Alex also called his employer to say he wouldn't be attending a scheduled pontoon boat ride with the company that evening, according to a cell phone log of Alex's shared with me by his father. Instead, he stopped by his parent's farm and stayed for dinner, seeming OK but revealing little.

He left early, saying he'd see them the next day. They had weekend plans with his two sons.

At 7:12 p.m. he tried to call the mayor, whom he had also messaged late that morning, according to the phone records. The log didn't show what the text said. Asked about that, Bookmeyer emailed me, "I don't believe we spoke, but I sure wish we would have, to have known where he was in his mind." He said he had last seen Alex in his office a number of days earlier. "He wanted to know how I was," Bookmeyer said. "I told him I need time."

Alex then exchanged some text messages with a woman he had dated. She declined to talk to me, but the Kuhns, who are in touch with her, say she had no prior indication of his plans. Then he repeatedly watched a short compilation of clips from the TV series, "Breaking Bad" that had been posted on YouTube. Called "Jesse Pinkman: Civilian," it involved some emotional encounters between a remorseful young man, Pinkman, and the former chemistry professor he had teamed up with to cook meth, Walter White. At the end, Pinkman held a gun to White's face, and White held a gun to his own forehead, urging Pinkman to kill him. A shot was fired.

Earlier, Pinkman called himself "the bad guy," and told White, "Since I met you, everything I've ever cared about is gone. ... I have never been more alone!"

On July 15, Henkel officials showed up at the Kuhn farm wondering where Alex was, since he hadn't turned up for a presentation related to a hospital expansion project. Denise Kuhn drove over to his place, where Henkel CEO Schmit and another employee also showed up. She told them he wasn't there, but one of them went into Alex's room, she said. After picking up Alex's sons, his mother took a different route home, checking the ditches in case he'd had a car accident.

Back home, she asked Mark to check their guns. He discovered a .22-caliber pistol missing. They called police.

It was around noon when the sheriff and a deputy arrived to say they had found Alex's car and body at the end of a dead-end road near a recreation area north of Marble Rock, which is about halfway between their two homes. An autopsy revealed he died from a bullet fired from the gun taken from his parents' cabinet. There were no drugs or alcohol in his system. He didn't leave a note, and was wearing

the same clothes they had last seen him in, leading the Kuhns to believe he never went home the night before.

“We can all say there were times he was pretty upset and down about some things,” said Denise Kuhn. “But I never, ever could have imagined this.”

#### The aftermath

Former Sen. Harkin gave a eulogy at the funeral. Former state Sen. Jack Hatch, who served alongside Mark Kuhn in the Legislature, dedicated his new book “No Surrender” in part to Alex, saying he showed courage with his vote. “Not everyone agreed with Alex’s principled stand, and he took the brunt of public and private scrutiny,” it reads. “He became depressed and was unable to reconcile the differences.”

At the Kuhns’ behest, Blodgett notified the mayor that he would not be welcome at Alex’s funeral. But Bookmeyer said he attended anyway.

Bookmeyer says he was devastated by Kuhn’s death. Asked if he believed Kuhn was bullied, he referred to Prestage opponents, saying, “We were all bullied.”

Max Weaver, a former Mason City council member, says: “Alex was on the brink. Bookmeyer pushed him over.”

In January, Bookmeyer announced he won’t seek re-election in November. He called 2016 “rough,” and noted Alex Kuhn’s contributions to moving the city forward. Asked why he wasn’t running, Bookmeyer told me he had no further political ambitions, and was ready for a new career. He said Alex knew that was his intent.

#### Postscript

It would be irresponsible to blame others for someone’s suicide without hearing a cause in the deceased person’s own words. But as Draper, who works in the mental health field, points out, there can be triggers in the same way that smoking can contribute to the risk of cancer.

Everyone has different triggers, and everyone has periods of particular susceptibility to being demeaned, shunned or blamed. We live in an era when gossip, lies and rumors, spread through social media, can swiftly destroy reputations, careers and relationships. Schools and communities are finally focusing on the effects of such bullying on children. But adults are not immune.

People who go into public service to make a difference sometimes find themselves confronting powerful vested interests, and then back away from a fight. Alex Kuhn neither backed away nor wanted a fight. He wanted to do right by everyone: his constituents, his family, his job, colleagues and friends. One of the tragedies of politics is how limited a space there is for that — and how devastating it can be to an idealistic leader to find out.

“He said he was having a hard time accepting, and dealing with ... the way some people were showing such malice toward him. He said his life wasn’t fun and he found it hard to get up in the mornings.”

TODD BLODGETT, A FRIEND OF ALEX KUHN

DMR Iowa View: On abortion, liberals cite science fiction

By: Joel Kurtinitis



The growing tension between moral relativism and scientific absolutism has produced two related effects on the left: a growing rift between liberal politics and the scientific community, and the insecure, blustery hollering of the word “science” by progressives — as if repeating it three times in a mirror will summon Bill Nye in a lab coat to validate their worldview.

There’s laughable irony in liberal attempts to squeeze science into the frock of their relativistic priesthood: Science — real science — is consummately objective. It doesn’t care about your feelings, your politics, your identity, or your faith. Science is observable, testable, repeatable, falsifiable.

Even casual political observers will note that leftists rarely seek — or present — specific evidence to back their claims anymore. Rather, their continual allusion to “science” is only an appeal to authority, whether applied to climate change, vaccines, GMOs or abortion.

Such appeals abound in abortion defense pieces like the March 31 column “Myths like life at conception don’t belong in the law.”

In it, Rekha Basu opines that a prolife legislator “is free to believe whatever she wants as a matter of personal faith. But that doesn’t justify the distortion of scientific fact or the imposition of religious beliefs on the public.”

But life at conception isn’t rooted in abstract notions like faith or values — it’s rooted in basic, high-school biology.

It’s amazing that, after decades of pushing sex ed in classrooms across America, liberals still can’t figure out what pregnancy is.

The article quotes Richard J. Paulson of the American Society for Reproductive Medicine: “Life is a continuum,” Paulson wrote. “The egg cell is alive, and it has the potential to become a zygote (a single-celled embryo)” if fertilized by sperm. The resulting cell is also alive, but “from a biological perspective, no new life has been created, because it is nearly identical to the egg cell.”

There’s some good science in the above statement, but there’s also a lot of nakedly unscientific editorializing and deliberate misdirection.

Is life a continuum? In Mufasa’s Circle of Life sense, sure.

In any meaningful scientific sense, absolutely not.

We are conceived, we grow, we are born, we live, we die. Our physical existence has a definite beginning and end.

Science.

Your body can be distinguished from another person’s body by a unique genetic marker known to us as DNA. Sperm cells and egg cells contain only the respective parent’s DNA. Once a zygote is formed, a new organism (read: new life) with DNA distinct from both parents is present within hours of conception. If DNA can convict a murderer for a crime 50 years ago, it should be ample evidence of a new human life in the womb.

Because science.

This new entity is the earliest stage of human life. Prior to this, all cells involved were parts of the parent. A new genetic signature means a new, developing, genetically human organism, whether it looks “nearly identical to the egg cell” or not.

More science. Anyone — scientist or not — attempting to add ambiguity to this simplest of biological

truths has an agenda.

Like maybe, I don't know, making money on reproductive tech, or raking in \$127 million in "family planning" profits.

Here's another biological reality: Abortion doesn't "terminate a pregnancy" or "remove the product of conception." It kills developing human beings. That's why Planned Parenthood workers caught in the Center for Medical Progress' 2015 sting operation were shown sorting through refrigerated pans of tiny human arms and legs, discussing organ value.

If you're going to advocate for something so brutal, at least be honest about it and don't hide behind terms like "women's health" or "reproductive rights."

The political left is losing their war on science, because they aren't interested in genuine discovery or progress, only in using it as a cloak to push their own religion — yes, secular humanism is a religion— on those of us who believe every human being is endowed by our creator with an inalienable right to life.

DMR: Grassley pledges to preserve filibuster for legislation

Sen. Chuck Grassley said he doesn't expect any fallout for the future of the U.S. Supreme Court from Senate Republicans' decision to use the "nuclear option."

"It isn't going to change anything whatsoever, because for the first time in the 228-year history of our country, there's a partisan filibuster of a Supreme Court judge. So, this is the first time in 228 years, so if we aren't going to do it anymore, it's not going to be any different than it's been for those 228 years," he said in an interview Thursday.

Got that? In essence, Grassley's saying one bad apple don't spoil the whole bunch, girl.

(But if he actually said that, he'd correct the grammar and credit the Osmond Brothers.

And he wouldn't call me "girl." He's no dummy.) I watched on C-SPAN as history was being made, or unmade, depending on your perspective. Republicans and Democrats alike got up and recited the details of decades-old partisan grudges like a mournful Greek chorus. This isn't one bad apple. The whole barrel is rotten.

I tend to agree with Grassley that this wasn't about Justice Neil Gorsuch, not really.

He's conservative, to be sure.

But Democrats' best efforts to paint him as a corporate shill or heartless ideologue fell flat, in my estimation. He's qualified to serve and his addition to the court does not obviously change the balance that existed before last year's death of Justice Antonin Scalia.

Mostly, this was about Republicans' decision last year to make history by refusing to bring up President Barack Obama's nomination of Judge Merrick Garland. They blamed that on Democrats by inventing the so-called "Biden rule" that never actually delayed any justice's confirmation. It was indeed deplorable, but it worked and is now the standard.

It's all about power and the Republicans have it. So you might think it would follow that Republicans like Grassley don't fear partisan fallout on issues like tax reform or infrastructure because they can also eliminate the filibuster on legislation.

Grassley says no. He said Thursday he just signed a letter being circulated by Sen.

Susan Collins, R-Maine, saying he wouldn't vote to change the 60-vote rule for legislation.

"Because the only significant difference between the House and Senate is that in the House of Representatives, the minority has no rights. As long as the majority sticks together, they can run roughshod over minorities," Grassley said.

Guess he knows from experience what that looks like.

He said it's only happened twice during his 40 years in office that one party has held 60 seats. "If you want minorities to have any voice whatsoever in the legislative process, the only place that can be done is in the United States Senate," he said.

The real power in the nuclear option is the threat of mutually assured destruction. Both parties can imagine they'll eventually be in the minority and will have to live with whatever rules they impose while in the majority.

When it comes to judicial appointments, though, the bombs have already fallen enough times to make the threat seem weak. When a president campaigns on a list of names of potential Supreme Court nominees, as Trump did, there's no expectation of bipartisan support.

Presidents and senators say they want an independent judiciary, but that's true only if it means the courts will reliably support their partisan agenda. Meanwhile, the public's confidence in the courts continues to erode. This is the real danger of nuclear fallout. The damage lasts for generations.

Grassley says one remedy to that is his legislation to allow cameras in the Supreme Court. "I think TV in the courtrooms would help. Let the public know more about how it works," he said.

The Iowa Supreme Court started holding oral arguments on the road so people across the state could attend and learn more about how the court works, Grassley noted.

It's a good idea for many reasons. For one thing, voters might realize they need to hold their legislators accountable for writing clear, unambiguous laws. The old saying "garbage in, garbage out" may have been coined to describe the effect of bad data on computer programming, but it applies to our legal system. Poorly written laws lead to poor judicial rulings.

But real-life court is nothing like the dramas on TV. People other than hardcore court watchers will soon tune out. Video clips taken out of context may show up on the internet and, you guessed it, political campaigns. TV is not a cure for getting politics out of the courtroom.

Meanwhile, we don't know how long the tattered remnants of the filibuster will stand. I'm all for bipartisan cooperation, but there's something to be said for forcing the majority party to be entirely accountable for its action — or inaction.

DMR: DEATHS IN BONDURANT FAMILY MEMBER TURNS HIMSELF IN

»

Police, others allegedly told: 'I killed three people last night'

»

Material witness on suicide watch after surrender in Missouri

CHARLY HALEY AND KIM NORVELL

CHALEY@DMREG.COM

A Bondurant man considered a material witness in the killing of his parents and sister allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy. Chase Marcus Nicholson, 20, approached Wal-Mart employees in the small southwest Missouri town about 12 hours after his family members were found dead in their Bondurant home. Kennedy said Nicholson allegedly told the Wal-Mart employees the same thing he told police.

Polk County authorities were expected to arrive in Neosho late Friday to question Nicholson in connection to the killing of his parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24. They were found dead in the family home in the 9700 block of Northeast 88th Street, said Lt. Rich Blaylock, spokesman with the Polk County Sheriff's Office.

Chase and Tawni's cousin Seth Nicholson, 28, of Des Moines, said Tawni was at the house to help plan her brother's 21st birthday party.

Nicholson turned himself in at about 10 a.m. Friday in Neosho, a town of 12,000 people about a 5 1/2-hour drive from Bondurant. He is in custody in the Newton County, Missouri, jail and was on suicide watch, Kennedy said.

Seth Nicholson, one of Chase's cousins, said Friday that Chase Nicholson had been treated for mental illness for many years.

"His entire life has been a giant adjustment," he said. It was 9:30 p.m. Thursday when Polk County deputies went to the Nicholsons' home to conduct a welfare check, which may have been prompted by a friend who had spoken to Chase Nicholson. Investigators cleared the scene late Friday morning. Blaylock declined to say how the victims were killed. The Nicholsons were remembered fondly by neighbors and co-workers.

Charla Nicholson had been a teacher at Des Moines Public Schools since 1986, the school district confirmed. She worked with Goodrell Middle School students until the fall of 1999, when she moved over to Cattell Elementary. Cattell Principal Tiona Sandbulte said Charla was a dedicated teacher who loved her students. She most recently worked with children in kindergarten and first grade as an intervention teacher, who met with students who needed extra support with reading or math. She also helped monitor lunch time.

"The kids looked forward to her coming in," Sandbulte said, adding that Charla would often joke with students. "She just sparkled. She's just so great with the kids."

Charla was adored by co-workers and was always willing to help her colleagues when needed, Sandbulte said.

The school district is making counselors available to help students and staff cope with Charla's death, Sandbulte said. Cattell also planned to email students' families.

Charla's daughter, Tawni, was just starting her career at an area insurance company after graduating from Iowa State University in August, a neighbor said.

She received a bachelor's degree in business with a major in marketing, said university spokeswoman Annette Hacker.

Kali VanBaale, who lives across the street from the Nicholsons, said

## AP: ISU ROTC TACKLES SOCIAL POST FALLOUT

Cadets' explicit photos cause annual dinner to be canceled

RYAN J. FOLEY

### ASSOCIATED PRESS

The commander of a military training program at Iowa State University canceled an annual formal dinner Friday after news broke that explicit photographs of some male cadets had been posted on Facebook.

Capt. Scott Curtis sent an email to the Naval Reserve Officer Training Corps saying he was calling off Saturday's "Dining In" event in light of publicity about the incident, which a Navy spokesman said involved seven male cadets who were "willing participants" in inappropriate behavior around campus and online.

Curtis said the decision was unfortunate, and he warned students would likely not be refunded the full cost of tickets they bought for the dinner for upperclassmen, alumni and retirees.

"My overarching goal is to ensure that all of you personally, as well as the reputation of the Cyclone Battalion as a whole is protected to the maximum extent possible given the current media situation," Curtis wrote.

The Associated Press reported Thursday that explicit photos were taken of some cadets around campus on March 4 and posted to the Facebook page of a student group connected to the program.

Lt. Sean Brophy, spokesman for the Naval Service Training Command, said other students did the right thing by reporting the photos to program leaders.

The Navy said "appropriate administrative actions" were taken against the midshipmen, who remain with the program. Curtis apologized to Iowa State leaders.

Curtis said the incident doesn't "reflect on the Character of this Battalion — how we respond and move forward does." He called the group fantastic and urged members to "dust yourselves off and move on." A separate email sent by a student leader instructed students in the battalion to decline comment and inform program leaders of any media inquiries.

DMR: Grassley, Ernst back U.S. strike on Syria

LINH TA AND JASON NOBLE

LTA@DMREG.COM

Iowa U.S. Sens. Chuck Grassley and Joni Ernst each voiced support for airstrikes launched late Thursday against a target in Syria. Grassley, in a statement released Friday afternoon, called the airstrike ordered by Republican President Donald Trump "appropriate" following Syrian leader Bashar al-Assad's apparent use of chemical weapons on civilians.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said.

“The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate.”

He added that the president now must “develop a comprehensive strategy” for ending the six-year-long civil war.

Ernst, meanwhile, praised the strike within hours of its announcement on Thursday, crediting Trump with showing “global leadership” in a statement that also described Assad as a war criminal. “This has been a tragic reality for the past six years and has gone on far too long,” she said. “Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis.” Both of the Republican senators’ statements represent an evolution from 2013, when Assad previously deployed chemical weapons and then-President Barack Obama, a Democrat, proposed a military response. “I don’t think the case for military action has been made. ...” Grassley said in a September 2013 statement. “If the goal is to deter and degrade Assad’s ability to use chemical weapons, how would a limited strike achieve this goal? What are the risks of military action? What is the U.S. national interest in striking Syria?”

That same month, Ernst — then a state senator and a candidate for U.S. Senate — said Obama had not made the case for “why it is in our vital interests to use force in the midst of Syria’s ongoing civil war.”

Grassley’s office clarified the senator’s shift in viewpoint in a statement to the Register, arguing that Trump’s strike was a single, clear action to disrupt Assad’s ability to launch another chemical weapons attack. Obama in 2013, by contrast, considered a wider military action “but the goal, strategy and plan were unclear.”

“Congress and the American people deserve details on the mission, and the plan to achieve it, before entering into a possible long-term conflict, regardless of which president is in the White House,” spokesman Michael Zona said. In a CNN interview on Friday, Ernst likewise argued that Trump has made the case for Thursday’s strike in a way that Obama did not four years ago. “He has laid out the case — humanitarian atrocities of course, and the use of chemical weapons — and we also have ISIS engaged in that region,” she said. “We simply do not want to see chemicals fall into the hands of ISIS operators. There’s an ongoing civil war and that paired with the ISIS threat makes it even more imperative that we make sure we’re destroying any of those deliver systems.”

Another Iowa member of Congress, U.S. Rep. Rod Blum, praised Trump’s “decisive leadership” in a tweet late Thursday, but he said if there was to be a sustained military effort, the president should seek congressional authorization.

Trump ordered the strike against Syria late Thursday in retaliation for the chemical weapons attack that killed 86 people on Tuesday.

The attack, the first conventional assault on another country ordered by Trump, comes a day after he declared that the chemical weapons assault had “crossed many, many lines,” including the deaths of 27 children.

The 59 missiles, fired from the destroyers USS Porter and Ross in the eastern Mediterranean Sea, struck the airfield where Syria based the warplanes used in the chemical attack, according to Navy Capt. Jeff Davis, a Pentagon spokesman.

The missiles destroyed aircraft, hardened hangars, ammunition supply bunkers, air defense systems and radar at the Shayrat Airfield, according to USA TODAY.

DMR: MATERIAL WITNESS IN KILLINGS TOLD COUSIN HE ‘DOESN’T FIT IN SOCIETY’

LINH TA

LTA@DMREG.COM

For Chase Nicholson's entire life, he's struggled with feeling adequate, his cousin Seth Nicholson of Des Moines said Friday. That struggle also caused friction between him and his family, the 28-year-old said. "His entire life has been a giant adjustment," Seth Nicholson said. Chase Marcus Nicholson, 20, is considered a material witness in the killing of his parents and sister in Bondurant on Thursday night. Chase Nicholson approached Wal-Mart employees in Neosho, Mo., about 12 hours after his family members were found dead in their Bondurant home. He allegedly told police, "I killed three people last night" as he turned himself in, said Neosho, Mo., Police Chief David Kennedy.

His parents, Mark Alan Nicholson, 58, and Charla Lee Nicholson, 56, and his sister Tawni Alexis Nicholson, 24, were found dead in the family home in the 9700 block of Northeast 88th Street, authorities said.

At about 4 a. m. Friday, Seth Nicholson said, his mother called his wife, Kelsea Nicholson. She was bawling on the phone and told them about the deaths. However, she also warned them to lock their doors. "She said every one of them is dead," Seth said. "It was a nightmare."

Chase had been living with his parents in Bondurant. Seth Nicholson said police told relatives that Chase had stopped at a friend's house after the slayings and told him he killed his family. Then he drove south. "His friend called the police just to make sure it wasn't just a story," Seth Nicholson said. The call apparently prompted the welfare check on the Bondurant home.

The last time the family heard from the three victims was around 8 p. m. Thursday, Seth said.

Tawni, who graduated from Iowa State University in August, was at her family's home in Bondurant to help plan her brother's 21st birthday party. It was supposed to be in conjunction with the family's Easter celebration.

Her last text to a family member was discussing plans for the party.

"Tawni was there to plan the birthday party," Seth said. "She was there to help him." Chase Nicholson stayed at Orchard Place, a Des Moines charity that provides mental health treatment for children, from age 16 to 18, his cousin said. He went to school in the Bondurant school district and later attended an area private school.

Seth said Chase seemed to do well at Orchard Place.

"He was good for a little while, and then the assault happened with dad," Seth said, referring to Chase Nicholson's arrest in 2014.

A criminal complaint filed in that incident alleges Chase Nicholson threw a piece of metal from a fireplace set at his father on May 10, 2014. Mark Nicholson was cut on the left side of his face, by his left eye. Chase, who was 18 at the time, told officers that he had thrown a soccer cleat at his dad and said that could have caused the cut, according to the complaint. The criminal charge was eventually dropped.

But Chase was often easy to talk with, his cousin said. During family gatherings, he was upbeat and smiling.

"You would never know he had these issues," Kelsea Nicholson said.

After becoming an adult, Seth Nicholson said, Chase has been in and out of mental health treatment.

Nicholson said he had a hard time finding a hospital that would allow him to stay for longer than 24 hours.

In the fall, he was enrolled at the Ankeny Des Moines Area Community College campus studying computer programming.

He did not return for the spring semester because of complications with his mental health, Seth said. He had been working at a local Wal-Mart.

Seth said Chase Nicholson looked up to him, since they grew up together and he was a few years older than him.

He would confide to him about his thoughts, Seth said. He said Chase liked video games and listened to “headbanging” music. He was also interested in weapons, including knives.

Two weeks ago, Seth said, he spoke with Chase on the phone. He said Chase confided in him and told him he “doesn’t fit in society.”

Seth said the family has no ties with people in Missouri, so they’re unsure why he ended up there.

A vigil will be held on Saturday in Bondurant to remember Mark, Charla and Tawni.

It will be held from 7: 30 to 8: 30 p. m. outside Bondurant- Farrar High School at 1000 Grant Street North in Bondurant.

Seth said the tragic story demonstrates the importance of mental health care. He said he was concerned about Chase’s future.

“It is just a classic story of good people who had something really bad happen to them,” he said. “I don’t think he knows peace. I don’t think he’s ever met it.”

DMR: Iowa Senate confirms three appointees to regents board

JEFF CHARIS- CARLSON JCHARISC@PRESS-CITIZEN.COM

The Iowa Senate voted Wednesday to confirm all three of Gov. Terry Branstad’s appointees to the board that oversees Iowa’s three public universities.

In a series of 49-0 votes, the senate approved Branstad’s decision to appoint two former state lawmakers — former Rep. Nancy Dunkel, D-Dyersville, and former Sen. Nancy Boettger, R-Harlan — to the nine-member Iowa Board of Regents. Boettger and Dunkel will join board May 1, replacing regents Bruce Rastetter and Katie Mulholland, whose six-year terms expire April 30. Rastetter did not seek a second term, and Mulholland was not reappointed to one.

In another 49-0 vote, the senate confirmed Wednesday the reappointment of regent Sherry Bates, who has served on the board since 2015 and who heads the board’s Campus and Safety Subcommittee. When reappointing Bates in March, the Governor’s Office said she deserved a full, six-year term on the board. The Senate also voted 49-0 last month to confirm last year’s recess appointment of Regent Mike Richards, who has been serving on the board since May 2016. As with Wednesday’s confirmation vote, there was no debate. Wednesday’s vote will change the gender balance on the board after May 1 to five women and four men, but the partisan balance on the board will stay the same: five Republicans, one Democratic and three independents. With Rastetter and Mulholland stepping down, the board will be without a president and a president pro tem. A new leadership election will need to take place on or after May 1. One of the new board’s first tasks will be to find a replacement for Iowa State University



President Steven Leath, who is leaving to become president of Auburn University in Alabama.

Regent Larry McKibben, who served in the Iowa Senate from 1997 to 2008, described Boettger as “the leader on issues of education and educational finance.” He said both former lawmakers are “highly qualified appointees.”

“I care very much about the system,” Boettger told the Register in an earlier phone interview. “Iowa State is what brought me to Iowa in the first place. The state is known for quality education. I want to make sure it stays that way.” Boettger said she plans to learn as much as she can from her fellow Harlan resident, Mary Louise Petersen, who served as president of the regents from 1973 to 1981. Dunkel, a Democrat who served in the House for four years, is a retired banker and a former board member of Iowa Student Loan Liquidity Corporation and the Iowa Values Fund board.

She told the Register that she views Iowa’s public universities as a key part of Iowa’s economic development landscape “in terms of their research and in terms of their business incubators.”

“Have the colleges been not given enough money? Sure. But you know you can say that about a lot of other departments as well,” Dunkel said. “Our job is to make sure they are doing the best they can with the money they are getting,” Dunkel told the Register she initially had been contacted by Lt. Gov. Kim Reynolds to inquire whether she was interested in the position.

Once she agreed, the governor called later that day to make the offer.

With Branstad scheduled to be appointed as the next U.S. ambassador to China, Reynolds will take over the governor’s responsibilities.

The governor office said the choice of appointees was made collaboratively.

“Like all of our appointments the past seven years, they were all decided upon together by Gov. Branstad and Lt. Gov. Reynolds,” Ben Hammes, a gubernatorial spokesman, said Tuesday via email last month.

DMR: Lawmakers promise to protect credit for poor families in tax reform efforts

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

Iowa lawmakers promised to protect a popular tax credit benefiting more than 220,000 low-income working families in their effort to reform the tax code. House Appropriations Committee Chairman Rep. Pat Grassley, R-New Hartford, said at a subcommittee meeting Thursday the Earned Income Tax Credit, along with another that benefits community colleges, would be held harmless as lawmakers work to cut back state spending on tax credits. Grassley said he heard from legislators, advocates and others who opposed reducing benefits under the Earned Income Tax Credit, which primarily benefits those living in or near poverty.

“You have to weigh how difficult of a vote that is versus the savings that you’re going to achieve,” he said. “And I just think that this point, there wasn’t the appetite to take that on.”

Grassley recently introduced House File 187, which would cap and gradually reduce the total amount the state spends on tax credits, funneling the savings into a state account for an as-yet undetermined purpose. It also would roll back some of the most generous benefits associated with some credits, which result in refund checks for individuals and companies that have no tax liability.

But, he said Wednesday, it became too difficult to put an overall cap on state tax credit spending, which has ballooned by about 180 percent since 2005. Instead, he plans to look at each tax credit individually and find ways to cut back.

According to data from the Department of Revenue, the total value of state tax credits has grown from about \$153 million in 2005 to an expected \$427 million in 2018.

The state spends more on the Earned Income Tax Credit than any other on the books. During the 2016 budget year, it totaled \$71.9 million. That's projected to grow to \$76.3 million in 2021. About 71 percent of those credits were claimed by taxpayers with an adjusted gross income of less than \$25,000.

Rep. Chris Hall, DSioux City and the top Democrat on the House Appropriations Committee, said he supports taking that credit off the table, saying it has been "extremely effective" at accomplishing its intended purpose.

After a year in which spending outpaced revenue by about \$250 million, Hall and other Democrats have pushed for a review of tax credits as a way to save money and shore up the state's budget. But Republicans say cutting back on tax credits would provide savings that could be used to balance out a future tax cut.

"If the goal is tax reform, then you need to begin to achieve the savings from the tax credits, in my opinion," he said.

Hall said he disagrees with that approach.

"We need to make sure that this conversation is linked directly to improving and making the state's budget more sustainable, balanced, transparent and predictable," he said.

DMR: Templeton Rye one step closer to distilling whiskey in Iowa

Iowa-based manufacturer breaks ground on \$26M, 99,000-square-foot complex

THE DES MOINES REGISTER

Templeton Rye, the Iowa-based whiskey manufacturer, has broken ground on its new \$26 million distillery building in Templeton, Iowa.

The new 99,000-square-foot complex includes a 34,500-square-foot distillery as well as a museum and barrel-aging warehouse.

It's expected to be completed in the fall of 2018.

The new facility may muzzle critics who claim Templeton had been misrepresenting its liquor by labeling it as "small-batch rye" and "made in Iowa," when it actually was made from a stock whiskey distilled by MGP Ingredients in Indiana. Complaints culminated in a series of lawsuits over the whiskey's authenticity, which the company settled in 2015 with promises to change its marketing materials and bottle labeling.

Templeton Rye has six fulltime and about 10 part-time employees, the company said.

The distillery project will add 27 jobs and will be able to produce 500,000 proof gallons of rye whiskey annually.

The aging warehouse will be able to store 40,000 barrels.

DMR: Casino in Clinton debuts simulcast horse, dog racing

LINH TA

LTA@DMREG.COM

Iowans looking to bet on video simulcasts of horse and dog races will no longer have to go to a casino with live racing to make their wagers. On Friday, Wild Rose Casino & Resort in Clinton began to offer off-track betting, including races from Santa Anita Park, Aqueduct, Keeneland and Oak Lawn. It's the first state-regulated Iowa casino without live racing to offer off-track betting. "It's something new and fresh we're offering to people on the eastern side of the state," said Tom Timmons, president and chief operating officer of Wild Rose Casinos. "We're hoping to attract people from Clinton and the Quad Cities." The Iowa Legislature agreed in 2014 to allow state-regulated casinos that do not offer live racing to take bets on simulcasts of horse and dog races as part of a broader bill that permitted the state's greyhound tracks to stop offering live racing. The simulcasts are offered through a hub hosted by the Iowa Greyhound Association, which is operating the Dubuque dog track. Iowa's only other recent greyhound track, Bluffs Run in Council Bluffs, shut down in December 2015.

The greyhound association will receive a share of the revenues.

Previously, the only Iowa gambling operations that offered wagering on simulcasts of horse and dog races from outside tracks were Prairie Meadows Racetrack and Casino in Altoona and Iowa Greyhound Park in Dubuque, along with Meskwaki Bingo Casino Hotel at Tama. The Meskwaki casino, which is regulated by a tribal gaming commission, has long been allowed to offer off-track wagering under provisions of the federal Indian Gaming Regulatory Act.

For its debut, The Wild Rose will offer races from 16 different tracks across the country.

People interested in making bets will go into the Coaches Corner — Wild Rose's sports bar and grill. The area includes 56 new televisions including 16 screens that combine for theater-style viewing. Each booth includes screens for watching races.

Patrons can purchase a program and then let a clerk know what they're interested in betting on. They will receive a ticket and can either stay or leave Coaches Corner.

The wagering is parimutuel and people are not betting against the house. The casino will take a cut of the winnings, while the rest will be dispersed towards the winning tickets, Timmons said.

"We're excited," Timmons said "Got everything finalized and tested everything."

Timmons said they may expand simulcasting to its Jefferson and Emmetsburg locations.

"We'll be watching and see how it goes," Timmons said. "There is an investment with it."

The casino will feature the Santa Anita Derby on Saturday.

DMR Editorial: Is Harreld proposing merger or hostile takeover?

This isn't the way to unify the UI foundation and alumni

Perhaps it makes sense for the University of Iowa Foundation to merge with the school's alumni

association.

But it seems odd that the school's president, Bruce Harreld, is the man who has decided to make that happen; that he hasn't given much of a rationale for it; and that he's already decided, on his own, who will lead the new organization.

Stranger still, he has done all of this without consulting with the alumni group, leaving its leaders "shocked" by Harreld's actions.

It's important to remember the entities — the school, the foundation and the alumni association — are separate and distinct entities. The University of Iowa is a public institution dedicated to higher learning and run by the Board of Regents. The foundation and alumni groups are two separate, private, tax-exempt organizations run by their own boards of directors.

Obviously, the three have common interests and they collaborate and coordinate while pursuing their individual goals. But they have missions that are fundamentally different. The school exists to educate students; the foundation exists to raise money for the school and the University of Iowa Hospitals; and the alumni association exists to strengthen the school through recruiting, alumni events, networking opportunities and career programs.

Last fall, Harreld asked the leadership of the foundation and alumni association to form a committee that would explore ways the two organizations could work together in supporting the school. He said that after reviewing the committee's recommendations — none of which involved a merger — he decided to "create one, new, unified organization," citing their "overlapping missions and aspirations."

But the report on which Harreld claims to have based his decision doesn't actually recommend the merger of the two organizations.

Still, Harreld says a newly created, single entity will better serve the university by creating "more meaningful alumni engagement and increased philanthropic support" — although it's not clear how that would occur. There's no question the alumni and foundation have overlapping objectives, but they are fundamentally different organizations. The foundation, for example, employs 233 people and recently completed an eight-year fundraising drive by securing almost \$2 billion in pledges. The much smaller alumni organization has 25 employees and one of its biggest contractors is the foundation, which was paid \$137,000 last year for information-technology services.

To put the size of the two organizations in perspective, consider this: Last year, the foundation spent \$124 million, while the alumni association's total spending for the year was \$4 million. In fact, the foundation's fundraising budget was more than three times the total spending by the alumni group.

Can the two be merged without the alumni association losing its identity and focus?

Perhaps. But it's easy to see why the alumni organization's leaders are worried.

"The alumni association's board of directors was not aware that (Harreld) was going to make that decision until the day he did," Clare Kelly, chairwoman of the association's board of directors, told the Cedar Rapids Gazette. "We are not happy with the manner in which it's been handled."

And Harreld has done more than decree that these two nonprofits be combined. He has also decided that once merged, they will be led by Lynette Marshall, who now earns more than a half a million dollars annually as the foundation's president and CEO.

Harreld has also instructed the association to stop accepting new members and stop collecting membership dues.

"The board didn't vote on those decisions," Kelly told the Gazette. At this point, Harreld's "merger" looks

more like a hostile corporate takeover than a mutually agreed-upon consolidation. It's almost as if the two charities' boards of directors have no say in the fate of their organizations or their leadership, and their bylaws are utterly meaningless. If that's the case, the Internal Revenue Service should take a close look at their tax-exempt status and ask why it is that the head of a public university can, by his own edict, reorganize or dissolve these two independent, nonprofit organizations.

A merger might make sense, but the manner in which this one is being pursued does not.

DMR Iowa View: Women deserve to receive equal pay for equal work

This column was signed by Iowa state Sens. Rita Hart, Pam Jochum, Liz Mathis, Janet Petersen, Amanda Ragan; state Reps. Marti Anderson, Liz Bennett, Timi Brown-Powers, Abby Finkenauer, Ruth Ann Gaines, Mary Gaskill, Lisa Heddens, Monica Kurth, Vicki Lensing, Mary Mascher, Helen Miller, Amy Nielsen, Jo Oldson, Kirsten Running-Marquardt, Sharon Steckman, Beth Wessel-Kroeschell, Phyllis Thede, Cindy Winckler, Mary Wolfe.

Equal pay for equal work. It might sound like common sense, but unfortunately it's not reality.

The figures on equal pay are daunting. Women make just 80 cents for every dollar a man makes, according to data released by the Census Bureau. African-American and Hispanic women are even further behind, making just 63 and 54 cents, respectively.

Unfortunately, Iowa lags behind even those disappointing numbers. Iowa women make less than 77 cents on the dollar for what a man earns.

Women and our families are being shortchanged hundreds of thousands of dollars over the course of a lifetime.

Some argue that women choose different jobs, or choose motherhood over career opportunities. But even within the same profession, women are paid less. Female doctors and surgeons make 71 percent of what men make, and female financial specialists make 66 percent compared with men in their profession. For lawyers and judges, the pay gap is 82 percent. And while three-fourths of women who enter the workforce will get pregnant, half of working firsttime mothers receive no paid leave to have their babies, according to the Census Bureau.

Women are much more likely to have career interruptions because of child care being costly or unavailable, often resulting in lost pay raises when they return.

These are difficult financial decisions forced upon women and families because of failing economic policies.

Those are the figures. But they don't tell the whole story or how we can take action.

Tuesday was Equal Pay Day, symbolizing how long into the year women must work to earn what men earned last year. It's a day when we should remember not just the numbers, but the impact on women and families. After all, women are sole, primary, or co-breadwinners in nearly 72 percent of Iowa families.

Hardworking women trying to provide for their families are falling behind because of a discriminatory pay gap and policies that don't support the tough choices facing families.

Thankfully, there are solutions to make pay equitable.

The Legislature can create paid leave and child-care policies allowing mothers to keep their jobs,

avoiding long gaps in employment that drive down wages. And we need to raise the minimum wage — two-thirds of minimum-wage earners are women — and enact other policies to raise wages instead of engaging in a race to the bottom.

Employers can get help to correct their pay practices, through equalpay guidelines from the U.S.

Department of Labor. Women must also be empowered to ask prospective employers to show women and men are paid equally, that their hiring process seeks diversity, and that they can join a union. Women in unions earn over one-third more than women in non-union workplaces.

If there is unequal pay, women should discuss the problem with their employer.

If discrimination continues, every woman has the right to file a complaint with the U.S.

Equal Employment Opportunity Commission.

Equal pay for equal work shouldn't be an idea. It should be reality. Other states are moving forward, and women continue to recognize this issue's importance. We need to move Iowa forward, and we need citizen action, legislative action and participation from the businesses to make it happen. At current pace, the wage gap will not close for 50 years. Women and hardworking Iowa families cannot afford to wait that long.

LEE: Is Iowa's ACA insurance market a sign of what's to come nationally?

CHELSEA KEENAN

Top of Form

Bottom of Form

Iowa's insurance market could be the canary in the nation's coal mine if Congress or President Donald Trump doesn't offer clarity soon on the future of the Affordable Care Act, with millions of people losing coverage, one industry expert said Friday.

Two insurers announced this week that they would stop selling individual health plans both on and off the Iowa exchange — Des Moines-based Wellmark Blue Cross and Blue Shield on Monday and Aetna on Thursday. The decisions affect some 57,600 Iowans — 21,400 Wellmark policy holders and 36,200 policy holders with Aetna.

It also leaves the vast majority of the 50,000 Iowans purchasing subsidy-eligible insurance on the exchange with only one option — Minnesota-based Medica. But that insurer is tight-lipped on what it plans to do in 2018, saying Thursday that it is "evaluating the situation and (its) options."

"Iowa is a bit different in that it's happening so early," said Cynthia Cox, associate director for the program for the study of health reform and private insurance at not-for-profit Kaiser Family Foundation. "But it might be the start of many more exits to come."

Iowa has never shown up in any of the health care policy organization's lists of states with fragile markets. States such as Tennessee, Arizona and Oklahoma have had steep premium increases and seen insurers drop out.

"This goes to show that political uncertainty can make an otherwise stable market unstable overnight," she said.

The problem Wellmark, Aetna and other insurers face is that not enough young and healthy people are choosing to enroll in plans to help spread out costs. Instead, older, sicker individuals with multiple chronic illnesses — who need insurance and coverage — are purchasing the health plans, putting a high concentration of expenses in the individual market.

Wellmark said on Monday it lost \$90 million through the individual market in Iowa.

There's also quite a bit of uncertainty still looming over the future of the ACA. Trump and Congressional Republicans have promised to repeal and replace President Barack Obama's signature health care legislation, but have been stalled by disagreement over the changes they will make.

Insurers have said the unpredictability over which rules will be in place in 2018 — and over the billions of dollars in government subsidies that make the plans more affordable to millions of people — make it difficult to commit to offering such insurance.

Many have asked the government to extend the subsidies for 2018.

This comes as health insurers are preparing 2018 premium rate proposals to submit to federal and state insurance regulators over the next few months.

Whether Medica will stay in Iowa is hard to say, Kaiser's Cox added. Several states have only one insurance option on the exchange — but that insurer typically is the Blue Cross and Blue Shield plan, which are more established.

Medica is a significant player in Minnesota, Cox noted, and it has expanded into additional markets including Iowa and Kansas.

Bottom of Form

"But it's not clear if they have capacity to absorb all the enrollees in Iowa," she said. "It puts them in tough spot."

If Medica were to drop out, there isn't much in terms of a Plan B. Iowans could purchase plans off the exchange without subsidies, but Iowa insurers are pulling out of that market, too.

Trump has indicated he will not enforce the mandate or penalize those without insurance.

But that is hardly a relief if you are sick and in need of medical care, Cox said.

"This is warning sign," Cox said. If Congress "doesn't act soon, ... we can see this happen around the country."

SCJ Editorial: Election bill will strengthen system of voting in Iowa

Top of Form

Iowa's election system will be stronger as a result of a bill advancing through the Legislature.

Last month, the Senate passed and returned to the House for final approval a package of election changes. The House is expected to pass the bill, as well.

Getting the most attention within the bill is a voter ID provision.

As an additional layer of protection for the integrity of elections in this state, we long have supported a

requirement that voters show some form of identification before casting a ballot. We are not alone on this within or outside Iowa.

A February Des Moines Register/Mediacom Iowa Poll showed 69 percent of Iowans support such a requirement. Voter ID requirements vary from state to state, but 34 states have passed laws requiring voters to produce a form of identification at the polls, according to the National Conference of State Legislatures.

Under the bill moving through the Iowa Legislature, voters would need to show an acceptable form of government-issued ID before casting a ballot at polling places. If a voter doesn't have one of the acceptable forms of ID, the state will issue him or her a voter-verification card, free of charge. A request for an absentee ballot would need to include an acceptable personal identification number, as well.

Within today's society, one needs some form of identification to conduct almost any kind of personal business. We do not believe asking the same of voters in the name of ensuring honest elections in our state is at all unreasonable.

Another component of the bill we support and have advocated for in this space because it also speaks to improved integrity within the process of voting is elimination of the straight-party voting option.

#### Bottom of Form

In our view, straight-party voting is lazy voting. We understand voters have every right to vote for all Republicans or all Democrats if they wish and even if a straight-party option didn't exist on the ballot, voters could (and some would) fill in the ovals for all candidates of one party or another.

Still, if this choice wasn't so easily available, we believe more voters would spend more time getting to know more about all of the candidates whose names appear on their ballot.

Another benefit to elimination of the straight-party voting option is this: Nonpartisan questions on the back of the ballot wouldn't be so easily forgotten or ignored.

We look forward to the House joining the Senate and sending this election bill to the governor for signature into law.

LEE: Branstad meets with senators handling his confirmation

#### ROD BOSHAART

Gov. Terry Branstad said Friday he had productive meetings with members of the Senate Foreign Relations Committee during this week's trip to Washington, D.C. However, he doesn't expect a hearing on his confirmation to be the next U.S. ambassador to China to take place until next month at the earliest.

Branstad said he met with committee chairman Sen. Bob Corker, R-Tenn., and ranking member, Sen. Ben Cardin, D-Md., as well as other committee members and Iowa Republican Sens. Chuck Grassley and Joni Ernst, and he plans a return trip the last week in April after the two-week Easter recess. At that time, he'll meet with more members of the committee who will consider his appointment by President Donald Trump to be America's top diplomat in China.

"I had a lot of good meetings with senators," Branstad said Friday during his first public event since his trip. He said he has completed the paperwork phase of the process and now he is "learning as much as I can about the China issues, and there are many."



The governor said he also met with Sonny Perdue, Trump's secretary of agriculture nominee, who has cleared the committee process but awaits Senate confirmation pending an April 24 vote.

"It's getting kind of frustrating, I think, for a lot of people. This process has been very slow," Branstad said of this year's Senate action. "They've now just confirmed Neil Gorsuch to the Supreme Court and that took up a significant amount of time.

"But this has been the most, I guess, disruptive process that we've ever seen in terms of appointments. Confirmations usually don't take nearly this long. But, unfortunately, I think the Democrats have decided that they're going to just basically attack everybody. I hope that by the time I get there that will have worn out and that won't be case," he said.

"They ask tough questions and there are a number of issues. But I'm hopeful that I can generate bipartisan support. Time will tell," he added.

Grassley said he expects Branstad's confirmation to "go well."

Bottom of Form

"He's personable, professional and has the proven leadership and policy skills to serve in such an important diplomatic position. As members of the Foreign Relations Committee get to know him, they'll appreciate his trustworthiness, his work ethic and his ability to get the job done for the United States as he has for Iowa for a record number of years," Grassley added.

Ernst said Branstad would make an excellent ambassador and hopes the Senate moves him through the confirmation process "as soon as possible."

"Our relationship with China is very important — from agricultural trade to national security — so I look forward to the Senate moving on his nomination soon," she said.

LEE: Branstad and Xi: From possibilities, an enduring relationship

B.A. MORELLI

Top of Form

Bottom of Form

Jack Kintzle was part of a welcome wagon in 1985 that cast such a positive light on Iowa it sparked a decades-long friendship between Xi Jinping, who would go on to become China's president, and Iowa Gov. Terry Branstad — now thrusting Branstad and Iowa into the spotlight of U.S.-Chinese relations.

Branstad, who was nominated as U.S. ambassador to China last year although has not yet been confirmed, has met with Chinese officials a handful of times over the past 30-some years. The relationship has blossomed and the impact has been far-reaching for the state, say officials in business, trade and education.

Hospitality laid the groundwork for the good relations, but Kintzle observed a measure of strategy and foresight by Branstad in encouraging the warm, respectful welcome in the midst of the farm crisis.

"Iowa was going through such a tough time with agriculture, especially farm foreclosures," said Kintzle, 73. "Iowa was at a level we needed publicity and we wanted to open doors. I think that's one of the reasons they were treated so well. How many million Chinese are there? I think he saw an opportunity to trade. I think the governor sensed the possibilities."

Pending confirmation, Branstad plans to move to Beijing with his wife, Chris, his daughter and son-in-law and granddaughters as he works to enhance the relationship between the two countries, he said during a celebration with Chinese officials during the Lunar New Year earlier this year in Muscatine.

"I'm an old friend of China," Branstad said there. "I've very honored and very proud that I've had a number of interactions with China and the leadership of China. We've seen great improvement in terms of exchanges and trade. Exchanges of students is one way to improve personal relationship and friendships. That is critically important to both of our countries and the world."

Branstad would step in amid heightened tensions between the United States and China over trade equity, punitive tariffs and how to handle North Korea. Branstad was not scheduled to be at the meeting in Florida late last week between President Donald Trump and Xi.

Kintzle was an Iowa Corn Growers Association director with a farm near Coggon in the summer of 1985 when Xi — then a county-level party leader Kintzle equated to a state secretary of agriculture in America — toured Iowa farms as part of a small agricultural delegation from Hebei province.

Kintzle's farm was right off the highway and convenient, so he got a call wondering if the delegation could visit. Soon, a small group of Chinese men wheeled up and spent a few hours inspecting machinery, grain bins and harvesters, then came inside for coffee. At the end, they took pictures together.

"They go back to China, he becomes president, and I farm for the next 30 years," Kintzle said. "I should have bought a lottery ticket. Although, having a president on my farm might be better than winning the lottery."

Branstad, then in his first term as Iowa governor, was instrumental in the visit, including hosting a then-unheralded Xi in his office.

By the time of the visit, Branstad already had signed an agreement establishing a sister-state relationship between Iowa and Hebei. In 1984, he led a 50-person delegation to Hebei. It was the first of six trade missions Branstad led to China.

Branstad next traveled to China as part of a three-country trade mission in fall 1993, marking the 10-year anniversary of the sister-state relationship. The goal was to expand markets for agricultural products, appliances, machinery and other exports, as well as stress in China Iowa's commitment to human rights and treating people with dignity.

"We think that one of the things that helped lead to the downfall of communism in Russia and Eastern Europe was all the contacts to the West — the sister states, the trade missions and the understanding that the people gain from that," Branstad said at the time. "I feel somewhat the same way about trade and building relationships in China.

"We can, hopefully, help push the Chinese state in the direction of more freedom and opportunity for the people as opposed to the old policy of trying to isolate them," he added.

The early legwork has made a difference for Iowa. China is the fourth-largest export market for Iowa, with \$490.6 million worth of manufactured and value-added goods, according to the Iowa Department of Economic Development.

China's spending supports 4,000 jobs, and 5,000 "young talents" are studying in Iowa universities, Hong Lei, consul general based at the Chinese Consulate of Chicago, said during the recent Muscatine visit.

"I would say because of the sheer fact he's been involved, he's never let go," said Kim Heidemann,

executive director of Iowa Sister States. “He’s continued to nurture this relationship. He goes to visit, goes to meetings. He’s hosted meetings. The governor has made it a point. He’s simply done things right, especially in the last few years with Xi and done it in such a way he puts Iowa first.”

The trips to China, and return visits from Chinese officials, have continued.

Xi returned to visit Muscatine and Des Moines in 2012 for an “old friends” reunion dinner stemming from the 1985 trip, and 20 Iowans traveled to China that same year for another reunion. Branstad also participated in trade missions in 2014 and 2016.

Downing Thomas, a professor and dean of International Programs at the University of Iowa, traveled with Branstad to China in 2012.

The delegation also included elected officials from Wisconsin and Virginia, along with a handful of business people and educational leaders. The significance of Branstad’s relationship with Xi was evident in the respect and attention he received compared with the other visitors. The China Daily newspaper sought him out specifically for an interview.

#### Bottom of Form

Iowa universities and colleges have seen enrollment among Chinese students soar in the past 10 years. More than 4,000 Chinese students are enrolled at the three state universities alone. While the influx of Chinese college students is seen beyond Iowa’s borders, the relationship between Iowa and China has helped Iowa schools, Thomas said.

“Clearly many of our students are aware of the relationship with Xi and Iowa, and their parents are aware of it.” Thomas said.

The economic impact from international students and their families in Iowa topped \$365 million and has supported or created 3,700 jobs, according to an annual report from International Programs. Thomas estimates more UI alumni are living in China than anywhere else outside of Iowa and Chicago.

The visibility of Branstad’s relationship with Xi and Branstad’s personal involvement has opened doors for Iowa companies, such as West Des Moines-based Hy-Line International.

Tom Dixon, director of international sales and marketing for Hy-Line, which is one of the world’s largest breeders of laying hens, said the company received direct and indirect assistance from Branstad’s office in forging a relationship between it and the Huayu Group, based in Hebei.

Branstad was present at a deal signing in October 2013 between the companies for a breeder housing project in Hebei province. That show of support was important in a later deal in 2016 for a joint venture to distribute Hy-Line chicks in China. The ceremonial nature of the signing, particularly with someone on friendly terms with Xi, carries a lot of influence for local, state and regional officials in China, Dixon said.

“There’s some coincidence, but it certainly helped,” Dixon said. “Branstad put more prestige and elevated the deal. It gave more of an official nature, credibility it’s a real project. In China, government involvement is so very important for companies. It helped locally (in China) to get approvals.”

In China, Dixon explained, support of government officials and good relations between business and government is vital. Government officials need to sign off on acquisitions, permits and land sales, for example.

Dixon is hopeful Branstad’s agricultural background will help ease restrictions on poultry imports in China, which have been curtailed since the bird flu outbreak in 2015. He declined to be specific, but said it has cost Hy-Line millions of dollars.

“We’ve been working to try to negotiate things with health officials in China,” Dixon said. “We hope the governor of a large agricultural state could maybe lend influence to motivate or encourage some kind of solution so we can start exporting again. We hope his level of ambassador could facilitate and shed some light on the situation.”

Globe Gazette: Skipper: Government is often one big jigsaw puzzle

JOHN SKIPPER

Top of Form

Bottom of Form

Have you ever worked at putting a jigsaw puzzle together? Are you good at it?

The trick is to put all the corner pieces together first and then work your way in. You would think it would get easier as you go along, but it doesn't.

Often, the intricacies of city government are like putting a jigsaw puzzle together. The good news is you usually have an image of what the completed puzzle is supposed to look like -- the image on the cover of the box. The bad news is you have to put a thousand pieces together to get to the promised land.

Mason City seems to have to deal with one jigsaw puzzle after another. You know about many of them in the past. They're history, and that's where they should remain.

The new one is the proposal of Gatehouse Capital to build a hotel in the parking lot of Southbridge Mall, connect it to The Music Man Square with a skywalk, build a conference center/ballroom inside and relocate the museum on-site.

This is a project that has excited a lot of people, important because without public support, an important piece to the puzzle will be missing.

The city and Gatehouse have begun discussions on a development agreement.

Gatehouse is proposing a \$15 million project that should bring in oodles property tax and sales tax revenue and provide a viable entertainment venue for North Iowa.

The Music Man Square and Southbridge Mall should both benefit -- and both could use a boost. The city tax base will increase. The community will have another asset.

For its efforts, Gatehouse at this point wants a \$150,000 payment to get things moving and a development fee that is still negotiable but would probably be more than \$150,000.

Other negotiating points are an interest-free loan to Gatehouse estimated at between \$3.5 and \$4.3 million to be paid back to the city after 20 years. The city wants provisions on number of jobs created.

As of now, the city would be responsible for paying for the construction of the skywalk and renovations to The Music Man Square. And that brings in another element to the puzzle -- the city's application through the Iowa Economic Development Authority for state funds to help leverage a \$36.2 million River City Renaissance downtown development project.

The state has given pre-application approval for at least \$7 million in funding and more could be coming if final approval is given.

But the project has changed since first approval was given. Instead of a hotel downtown next to City Hall -- the developer, Philip Chodur defaulted on that plan -- the Gatehouse proposal is now in place. The state requires \$10 million in private investment to qualify for state funding. The Gatehouse plan fulfills that requirement.

Bottom of Form

Other parts of the pre-approved plan included a music pavilion, a parking ramp, a mixed-use building and an ice arena/multipurpose center.

When Trout meets with Iowa Economic Development staffers later this month, he will explain the change in hotel developers, how the parking ramp is no longer needed, and that there might be a change regarding the mixed-use building. None of this will be a surprise to the IEDA people because Trout has kept them advised for many months.

The wild card in all of this activity could be a referendum on Nov. 7 which residents petitioned for, regarding bonding for the ice arena.

The ice arena is part of the package for the state funding, so if voters reject it, the proposed state funding will probably die -- and that is the revenue Trout and the city hope to use to fund the renovations of The Music Man Square.

So, it is a big puzzle and one in which there are many opportunities for someone or something to come along and tip over the table.

Why do things have to be so complicated? It's government -- and it's puzzling.

LEE: Iowa's budget pinch: How did we get here?

ERIN MURPHY

A mere five years ago Iowa's state budget had nearly \$1 billion to spare and its reserve accounts were flush with another \$600 million.

And while money coming into the state continues to increase, the state budget has fallen into disrepair. This year, state lawmakers have been forced to cut make \$250 million in budget cuts, and next year's budget figures to be tight as well.

It has been a fast fall from fiscal fitness to this beleaguered budget despite ever-increasing revenue.

Gov. Terry Branstad, a Republican, regularly says a sluggish agricultural economy has slowed state revenue, leading to the current budget pinch.

Capitol Democrats say the state has too many tax breaks that leave too much money in big businesses' accounts rather than the state's.

Experts in state economics say the problem has been created by myriad factors.

Busted budget

Iowa's state budget was a picture of financial health in fiscal year 2013. There was a \$928 million budget surplus — unspent money in the state's general fund — and the state's two reserve accounts — a cash reserve and an emergency fund — were flush with \$622 million.

Fast-forward to fiscal year 2017, which has roughly three months remaining: the budget surplus has been whittled to less than \$50 million, and revenue came in roughly \$250 million under projections. So lawmakers cut \$118 million from state departments and used another \$130 million from the reserve accounts to make the budget whole.

And lawmakers just started work the budget for fiscal 2018, which, likely for the first time in eight years, will spend less than the previous year.

The amount of money coming into the state is not the issue; post-recession revenues have increased each year.

So what is the cause of Iowa's budget pinch?

Farm economy

Branstad regularly cites this as the main issue for the state's budget trouble. Prices for corn and soybeans, Iowa's largest crops, have been low — lower than the cost of production for roughly a year. That puts a drag on farm incomes — and thus the state's income tax collections. It also impacts state manufacturing, much of which is built around agriculture — and thus hinders state sales tax collections.

"Agriculture in Iowa has changed so much," said Pat Grassley, a Republican state legislator who leads the Iowa House's budget committee and a farmer. "It isn't just your corn and soybeans and your hogs and cattle and your chickens. It's the fact then you have a plant that makes a tractor. If they lay off people, those layoffs impact you as well. And it's not just those layoffs. Maybe there's somebody that makes a headlight for them, and they lay off people. ...

"That, in my mind, is the agriculture economy because it ties to how agriculture goes. That's kind of the anchor."

David Roederer, Branstad's budget director and a member of the three-member panel that makes future revenue projections on which the state budget is based, said the average total net farm income in Iowa from 2006 through 2010 was \$3.7 billion, and from 2011 through 2014 that exploded to an annual average of \$7.6 billion. But in 2015 that dropped to \$2.6 billion.

"Iowa still is very tied to agriculture, and generally that has served us well. But some years commodity prices are going to be better than others," Roederer said. "So you can see that in (2011 through 2014) that those were extraordinary years. If you average it out, you're going to be pretty close to what we normally have. The problem is life doesn't work on averages. ... Some years are going to be better than others."

Ernie Goss, an economics professor at Creighton University in Omaha, Nebraska, said the sluggish farm economy is impacting many Midwest states, leading to budget shortfalls in Iowa neighbors Nebraska and Kansas. Goss said net farm income has been falling since 2013, and that impact is felt in state tax collections.

"It really has to do with agriculture and those businesses tied to ag," Goss said. "Farmers are just not purchasing, for example, heavy equipment, and that shows up in the economy in Iowa and across the United States."

But not all economic experts agree the sluggish ag economy is driving Iowa's budget woes.

Dave Swenson, an economics professor at Iowa State University, said the farm economy's role in influencing the state budget often is overstated.

"The farm economy is not the main, nor a major cause of the current situation," Swenson said in an

email interview. “Farmers do not contribute as much to the state’s coffers as many think, and the ebbs and flows of farmer incomes are spread out over years — both gains and losses — allowing farmers to truly minimize both their federal and state taxation bites.”

Holly Lyons, who works with the state’s non-partisan fiscal estimating agency and also serves on the budget estimating panel, said the farm economy is only a part of the equation that has led to the current budget situation.

Lyons said income tax revenues turned flat in the spring of 2016, and that can be explained in part by lower commodity prices and a decline in the manufacturing economy — again, which is heavily tied to agriculture.

But Lyons said other factors, such as slowed sales tax revenue, also impacted the budget.

“The farm economy is just one of the factors in the shortfall — it is by no means the primary cause,” Lyons wrote in an email to Democratic state legislator Cindy Winckler, of Davenport, who had asked for Lyons’ assessment of Branstad’s claims that the farm economy is driving the budget issues.

#### Tax cuts and credits

Democratic state legislators insist the biggest driver of state budget issues is money not collected thanks to various tax relief programs.

Iowa’s 67 tax credit programs will cost the state more than \$1 billion in fiscal year 2018.

Statehouse Democrats take particular exception with the tax relief programs that they say go to big businesses that don’t need the help.

The most expensive programs are for commercial and industrial property tax relief (\$152.1 million), the homestead tax credit (\$136 million), and a business property tax credit (\$125 million).

#### Bottom of Form

“Farm prices certainly have affected Iowa’s economy, but our state budget is much more directly impacted by the cost of tax cuts and tax credits that have grown in the last four years at a rate that is just unsustainable,” said Chris Hall, a state legislator from Sioux City and the top Democrat on the House budget committee. “The areas of the budget that have been increasing in cost at the most rapid rate are tax cuts primarily to out-of-state corporations and also tax credits. Both of those numbers have increased exponentially over the last few years at a pace that is faster than the state’s economy is growing.”

Swenson agrees. He said tax relief programs for businesses — including the commercial and industrial property tax relief program, another for companies that perform research and development, and a sales tax break on manufacturing sales — are the primary drivers of the state’s revenue shortage.

Grassley said he is willing to examine the state’s myriad tax credits and whether some could be reduced or eliminated. He has introduced legislation that would start that process.

However, Grassley said he would like any change in state tax credits to be a part of a larger overhaul of state tax laws.

“I think the other party (Democrats) looks at the tax credits saying that money should go to be spent (in other areas of the budget). Philosophically, I would look at it as, can we do tax policy better in the state of Iowa than just doing a bunch of different tax credits. Could we do something that benefits all Iowans,” Grassley said. “But looking at the tax credits, I think, is healthy for us to do if the objective is how can we make Iowa’s tax climate more competitive with other states.”

Roederer said he thinks the impact of tax credits on the budget is overstated. He said two programs that have experienced some of the largest growth in the past half-decade are two programs largely supported by Democrats: the earned income tax credit, which benefits low-income taxpayers, and a program that helps cities rebuild aging buildings.

“To say that is the reason (for the budget troubles) is, I don’t think the numbers support that,” Roederer said.

Missing the mark

Whatever factors may be influencing state revenues, those revenues still continue to increase.

One critical issue that led to this year’s budget cuts was a misjudgment by the budget estimating panel. The group lowered its projections three times, in October, December and January, and the state was forced to cut the current budget with only a few months remaining.

The estimating panel meets quarterly to project the coming year’s state revenue. Its December estimate is used by the governor and state lawmakers to craft the next year’s budget.

This year the panel reduced its estimate by more than \$90 million in December, and then by another \$130 million in March, leaving the governor and state lawmakers to scramble.

The last time the estimating conference guessed too high by such a wide margin was in fiscal years 2009 and 2010 in the immediate wake of the recession.

“Based on indicators we saw at the time, we did our revenue estimate and it appeared, at least we thought, our estimates were going to be accurate. And obviously they were not,” Roederer said. “So you can still have a growing economy, but if your budget is based on an economy that is growing faster than it actually is, then you have a belt-tightening, which is what we’re going through.”

Grassley also has introduced legislation that he said would aim to help streamline the data collection process for the budget estimating panel and make it easier to perform its work. But Grassley conceded at the end of the day legislators will always be working with an estimate.

“That’s like playing the lottery. It’s hard when you’re estimating. There are so many moving parts,” Grassley said. “There is still growth. And that’s why we’ve tried to approach the budgeting process knowing that there’s going to be times when you don’t meet your growth level, and when you spend less you set yourself up in a position that you have a cash reserve or you have some other things that may help you take care of those situations.”

LEE: Iowa Senate leader sees ‘outside chance’ for tax reform this year

JAMES Q. LYNCH

Iowa lawmakers hope to wrap up the 2017 session this month, but Senate President Jack Whitver thinks there’s an “outside chance” tax reform can be accomplished

However, the Ankeny Republican said it will be hard to do this year because of the state’s revenue and budget situation.

“The reality of the situation is our budget is a little tighter than we had hoped,” Whitver said during taping of Iowa Public Television’s Iowa Press Friday. Lawmakers had to cut the current year budget by nearly \$120 million in January and tap the cash reserve fund for about \$130 million last month. So



majority Republicans want to “do the fiscally responsible thing and get the budget under control before looking at reform.”

Reforming Iowa’s taxes is one of the reasons he ran in 2010, Whitver said, and something he’s been working on since.

“I was hoping we could get to it this year, but it’s looking more and more like this might be a 2018 issue,” he said. Whitver acknowledged it won’t get any easier in an election year, but “frankly, to have real, true, lasting, impactful tax reform is a complicated process.”

As GOP senators look at reform possibilities, everything is on the table, including federal deductibility and tax credits, Whitver said. His priority is lowering individual income tax rates because that would affect the most Iowans and Iowa small businesses.

“The states that are growing and thriving and are prospering right now are the states with the lowest — or even no income tax,” he said. “I’m not sitting here today saying next year we’re going to eliminate the income tax, but the lower we can go on that, I think research shows we can be more prosperous.”

Not only would lower individual income tax rates affect most Iowa taxpayers, but Whitver said it would benefit small business owners like him. His food and fitness businesses are “pass through” businesses that pay individual income tax.

Bottom of Form

“When you talk about corporate tax reform, that really isn’t that big a part of our state budget,” he said. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across the state.”

He ruled out a sales tax increase unless it is accompanied by “major tax reform.”

Looking at the final weeks of the session, Whitver predicts the GOP House and Senate majorities are going to iron out differences in their respective 20-week abortion ban bills. The House version called for a 72-hour waiting period and contained no exceptions for fetal anomalies. The Senate bill included a 24-hour waiting period between the time a woman meets with her doctor and has the procedure. It also allowed an exception for abortions beyond 20 weeks in the case of a fetal anomaly.

Whitver also said lawmakers will provide more money for water quality efforts, will not dismantle the Des Moines Water Works, will ban texting while driving and said that if traffic enforcement cameras aren’t banned they will be “heavily regulated.”

Iowa Press can be seen at noon Sunday on IPTV, at 8:30 a.m. Saturday on IPTV World and online at IPTV.org.

WCF COURIER: Does Altmayer arrest have any connection to missing cousins case?

JEFF REINITZ

Authorities have declined to comment on any investigation into possible links between Jeff Lee Altmayer and the disappearance and deaths of cousins Lyric Cook-Morrissey and Elizabeth Collins.

Altmayer, 57, of Ankeny, is charged with attempting to lure children into his silver passenger car as far west as Onawa — near the Nebraska border — to a mobile home park just east of Dike. He’s also a person of interest in a similar incident at a Cedar Falls park.

Lyric, 10, and Elizabeth, 8, disappeared while riding their bikes in Evansdale on July 13, 2012, and their bodies were found Dec. 5, 2012, in a rural wilderness area in Bremer County. No arrests have been made in their deaths.

Black Hawk County Attorney Brian Williams said investigators in the cousins case are aware of Altmayer. The Iowa Division of Criminal Investigation agent who filed the criminal complaint in Altmayer's Jasper County case is the lead agent in the cousins probe.

In the past, authorities have commented about the rarity of double abductions when talking about the cousins case, and Black Hawk County Sheriff Tony Thompson said he found "interesting" the fact at least one of Altmayer's crimes involve approaching a pair of girls at the same time.

The double abduction angle also has been a red herring for cousins investigators. In 2013, authorities began looking into Michael Klunder for possible ties to Lyric and Elizabeth's deaths. Klunder, a 42-year-old farm worker who had served prison time for abductions, picked up two girls near a Dayton bus stop in May 2013. One fled, and he killed the other before taking his own life. Investigators eventually ruled out Klunder as a suspect in the cousins case after accounting for his whereabouts.

Reached Wednesday, Elizabeth's father, Drew Collins, said he wasn't familiar with the Altmayer case and said authorities haven't contacted him about it. However, he remembers hearing about the enticement attempts last summer before Altmayer was arrested.

Collins is skeptical about any connection to his daughter's death.

Bottom of Form

"It doesn't seem like that would fit," Collins said. "Whoever this is, I think if he takes a couple of little girls, why would he let them go if he already killed a couple kids."

Collins said he's heard countless leads and rumors since his daughter's death. It can be maddening, he said.

"I think something different every day, man. I think in my head, 'it could be this,' but the next week or the next day or 20 minutes later, I'm thinking 'it's this guy or that guy.' I've heard a ton of names, I can't keep them all in my brain. All I can do is speculate, and I think about it all day, every day," Collins said.

LEE: Branstad no fan of granting pardons

His rate since 2011 is lowest in more than six decades

Since returning to the governor's office in 2011, Terry Branstad has granted fewer pardons on average than any Iowa governor in more than six decades.

His record of granting reduced jail sentences is similarly stingy.

A review of Iowa gubernatorial records going back to 1949 — a span covering 11 administrations — shows Branstad, since his return to office in 2011, granted fewer pardons than any other Iowa governor during that time span.

Branstad is closer to the middle of that pack for granting commutations, or reduced sentences, since 2011. However, remove the roughly three dozen commutations that were the direct result of a 2012 U. S. Supreme Court ruling that negated lifetime sentences for juveniles, and Branstad once again drops to the fewest granted since at least 1949.

A pardon forgives an individual for a crime committed and restores lost rights.

A commutation reduces an individual's sentence and makes him or her eligible for parole.

"I've always tried to be very thoughtful and very judicious in making these decisions. The governor is given the extraordinary power of being able to grant pardons," said Branstad, a Republican who was a lawyer before being first elected to public office — the Iowa House — in 1972.

Branstad has approved just more than four pardons per year, on average, since 2011.

Not only is that the lowest average of any governor since 1949, it is dramatically lower than the averages posted by Branstad's two immediate predecessors, both of whom were Democrats.

Chet Culver, who governed Iowa from 2007 to 2010, approved an average of nearly 24 pardons per year, a rate six times higher than Branstad. Tom Vilsack, who led Iowa for two terms from 1999 to 2006, approved more than 12 pardons per year.

Even Gov. Robert Ray, a Republican under whom Branstad served as lieutenant governor, granted nearly a dozen pardons per year on average, or a rate three times higher than Branstad's.

Since 2011, Branstad has been slightly stricter even than his previous self: He approved an annual average of seven pardons during his first stint as governor from 1983 to 1999.

Branstad said he believes a governor's power to pardon should be used sparingly. In addition to the normal application process, he requires a face-to-face interview with the applicant.

"I believe a pardon, which is an extraordinary power, which basically eliminates that conviction from their record, should only be granted if you're very confident this person is an exemplary citizen who has given back and helped other people in substantial ways," he said. "So, I have required a personal interview. I want to be able to look them straight in the eye. I want to feel confident that they're never going to commit another crime, that they're never going to embarrass me or the people of the state of Iowa."

Branstad is even less a fan of commutations.

During his first, 16-year term in office, he approved just two reduced sentences. In his second, six-year stint, he has approved 39 commutations, but 38 of those were in response to that U.S. Supreme Court ruling.

Take those out and Branstad, during 22 years in office, has approved three reduced sentences overall.

"Most governors keep in mind they're running for re-election almost always. The worst thing you can do is be called soft on crime," said Robert Rigg, a Drake University Law School professor who specializes in criminal law. "No politician ever wanted to get stuck with being soft on crime. Certainly, Terry Branstad can never be accused of being soft on crime."

Branstad's rare commutations are not as strikingly different from his predecessors as were his pardons. Culver granted no commutations during his four years in office; Vilsack granted seven during his eight years; Ray granted an average of just two per year during his 14 years in office.

The Iowa governors with the highest rates of commutations held office during the 1950s. Leo Hoegh granted 30 in two years, and Herschel C. Loveless averaged 12 per year during his one term.

"Any time you deal with a governor, you're dealing with the political office. And any governor's staff is going to sit there and try to review the downside of doing a parole, or commutations, or a pardon," Rigg said. "I'm sure all governors, whether Terry Branstad or somebody else, is going to take that into the

calculus of whether you grant a pardon or commutation. But hopefully that's not the only reason."

When pardons and commutations are combined and averaged, Branstad's separate tenures account for two of the three lowest among all Iowa governors since at least 1949. If those commutations that were the result of that U.S. Supreme Court ruling are removed, Branstad's tenures are the two lowest.

Branstad received nearly 400 requests for pardons since 2011 and approved 26. He received almost 90 requests for commutations and granted 39. Branstad said the application process for pardons and commutations is thorough, and justified his rare approvals as having public safety in mind.

"We go through a very extensive process. We do an extensive (Iowa Division of Criminal Investigation) background investigation, it has to go before the parole board before it ever comes to me," Branstad said. "The good news is we've not had the tragedies that have occurred in some other states where governors haven't been as careful or judicious and people that they pardoned have then committed other serious crimes."

P.S. Ruckman, a professor at Rock Valley College in Rockford, Ill., who writes a blog on executive clemency, said while commutations can be risky, he thinks there is little downside to granting pardons.

"When I see a pardon number that low, I just don't get why that is not in the hundreds," Ruckman said. "Because, again, the political risks there are just about zero."

Ruckman said governors appear to be motivated, in part, by wanting to avoid granting a pardon or a commutation to an individual who then commits another crime. Ruckman and Rigg both noted George H.W. Bush's 1988 campaign ad that used the example of a felon who raped a woman after he escaped while on a weekend furlough program supported by Bush's opponent, Michael Dukakis. Even though that individual was given neither a commutation nor a pardon, Ruckman and Rigg said they think that kind of example weighs on governors when making those decisions.

"There's something to this idea that you should be careful, but you should be careful anyway," Ruckman said. "If you look into those high-profile things, they're almost always about commutations (not pardons). The idea that there is some risk to restoring rights is just lunacy."

WHOTV: ISU Sees 20% Decrease in International Student Applications, Says Political Climate is Responsible

Iowa State University is seeing fewer international applications as places of higher education are facing similar issues nationwide.

The school says it has received 20% fewer international applications than the year before. Forty percent of colleges across the country also report reduced interest from international students, and ISU says the reason why is clear.

"Some of our students are just concerned about safety and how welcome they're going to be in the community. So with the executive orders issued, it has some of them a little concerned about will they be welcomed once they get to the U.S.," said Director of Admissions Katharine Johnson Suski.

The executive orders aimed at stopping travel from several predominantly Muslim countries and President Trump's campaign stance on China is not going unnoticed by potential students. ISU's applications from China are down 30%, and those from predominantly Muslim countries are down 60% to 80%.

"Certainly it saddens me when students don't feel safe here because, really, we know students are going to be very welcome here and taken care of in Ames," said Suski.

International student Waasay Mirza came to study from Pakistan, and says the problem is one of perception.

"I didn't feel uncomfortable, especially on this campus. People were really good, they helped me out," said Mirza.

Mirza came four years ago to study electrical engineering, and said being an international student has changed his life for the better.

"You get a lot of exposure, you get to learn a lot of things, and not only that, you get to see and meet so many different cultures and different diverse communities that you learn a lot," he said.

This is a message the college is trying to drive home as they participate in the national "You are Welcome Here Campaign."

"The You are Welcome Here Campaign will be a video of a lot of our students, faculty, and staff standing there saying 'you are welcome,' some in their native languages so students can hear that message from across campus," said Suski.

Suski also said representatives from the school recently returned from a trip to China, where international alumni spoke to prospective students about coming to America to study.

ISU says while international applications to the United States are down, applications to schools in Canada are on the rise.

KCCI: Six years later: Ashley Okland's murder still unsolved

Saturday marks the sixth anniversary of real estate agent Ashley Okland's shooting death.

Okland, 27, was working as a real estate agent in West Des Moines when she was found shot on April 8, 2011, at 558 Stone Creek Court, a model town home for a new development.

She was rushed to Iowa Methodist Medical Center in Des Moines, where she later died.

Investigators have interviewed hundreds of witnesses since her death, but no one has been charged in the case. West Des Moines police have said it remains an active investigation.

The case sparked new calls throughout the real estate industry to increase safety for real estate agents.

Anyone with information on the case is asked to call the West Des Moines Police Department at 515-222-3344 or Crime Stoppers of Polk County at 515-223-1400.

The Gazette: Branstad expects to sign firearms bill following review

Legislation makes 'monumental' changes to Iowa's gun laws

Gov. Terry Branstad said Friday he expects to sign legislation making major changes to Iowa's firearms laws but he is reserving judgment until he and his staff have time to review the provisions of House File 517 that received final House approval on Thursday.

"Obviously, we want to review it in its final form, but generally I've been a strong supporter of the

Second Amendment and I believe the legislation passed with bipartisan support with a pretty strong margin,” Branstad said in an interview. “I’m inclined to be supportive but I want to reserve judgment until I get a chance to review it in its final form.”

Branstad said he had some concerns with the original version passed by the Iowa House but those were addressed in changes adopted by the Iowa Senate that were accepted by representatives Thursday before sending it to his desk for consideration.

“It looks pretty good,” the governor said.

Included in House File 517 is a controversial “stand your ground” provision that states a law-abiding citizen does not have a duty to retreat in a public place before using deadly force when confronted with danger to life or property.

The bill also would allow children below the age of 14 to handle pistols or revolvers under the supervision of an adult parent, guardian or instructor; pre-empt local ordinances restricting gun rights; create a uniform permit to carry weapons; provide for five-year permits to acquire handguns rather than single-year permits; and create confidentiality for those with permits, legalize short-barreled rifles and shotguns and allow those with permits to carry handguns in the Iowa Capitol and other public buildings.

Iowa Republican Party Chairman Jeff Kaufmann praised Speaker Pro Tempore Matt Windschitl and House and Senate Republicans for their work in shepherding the bill through both chambers of the Legislature in a bipartisan fashion. He called the bill “the most monumental piece of pro-Second Amendment legislation in Iowa’s history.”

Earlier in the week, members of Iowans for Gun Safety expressed concerns about the bill and on Friday, the Rev. Jeremy J. Brigham, executive director of the organization, wrote Branstad a letter urging him to veto the bill.

“This bill is particularly dangerous to men of color, women and children and many from these communities have joined us in speaking out,” Brigham said in his letter.

“Gov. Branstad, we believe it is particularly important that you veto this bill. As ambassador to China, like your predecessors, you will be asked to protect the rights of minorities in China. This bill ... threatens the rights of minorities in Iowa and we ask that you veto this bill and protect the rights of minorities in Iowa.”

If the bill becomes law, members of the Iowa Chapter of Moms Demand Action for Gun Sense in America said Iowa will become only the second state to enact a new “stand-your-ground” law since the killing of Trayvon Martin in Florida in 2012.

“In the weeks since this bill was introduced, lawmakers have listened thoughtfully to the widespread concerns about certain portions of it, and we’re grateful they removed dangerous sections that would have gutted Iowa’s background check and permit-to-carry requirements,” said Amber Gustafson of the Iowa Chapter of Moms Demand Action for Gun Sense in America.

“Still, we remain deeply concerned that the stand-your-ground and punitive pre-emption portions of this bill would leave our communities less safe,” Gustafson added in a statement. Stand-your-ground laws embolden people to escalate everyday disputes, and the statistics from states that have passed them are deeply troubling. We’ll be urging the governor to keep our state from following their concerning lead.”

Burlington Hawk-Eye Editorial: A wise move

Rex Troute, Steve Delaney

Top of Form

Bottom of Form

There is a bill on Gov. Terry Branstad's desk that would consolidate elections in Iowa. School board and municipal elections would be held on the same day.

While many times on this page we take exception to what's happening in the Statehouse, this is one measure we can support, and we hope the governor signs this bill into law.

Lobbyists for schools oppose this bill. They haven't articulated why and there really is no objective reason to oppose a measure that would encourage more people to cast a ballot for someone to represent us.

A check of the records over the years reveals school elections, held in early September, have generated embarrassingly low turnout. It's been a disservice to the taxpayers who must pay the bills. It's been a disservice to the people who put their names on the ballot.

We ask people to serve and then hold them accountable for their service. That's the trade-off of public service. Greater voter turnout isn't all that much to ask.

One would think school lobbyists would embrace a law designed to get more people to the polls, get more people involved in the process. Instead, they oppose it.

That's unfortunate. And troubling.

Moreover, school districts typically charge taxpayers more than other government entities. Shouldn't they want more involvement among the public?

And equally, municipal elections have had terrible turnout when not combined with national elections.

We should remember, it's our local representatives — city council members, school board members, county supervisors — who have the most impact on us, and our pocketbooks.

We preach frequently the need for people to get involved in their government. Voting is the most important part of that process. Government should make voting convenient for people. With today's technology, there's no reason voting couldn't be done on someone's home computer. The hope here is that day will soon come.

After all, if we can pay all of our bills online, and grab cash from an ATM machine, and trust that it's secure, surely we can vote online as well. But, as with most things related to government, change takes time.

This new law will, we believe, get more people to participate in the process of electing representatives who are to work on our behalf. It's difficult to imagine why someone would be opposed to that.

Here's hoping the governor isn't opposed to that concept.

Centerville Daily lowegian: Main Street Iowa honors outstanding achievements

Centerville reaches \$1 million benchmark and Ryan Stober receives leadership award during ceremony honoring award winning projects, entrepreneurs and volunteers

Main Street Iowa hosted the 31st annual Main Street Iowa awards celebration on Friday, April 7 at Hoyt Sherman Place in Des Moines. The program honored the efforts of those who work day in and day out in downtown revitalization in Iowa. The event was attended by approximately 550 individuals representing communities across the state.

Main Street Iowa has annually presented awards honoring outstanding accomplishments, activities and people that are making a difference in Iowa's Main Street districts. Projects large and small are recognized and serve as outstanding examples of what historic commercial district revitalization is all about.

Fifteen projects and activities occurring in local Main Street communities were selected to be recognized from the 160 competitive nominations submitted. The honors were presented by Gov. Terry E. Branstad, Lt. Gov. Kim Reynolds and Debi Durham, director of the Iowa Economic Development Authority.

"The Main Street Iowa program has stood the test of time since its introduction in 1985. The program continues to bring businesses, jobs, investment and vitality to our states' communities, both big and small," stated Branstad. "The Main Street Approach works, and Main Street Iowa has been a national model because we are creative, we embrace change, we demand local initiative and action, while holding strong to our roots as an historic preservation program."

"Healthy, historic commercial districts are a key deciding factor for industrial and business recruitment," said Reynolds. "Since 1986, local Main Street programs have made a significant impact on Iowa's economy with 4,514 new businesses and a net gain of 13,402 jobs. More than 740 building projects have been reported with an investment in those rehabs of over \$2 billion. Last year alone, the Main Street Iowa network surpassed 156,135 total documented hours of human capital invested into Iowa's downtown revitalization efforts. This demonstrates a tremendous commitment to Iowa's Main Streets."

During the event, 10 communities were recognized for reaching significant benchmarks based on private dollar investments made in the purchase and revitalization of properties within their respective commercial districts. Centerville and Lansing were recognized for reaching the \$1 million benchmark in the last year and Ft. Madison was honored for \$2 million in local investment. Ames and Guthrie Center were recognized for achieving the \$5 million level. Des Moines Sixth Avenue, Chariton, Corning, State Center and Ottumwa all attained \$10 million in local investment since being designated as local Main Street programs. Four communities were recognized for significant anniversaries. Osceola was recognized for 20 years of participation as a designated Main Street community. Cedar Falls, Spencer and West Des Moines were recognized for 30 year anniversaries.

Two special awards were presented as well. James Walsh received the Spirit of Main Street Award, an honor that recognizes the person, organization, community or project which best demonstrates the true meaning and spirit of "Main Street at Work." The community of Oskaloosa was honored with a Signature Project Award for their inspiring and innovative place-making efforts in beautification, promotion and partnership.

In 1985, the Iowa Legislature adopted the National Main Street Center's Four Point Approach to district revitalization by establishing Main Street Iowa within the agency that is now the Iowa Economic Development Authority. Since its inception, the state program and its communities have been considered examples of excellence in the national effort to revitalize historic commercial districts across the country.

Visit [iowaeconomicdevelopment.com/MainStreetIowa](http://iowaeconomicdevelopment.com/MainStreetIowa), e-mail [mainstreet@iowaEDA.com](mailto:mainstreet@iowaEDA.com) or call 515.725.3051 for more information

NEW MILLION DOLLAR BENCHMARKS REACHED IN 2016



Private dollars invested in commercial district rehabilitation and property acquisition in the designated Main Street districts since the programs' inception.

\$1 Million – Centerville and Lansing

#### LEADERSHIP AWARD RECIPIENTS

Special award that recognizes inspirational leadership and volunteers who make significant contributions to the local Main Street programs' downtown revitalization mission.

Ryan Stober, of Centerville with Main Street Centerville.

The Gazette Editorial: Affordable Housing: Second chances & better processes

Elected officials don't often get second chances, or clear-cut strategies for complex problems. Right now Cedar Rapids City Council members have both.

Minnesota-based nonprofit CommonBond Communities has submitted an updated plan for Crestwood Ridge, a northwest side housing project that fell shy of supermajority support last fall amid outcry from neighborhood residents.

Awarded \$8 million in federal tax credits through the Iowa Finance Authority to develop alongside Edgewood and Crestwood roads, Crestwood Ridge included a mix of market rate and affordable apartments, including five supportive housing units. Staff from Willis Dady was tapped to provide case management for those five tenants.

Council members rejected rezoning for the project in October, when a majority neighbors voiced concerns about area sidewalks, increased traffic, lot density and water runoff. The updated Crestwood plan addresses these issues, so the nonprofit is requesting the city forego its typical 1-year delay and reconsider the project now, before the grant expires.

We continue to support the development because it earned city support for its grant application, met the strict criteria of the competitive grant, aligns with the comprehensive plan, won the recommendation of city staff and, most importantly, fills a long-standing affordable supportive housing gap. We also remain impressed by CommonBond and its partnership with Willis Dady.

Although most national reports rate the Midwest, Iowa and Cedar Rapids as generally affordable, the reality is a lack of local housing stock has increased local demand and cost. Rental vacancy rates in the city hover around 2 percent, and more than 40 percent of area renters are cost-burdened. Many households are only one financial crisis away from added reliance on taxpayer-funded safety nets or homelessness.

To make matters worse, the Trump administration wants to cut \$6.2 billion, or 13 percent, from the U.S. Department of Housing and Urban Development. Specifically targeted are two programs that help people secure and sustain affordable housing — Community Development Block Grants, which fund initiatives ranging from disaster aid to police engagement to anti-poverty efforts like Meals on Wheels, and the HOME Investment Partnership, which helps low-income citizens repair existing homes.

Other HUD programs related to housing are in danger as well, including rental assistance, heating and air-conditioning aid, energy-efficiency assistance and various other local government partnerships like AmeriCorps and the Interagency Council on Homelessness. The Self-Help Homeownership Opportunity and Choice Neighborhoods programs, which aim to replace distressed public housing with mixed-income development, are on the chopping block too.

Given what's happening in Washington, you'd think Iowa lawmakers would be doing more to help communities prepare for worst-case scenarios. Instead, they are supporting similar policies and implementing laws that further erode the middle class, adding more lowans to the list of those searching for housing and other assistance.

That's the economic and political backdrop Cedar Rapids Council members need to consider before they once again refuse \$8 million in housing tax credits, newly offered neighborhood improvements and proven affordable housing project management partners.

This is a multifaceted challenge that needs public-private coordination and public buy-in.

Healthy communities offer diverse housing options for people at all levels of the economic ladder. Business owners, retirees, farm laborers and bus drivers all need a place to live. When they can't find one, negatives ripple out.

For instance, a lack of workforce housing impedes the ability of employers to attract talent, leaving jobs unfilled and companies thinking twice about local expansions. And, when workers can't live near employers, they must travel further. Individual cars increase traffic and impact air quality. Alternatively, public transit faces greater demands in an ever-widening service area, which costs taxpayers.

Throughout Linn County, only eight supportive housing units are open to the public. And yet housing is the foundation for well-being — food security, economic contribution, health management, stability.

This housing gap won't be closed if strategies are limited to owner-occupied, large-lot single-family housing — or if all options are regulated to only certain neighborhoods.

This is a test of political will we cannot afford to fail. Fortunately, the Safe, Equitable and Thriving Communities Task Force subcommittee on housing has recommendations:

- Expand financial incentives for development of affordable housing throughout the city
- Build community capacity for supportive services programming
- Implement ongoing landlord education efforts
- Target nuisance property owners
- Develop partnerships to revitalize aging housing stock
- Remove barriers faced by specific populations
- Strengthen and support neighborhood associations
- Coordinate and unify affordable housing efforts

While these objectives are fully and individually possible, they are more easily accomplished by first focusing on the final item.

As the task force noted “at present, there is no coordinated, collaborative, unifying body or effort that develops and implements a strategic communitywide vision for affordable housing.”

That must change. We agree with the task force that Cedar Rapids needs a group — perhaps something similar to the Johnson County Affordable Housing Coalition or the long-dormant Affordable Housing Commission mandated by municipal code — with the necessary political capital to drive public policy. Ideally, this group will spur additional regional opportunities.

Dr. Mary Wilcynski and Stacey Walker, who served as co-chairs of the SET Task Force, noted that the group's recommendations were derived from discussions with several housing experts, many of whom served on the subcommittee. They aren't commentary on any one proposal, but an attempt to establish a more comprehensive approach.

"We do know that barriers to affordable housing currently exist in our community and everyone interested in a safe, equitable and thriving community should take the challenge of affordable housing seriously," they said as part of a joint statement.

"It is imperative that local governments work with nonprofit organizations and good developers to bring more affordable housing options to our city. ... The need for safe, affordable housing is not going away, therefore it is incumbent upon leaders to act."

Perhaps due to political aspirations or concern about the next election, needed and initially supported Cedar Rapids housing projects have been successfully derailed by small groups of citizens. Each time this happens, the city's relationships with established housing developers erode, more groups are emboldened to read from the same noisy playbook, and the diverse housing supply needed for the city to thrive is delayed.

Whether the updated Crestwood development stands or falls, it shouldn't have come to this. Taxpayers shell out thousands each year for professionals who use council-approved tools like the comprehensive plan and city ordinances to determine details like landscaping and water retention.

Given the inability of council to consider recent housing projects by the standards of merit they established, we are no longer convinced the current system provides a level playing field for all developers or projects. Time for changes. Let's start with a fearless and politically-saavy team committed to meeting the city's long-term and diversified housing goals.

The Gazette Column: This is no time for a constitutional convention

Todd Dorman

So amid the deepening political divisions and thrill-a-minute volatility of our post-truth Trumpian times, Republicans running our Legislature think the moment is right to grab us by the Constitution.

Last month, the Iowa House voted 58-38 along party lines to petition Congress to convene a constitutional convention under Article V of the U.S. Constitution. The convention, according to House Joint Resolution 12, would be "limited to consideration and support of amendments that impose fiscal restraints on the federal government, and amendments that limit the power and jurisdiction of the federal government, and no amendments on any other topic."

So just money, power and jurisdiction. What else is there?

It's now awaiting action in the Iowa Senate. Its floor manager there, Sen. Jason Schultz, R-Schleswig, said a debate will come "soon."

The resolution's writers have a flare for drama. It addresses our "crushing national debt." It accuses our federal government of "abuses of power" and talks of how it's "invaded the legitimate role of states" through federal mandates. It has "ceased to live under proper interpretation of the Constitution."

Stirring, to be sure. But the convention won't come in time to stop the feds from, for instance, invading Iowa with a fresh \$225 million transfusion to save Gov. Terry Branstad's hemorrhaging Medicaid scheme. Such future federal incursions, funding roads, crop insurance and water quality, surely could be halted. Ask your nearest county supervisor, after lawmakers' 2017 local control pre-emption fest,

about abuses of power, legitimate roles and unfunded mandates.

But I digress.

State Rep. Zach Nunn, R-Bondurant, led the charge in the House on March 15, insisting a constitutional convention would be like a “subcommittee,” or simply a “proving ground for new ideas.” It can happen if 34 state legislatures approve petitions. Nine have taken the plunge, including Arizona, Georgia, Alaska, Florida, Alabama, Tennessee, Indiana, Oklahoma and Louisiana. Other states, including Wisconsin and Ohio, are debating the issue.

Some con-con backers claim as many as 30 states have passed resolutions, counting actions taken years or even decades ago. Maryland just rescinded its resolution, passed in 1977.

“If not us, then who? If not now, when?” Nunn asked the House as debate opened.

It was hardly a debate for the ages.

Minority Democrats questioned the wisdom of lecturing Congress at a time when Iowa’s budget is a mess. That didn’t sit well with Rep. Chip Baltimore, R-Boone, who called a “point of order,” accusing Democrats of breaking House rules by going off topic. Apparently you can’t discuss state budgetary imprudence in a debate over federal budgetary imprudence. Somehow, his point was well taken by House Speaker Linda Upmeyer, R-Clear Lake.

It was not until Rep. Tim Kacena, D-Sioux City, rose to speak did we get a solid assessment of the convention drive.

“I can honestly say this resolution scares the hell out of me,” said Kacena, a retired firefighter who probably knows scary when he sees it. “This is dangerous.”

The thought of popping the hood on the Constitution at this point in our history is pretty scary. Our facts now are alternative. Our political cash comes in two flavors, shady and dark. Our nation just put a tweeting huckster in the Oval Office. Scrapping health insurance for 24 million people is what passes for sound public policy. We’re still trying to recover from the Bowling Green massacre.

A convention, now? Maybe the Russians will send delegates.

Sure, it takes 34 states to call a convention and 38 states to ratify any amendments it yields. No worries. That will never happen. Just like Donald Trump will never be president. Thank goodness.

I’m not going to defend the crushing national debt or any other boneheaded action taken by the federal government. There are many. And I can think of ways I’d like to change the Constitution.

But when the hottest trend in governing is called “the nuclear option,” the time to change the Constitution is not now. The people to do it is not us.

Legislatures across the country, including Iowa’s, are shoving through sweeping ideologically-driven initiatives with all the care, caution and concern for consequences of Visigoths on a Roman holiday. They would pick the convention delegates. That ought to work out well.

And a convention would not necessarily be “limited.”

We’ve had one such convention, in 1787. It was called by Congress to amend the Articles of Confederation. Instead, delegates tossed the articles and crafted an entirely new Constitution. It was a masterstroke for the future of America. It is not an example of cautious restraint.

Drake University Professor Dennis Goldford, who teaches constitutional law, said there were strong

objections to straying from Congress' original charge in 1787. James Madison answered those criticisms in Federalist 40.

"He said, look, if you think things are so tough and difficult right now that we can't stay where we are, then go ahead and vote for this new Constitution, and we'll take that as your consent to the rather irregular procedure we adopted," Goldford said. "If you think that we had a runaway convention ... vote against the new proposed Constitution.

"So we had precisely this issue as far back as 1787-1788. Our only constitutional convention in American history was itself a runaway convention," Goldford said.

And if a convention's actions sparked a court challenge, it's uncertain what jurisdiction the courts would have, Goldford said.

"This opens up a huge can of worms," Goldford said.

I say let's not open that can.

Conservatives who want big changes at the federal level should note they currently control Congress and the White House, with a Supreme Court majority on the way. A convention isn't necessary, unless you want to do things so unpopular they can't be accomplished through the normal political process. Many of these proposals also are known as bad ideas.

And HJR 12 is a bad idea. The Senate should grab it and scrap it.

QC Times: Q-C lawmakers weigh in on Syria strikes

Ed Tibbetts

Top of Form

Bottom of Form

In mostly measured tones, lawmakers representing the Quad-Cities got behind President Donald Trump's decision to launch missile strikes against Syria. But there also were warnings, mostly from Democrats, about the prospect of a deeper commitment there.

The strikes, which came late Thursday, also rekindled calls in some corners of Congress for lawmakers to come up with an authorization for use of military force in the event there was to be further action. Rep. Dave Loebsack, D-Iowa, said Friday that Trump should have come to Congress before launching Thursday's strikes.

Republicans said Trump showed resolve, and that this represented a break from the Obama administration.

"Assad's actions follow a policy under President Obama that lacked any consequences for heinous crimes against Syrian civilians," Grassley said. "The action taken by President Trump to prevent further use of chemical weapons by Assad or anyone else was appropriate."

Sen. Joni Ernst, R-Iowa, praised the strikes Thursday night. "Unlike the Obama administration, the Trump administration is showing global leadership and we must work to find an end to the root causes of this crisis," Ernst said in a statement.

Republicans have long criticized Obama over Syria. In 2013, he raised the prospect of military action

after government forces launched a chemical attack. The year before, Obama had said chemical weapons would cross a red line.

Obama decided ultimately against launching an attack on his own and went to Congress for authorization. But Congress took no action, either.

As for the region's Democrats, Sen. Dick Durbin, D-Illinois, called Thursday's strikes a "measured response." Sen. Tammy Duckworth, D-Illinois, said they sent a "clear and measured message" to Syrian President Bashar al-Assad.

Rep. Cheri Bustos, D- Illinois, called Thursday's action a "proportional response."

However, they also said Trump needs to lay out a strategy before any further action is taken.

Bottom of Form

Duckworth raised concerns about heightened tensions with Russia. "After weeks of sending dangerously mixed signals on Syria, the president owes it to our troops, who are now in greater danger, to clearly and unequivocally outline the long-term strategic end-state he is seeking to achieve in Syria and the region," she said.

Bustos said the president "must present the American people and Congress a clear and transparent strategy to ensure we do not rush into another open-ended conflict in the Middle East."

Loebsack, meanwhile, also called for a "comprehensive plan." He did not weigh in specifically on the propriety of Thursday's missile strike but said it was important that the U.S. and the world "ensure that Assad is held to account for war crimes committed against his own people."

Grassley also called on the president to "develop a comprehensive strategy with respect to ending the six-year-long crisis in Syria."

QC Times Editorial: No answers in sight as Iowa exchange crumbles

Quad-City Times editorial board

Top of Form

Bottom of Form

Iowa's health insurance exchange this week became the poster child for self-fulfilling prophecies.

In just 72 hours, Iowa's version of the Affordable Care Act, or Obamacare, crumbled under its own weight and the additional heft a Republican White House with no interest in supporting it.

Wellmark Blue Cross and Blue Shield and Aetna last week both announced departures from Iowa's exchange in 2018, citing mounting financial losses and continued "uncertainty." That leaves Iowa's exchange with just one provider, Medica, which has yet to make its future intentions known. Wellmark and Aetna represent a majority of the Iowa exchange's total plans.

So, now what?

What's clear so far is Republicans in Washington have no answers.

Obamacare has always been a highly compromised, deeply troubled program. Even proponents of the

massive federal program lamented its shortcomings. It's over-reliance on young, healthy populations to subsidize the elderly and sick didn't pan out. Obamacare was costly and clunky. But, by most objective measures, it was relatively successful.

Roughly 20 million Americans have health insurance thanks to the ACA. In 2016, national insurance rates reached a record low of 10.6 percent, according to Gallup. That's down from 18 percent in 2013, and it's the working poor -- a population who spent decades one heart attack away from financial ruin -- who benefited most.

An imperfect program, for sure. But Obamacare isn't responsible for the country's astronomically high health care costs. Americans pay more and get less relative to the rest of the developed world, according to the World Health Organization. It even slowed the incessant rise of health insurance premiums, concluded the Congressional Budget Office.

Republicans spent seven years wasting time on meaningless votes to repeal ACA. It was a go-to foil in congressional districts in every purple district throughout the country. It was "evil," they said. They stoked nonsensical fears about "death panels." President Donald Trump has repeatedly called it a "disaster" without bothering to actually understand it and last month promised to let ACA fail when his party couldn't offer any real solutions.

That last bit is the "uncertainty" to which Aetna and Wellmark officials were referring. Trump's promise to starve ACA to death all but doomed an already troubled Iowa exchange.

Bottom of Form

The White House and congressional Republicans, still smarting after last month's failure, spent much of last week in closed-door meetings trying to hash out a replacement to ACA, reported the New York Times. Most of the talks involving the White House concerned placating the GOP's right-wing Freedom Caucus, which killed the party's first attempt at repeal. Proposed concessions included high-risk pools, a downright scam that's failed in multiple states, and the elimination of hugely popular pre-existing conditions protections for consumers.

A bill that already turned the noses of the GOP's reasonable center reeks even worse after this week. Flailing is fine for a minority party. Chaos is not acceptable for the majority that's supposed to govern.

So, we ask again: What now?

Republicans tapped widespread confusion and fear to score political points off Obamacare. They've railed against it without any real solution. They're now actively destabilizing it. And, predictably, Iowa's exchange is quite literally falling apart amid a GOP civil war.

The well-being of thousands of Iowans are at stake here. More than 50,000 benefit from taxpayer subsidized policies on Iowa exchange. Tens of thousands of Iowa's poorest rely on the state's already foundering Medicaid system, expanded as part of the ACA and privatized by Gov. Terry Branstad.

And the very people who sowed discontent and stoked fears have, so far, proven incapable of picking up the pieces.

RI: Ashton Kutcher says good character 'is like your DNA'

APRIL 9, 2017 BY O. KAY HENDERSON

Eastern Iowa native Ashton Kutcher is the latest recipient of a "Pillar of Character" Award named in honor of former Iowa Governor Robert D. Ray.

“Thank you for having me home,” Kutcher said as he took the stage at Saturday’s ceremony in West Des Moines.

The actor who has starred in “That ’70s Show” and the current Netflix series “The Ranch” relied on some of the biochemistry he studied at the University of Iowa to explain the difference between personality and character.

“Personality is kind of the you that you show in the light,” Kutcher said. “...But your character is the you in the light and it’s the you in the darkest moment of your life. It’s just you. It’s like your DNA.”

The Robert D. Ray “Exemplar Award” is presented by the Drake University-based “Character Counts” organization to Iowans who “consistently demonstrate good character as a visible role model.”

Kutcher thanked his wife, his parents, his scoutmaster, his teachers and the neighbors from his childhood for their influence on his character.

“I’m the lucky one, but then I also had the great fortune to fail again and again and again,” Kutcher said. “I had the great fortune of going to jail when I was 18 and getting a deferred judgment, because I knew I never wanted to go back.”

Kutcher also talked about how his twin brother, Michael, has influenced his life.

“My brother was born with cerebral palsy and he taught me that loving people isn’t a choice and that people aren’t actually all created equal,” Kutcher said. “...We’re all created incredibly unequal to one another in our capabilities and what we can do and how we think and what we see, but we all have the equal capacity to love one another...He also taught me that he had gifts that I didn’t have...and that every time I felt sorry for him in life, I made him less.”

Kutcher, who is now 39 and the father of two young children, told his parents that with the experience of being a parent, he finally realized how much his own parents loved him.

“And so actually I didn’t come here, ultimately, to receive this award for myself,” Kutcher said. “I came here to receive it for all of you.”

Iowa’s current governor, Terry Branstad, handed Kutcher’s wife, Mila Kunis, a certificate that makes her an “honorary” Iowan. Other recipients of the Robert D. Ray “Pillar of Character Award” include Norman Borlaug, Hayden Fry, Dan Gable, Fred Hoiberg and Shawn Johnson.

Kutcher has become known as an entrepreneur, investor and philanthropist in addition to his work as an actor. He recently testified against human trafficking during a congressional hearing. Kutcher and his ex-wife, Demi Moore, co-founded a non-profit called “Thorn” that fights “the sexual exploitation of children.”

RI: New leader to take over at the Clarinda prison

APRIL 7, 2017 BY RADIO IOWA CONTRIBUTOR

A new warden has been named for a prison facility in southwest Iowa.

The Board of Corrections has approved the appointment of Randy Gibbs to become Warden of the Clarinda Correctional Facility on April 21. Gibbs is currently Assistant Deputy Director of Institution Operations.



The Clarinda facility currently houses over 900 inmates, many of whom are classified with “special needs” — offenders with mental health issues or intellectual disabilities.

The warden vacancy at Clarinda was created when Sheryl Dahm was appointed in January as Warden of the Iowa Correctional Institution for Women in Mitchellville. That was after former women’s prison warden Pattie Wachtendorf was named the first female warden of the Iowa State Penitentiary in Fort Madison. She replaced Nick Ludwick, who retired.

RI: Grassley, others comment on Supreme Court confirmation vote

Iowa Senator Chuck Grassley, a Republican from New Hartford, spoke to reporters today after the U.S. Senate voted to confirm Neil Gorsuch to the Supreme Court.

“I think that we just witnessed one of the most important votes that a member of the Senate can cast,” Grassley says. “Judge Gorsuch will be an independent voice on that Supreme Court. He proved that by answering questions for 20 hours.”

Grassley is the chair of the Senate Judiciary Committee which holds hearings on the Supreme Court nominees. The Senate used the so-called “nuclear option” to change the rules so Gorsuch would not need 60 votes to be confirmed. Grassley would ask if that would be a constant negative for Gorsuch in his time on the High Court. The senator says it will not be because Democrats set the precedent of changing the rules back in 2001.

“When they said ‘we’ve got to change the ground rules.’ We’ll they did change the ground rules. Those ground rules were changed for a lot of nominees that George W. Bush had, those same ground rule...continued through the Obama administration,” Grassley says. “So those Democrats who met back in 2001 poisoned the well that got us to where we are.”

Some Democrats said they were against Gorsuch’s nomination because Grassley would not hold a hearing on a judge President Obama nomination. He was asked how the whole fight over the Supreme Court nomination will impact other work in the U-S Senate.

“I think the comity will be back to the Senate in regards to legislation — but I think it’s going to take somebody like Senator Schumer who started this whole slippery slope back in 2001 — to drill a new well that’s not going to be poisoned,” Grassley replied.

Grassley says there are plenty of Republicans and Democrats who are willing to work together to make that new start when it comes to selecting Supreme Court judges.

Iowa other U.S. Senator Joni Ernst, a Republican from Red Oak, voted for Gorsuch and released this statement on her vote:

“I am thrilled that a bipartisan majority has voted to confirm Judge Gorsuch, who is eminently qualified to serve on our nation’s highest court,” said Senator Ernst. “Throughout his career, Judge Gorsuch has shown an unparalleled depth of understanding and respect for our Constitution. He is dedicated to interpreting the text of the Constitution and statutes as they are written, rather than attempting to legislate from the bench. It’s easy to see why Judge Gorsuch was previously confirmed by the Senate with unanimous support – including the support of Minority Leader Chuck Schumer.

“The American people are behind Judge Gorsuch, and I look forward to seeing him take his seat on the bench very soon.”

The group Why Courts Matter Iowa issued this statement in response to the confirmation of Neil Gorsuch, to the U.S. Supreme Court:

“Senator Grassley and Republicans in the Senate just ensured that the Supreme Court will be far more partisan and political than at any time in our country’s history, after voting to end the filibuster for Judge Gorsuch and future nominees. The so-called ‘nuclear option’ completes the partisan hatchet job on the independence of the judiciary that began last year when Grassley and Republicans engaged in unprecedented obstruction of Merrick Garland’s nomination.”

“Working side by side, President Trump, Senator Grassley, and Senate Republicans have undermined the U.S. Senate, an American institution. And their vote today undermines the independence of our highest court in the land.”

“This move to further politicize the judiciary is unfortunate, and it did not have to come to this. Republicans made a choice to strip away more than two centuries of Senate tradition. If they truly cared about bipartisanship, they would have worked across the aisle to put forward a consensus nominee who could receive the 60 votes that 25 of the past 26 justices have earned.”

“President Trump, Senator Grassley, and Senate Republicans won their vote today, but the American people lost. A judge who does not believe in protecting the constitutional rights of every citizen will be given a lifetime appointment because of a partisan vote. That’s not what we expect from our judiciary, or from our Senators, and we deserve far better.”

RI: Key senator: ‘outside chance’ for tax cuts, reform in 2017

The president of the Iowa Senate today said he and other Republicans are anxious to reform and cut Iowa income taxes, but with about two-weeks of scheduled work left in the 2017 legislative session, the task may be tabled ‘til next year.

“I was that hoping we could get to it this year,” Senate President Jack Whitver of Ankeny said. “There’s still an outside chance we could do something, but it’s looking more and more like this might be a 2018 issue.”

Whitver said the delay is mainly because when state tax revenues started falling below expectations, it forced two rounds of cuts to state budget plans.

“The reality of our situation right now in the state of Iowa is our budget is a little tighter than we hoped and we want to focus on getting our budget under control, do the fiscally responsible thing there,” Whitver said, “and then start looking at tax policy.”

After decades of resistance from within the Republican Party, Whitver said it is possible GOP lawmakers will get rid of the deduction that lets Iowans subtract their federal income taxes from their state income tax liability. Only one other state has that deduction and it makes Iowa’s income tax rates appear higher than they actually are.

“The states that are growing and thriving and are prospering right now are the states that have the lowest or even no income tax,” Whitver said. “I’m not sitting here today and saying: ‘Next year we’re going to eliminate the income tax,’ but the lower we can go on that, I think research shows we can be more prosperous.”

Whitver said he is willing to “consider anything” — including a single-rate “flat tax” on income — if it reduces the tax burden “on hard-working Iowans.” Cutting individual income taxes is a higher priority for Whitver than reducing the state’s tax rate on corporate income.

“That really isn’t that big a (part) of our state budget,” Whitver says. “What we really need to do is reform the individual tax code and that would help thousands of small business owners across our

state.”

That’s because the majority of small business owners do not operate a corporation. They pay taxes on their small business by filing Iowa individual income forms. Whitver made his comments during taping of tonight’s “Iowa Press” program that will air on Iowa Public Television at 7:30.

RI: Iowa Supreme Court rules against request for a hospital safety report

The Iowa Supreme Court says information gathered for a patient safety study cannot be used in a lawsuit against a hospital.

Dennis Willard was seriously injured in an accident in Davenport in November of 2011 and was transferred from the hospital there to the University of Iowa Hospitals in Iowa City.

He was sedated for a scan of his stomach to check for injuries. After returning from the scan he had problems with his left arm, and an x-ray found his shoulder was dislocated.

The x-rays taken before the scan had not shown the dislocated shoulder and Willard believed the shoulder was dislocated as he was moved for the scan, so he filed a lawsuit against the hospital. He sought to get a copy of what’s called a Patient Safety Net report that was filed about an incident during the scan.

The incident reports are intended to help improve the safety of hospitals and under Iowa law are required to remain confidential. The district court ruled he should be given the report as part of the discovery phase of the lawsuit.

The Iowa Supreme Court ruled Willard cannot have the report as the confidentiality given the reports allows hospital staff to feel comfortable reporting problems and that information is utilized to improve patient safety by reducing preventable medical errors. The ruling says the protection is intended to apply to documents or communications that constitute “patient safety work product.”

Here’s the full ruling: [Hospital safety report ruling PDF](#)

POLITICO: White House on edge as 100-day judgment nears

‘We’ve got essentially two-and-a-half weeks to turn everything around,’ says one Trump staffer.

By SHANE GOLDMACHER

President Donald Trump has far more than three years left in his first term. But inside his pressure-cooker of a White House, aides and advisers are sweating the next three weeks.

The symbolic 100-day mark by which modern presidents are judged menaces for an image-obsessed chief executive whose opening sprint has been marred by legislative stumbles, legal setbacks, senior staff kneecapping one another, the resignation of his national security adviser and near-daily headlines and headaches about links to Russia.

The date, April 29, hangs over the West Wing like the sword of Damocles as the unofficial deadline to find their footing— or else.

But however real Trump’s frustrations are with the three rival power centers he has installed — chief of staff Reince Priebus, son-in-law Jared Kushner and chief strategist Stephen Bannon — top officials

inside and around the White House don't expect Trump to make any drastic changes until after 100 days, lest staff turmoil stories swamp a key stretch of media coverage.

That reprieve — unless Trump simply decides he's had enough — has both bought his staff a little time and put them on edge.

"One hundred days is the marker, and we've got essentially two-and-a-half weeks to turn everything around," said one White House official. "This is going to be a monumental task."

For a president who often begins and ends his days imbibing cable news, the burden has fallen heavily on a press team that recognizes how well they sell Trump's early tenure in the media will likely color the president's appetite for an internal shake-up.

That was the backdrop for a tense planning session for the 100-day mark last week.

More than 30 Trump staffers piled into a conference room in the Eisenhower Executive Office Building adjoining the White House, according to a half-dozen attendees who described the Tuesday meeting.

Mike Dubke, Trump's communications director, and his deputy, Jessica Ditto, kicked off the discussion of how to package Trump's tumultuous first 100 days by pitching the need for a "rebranding" to get Trump back on track.

"I think the president's head would explode if he heard that," one of the White House officials present said.

Staffers, including counselor Kellyanne Conway, were broken into three groups, complete with whiteboards, markers and giant butcher-block-type paper to brainstorm lists of early successes. One group worked in the hallway.

"It made me feel like I was back in 5th grade," complained another White House aide who was there. "That's the best way I could describe it."

Dubke, who did not work on the campaign, told the assembled aides that international affairs would present a messaging challenge because the president lacks a coherent foreign policy. Three days later, Trump would order missile strikes in Syria in a reversal of years of previous opposition to such intervention.

"There is no Trump doctrine," Dubke declared.

Some in the room were stunned by the remark.

"It rubbed people the wrong way because on the campaign we were pretty clear about what he wanted to do," said a third White House official in the room, "He was elected on a vision of America First. America First is the Trump doctrine."

One of the administration officials lamented, "We've got a comms team supposedly articulating the president's message [that] does not appear to understand the president's message."

Dubke told POLITICO he was disappointed White House staff would complain in the press rather than in real time.

"It was a brainstorming session and I really wish they had spoken up in the room so that we could have had an open and honest conversation," he said. "It is unproductive adjudicating internal discussions through the media."

As for the rebranding remark, Dubke said that had been misinterpreted. "There is not a need for a

rebranding but there is a need to brand the first 100 days," Dubke said. "Because if we don't do it the media is going to do it. That's what our job is."

Trump's communications team is now plotting to divide their first 100 days into three categories of accomplishments, according to people familiar with plans: "prosperity" (such as new manufacturing jobs, reduced regulations and pulling out of the Trans-Pacific Partnership trade deal), "accountability" (following through on swamp-draining campaign promises such as lobbying restrictions) and "safety/security" (including the dramatic reduction in border crossing and the strike in Syria).

Amid near-constant talk of staff shuffling, Dubke's name has fallen below the radar, in part because he cuts such a low profile. He was a late addition to Trump's team after the initial pick for the job, Jason Miller, bowed out for personal reasons. A behind-the-scenes operator, Dubke has yet to appear on television, Trump's favorite medium.

But as most of Trump's senior team — Cabinet members, military and economic advisers, Bannon, Priebus, Kushner and White House press secretary Sean Spicer — went to Mar-a-Lago last week for the bilateral meeting with China amid the unfolding Syrian situation, Dubke was conspicuously absent and back in D.C.

"That would tell you exactly how he is perceived," said one of the White House officials.

However, another White House official defended Dubke's internal role, saying before his arrival people in the press operation were "doing whatever they wanted to do without a broader set of goals being defined." Dubke imposed structure "and that's going to ruffle some feathers."

Still, the more sympathetic aide to Dubke admitted, "He has not yet integrated into the senior leadership."

The constant presence of senior advisers encircling Trump has created a vicious — and some officials say self-defeating — cycle in which top aides feel they cannot leave his side, lest they lose influence or be perceived to have.

"People are saying, 'Why is everyone traveling with the president?' and in the next breath, 'You must not be important, you're not traveling with the president?'" another White House official complained. "You can't have it both ways."

Trump hired Dubke in mid-February after a frustrating first month of bad press, telling Fox News later that month "in terms of messaging, I would give myself a C or a C+." But even after Dubke's arrival, Trump and his senior team have continued to seek outside advice.

During the failed push to pass health care legislation, Miller drafted a short messaging memo with four bullet points that was given to top White House officials, including Kushner and Bannon, according to four people familiar with the matter.

Miller, who now works for Teneo, the consulting firm created by former aides to Bill and Hillary Clinton, has been spotted around the White House twice in recent weeks, though he has made clear to friends in the administration that he has no interest in joining the White House.

The constant palace intrigue and internal jockeying has left the White House in a state of paralysis.

Trump parted with deputy chief of staff Katie Walsh in late March, his aides are discussing a reorganization and Trump himself has begun floating names to replace Priebus, his chief of staff, for feedback, according to a person close to the White House. On Friday, Trump ordered his two other senior-most advisers, Kushner and Bannon, to settle their differences in a Mar-a-Lago sit down after a week of their increasing shadowboxing through anonymous accusations in the press.

One White House official last week questioned why Bannon was taking on a member of Trump's family so openly.

"For a Svengali that doesn't seem like a smart thing to do," the official said. "I don't think that ends well for him."

A White House ally of Bannon noted that despite bumping up against Trump's son-in-law, he had held sway over the most crucial policy rollouts, such as Trump's hard line on immigration and trade. "Anyone who thinks that Steve has lost his influence, they don't know what the f--- they're talking about," this person said.

The strikes on Syria, a successful summit with President Xi Jinping of China and Friday's sit-down between Bannon and Kushner appear to have calmed some frayed nerves. Two people who have spoken with the president in recent days said Trump's mood has improved.

Still, the question of how to frame the first 100 days remains a challenge.

Trump aides are grappling with the reality that they will end this opening period with no significant legislative achievements other than rolling back Obama-era regulations. Even the White House's most far-reaching success, the confirmation of Justice Neil Gorsuch to the Supreme Court, required the Senate rewriting its own rules to overcome Democratic opposition.

Though the White House continues to push for progress on stalled health care legislation, there are only five legislative days remaining once Congress returns from a two-week spring break. Plus, another deadline looms: Trump and the Republican-controlled Congress must still pass a bill before April 28 to keep the government running.

If they fail, a shutdown would begin on Trump's 100th day in office.

## Bloomberg: Islamic State Kills Dozens in Egypt Palm Sunday Bombings

### Egyptian President Declares 3-Month State of Emergency

Suspected suicide bombers struck two Egyptian churches on Palm Sunday, killing more than 40 people in the deadliest assault on civilians since President Abdel-Fattah El-Sisi's election nearly three years ago.

Islamic State claimed the attacks on the St. George church in the Nile Delta city of Tanta and St. Mark's cathedral in Alexandria, according to the U.S.-based SITE Intel Group, which monitors jihadist channels on social media. At least 27 people were killed in the Tanta bombing, the day's first blast, Health Ministry spokesman Khaled Mogahed said. In Alexandria, at least 16 were killed in an attack on the seat of the Coptic Orthodox church there.

The violence demonstrates Islamic State's intent to expand its presence in Egypt beyond the rugged confines of the Sinai Peninsula. That will likely add more pressure on El-Sisi to restore order as he seeks to attract foreign capital and placate a population increasingly frustrated with economic hardship.

The bombings come less than a week after El-Sisi met President Donald Trump at the White House, where he was praised for his efforts to fight terrorism. Targeting two major cities outside Sinai lets Islamic State show it's "still able to operate -- despite this growing pressure -- and to embarrass the Egyptian government after Sisi's visit to Washington" and before Pope Francis's visit this month, said Michael Horowitz, director of intelligence at the political risk consultancy Prime Source.

'Great Confidence'

Trump tweeted that he's "sad to hear about the terrorist attack in Egypt" and has "great confidence that President Al Sisi will handle the situation properly." The U.S. "will continue to support Egypt's security and stability in its efforts to defeat terrorism," State Department spokesman Mark Toner said in a statement. Al Sisi ordered the deployment of military units to help protect vital installations nationwide, the presidency said in a statement.

Egyptian shares dropped after the bombings, with the benchmark EGX 30 Index retreating 1.6 percent, the most since Feb. 27, at the close in Cairo.

The incidents bore the hallmarks of the Islamic State -- multi-pronged attacks aimed at inflicting as much damage as possible while minimizing the group's losses. In Alexandria, one of the casualties was a police officer who blocked the suspected suicide bomber from entering the church after he evaded a metal detector, security footage aired on television showed. In Tanta, the remains of a suspected suicide bomber were found in the church, the state-run Middle East News Agency said, citing an unidentified security official.

The bombings were "a mixed bag" for El-Sisi, said Samuel Tadros, a senior fellow at the Hudson Institute in Washington.

#### 'Dangerous Development'

"On the one hand it reinforces his narrative that Egypt is in war against terrorism, rallying the nation around the flag and so forth," Tadros said. "At the same time the attacks send a message of incompetence of the security apparatus" in containing the militancy, he said.

If the jihadist group proves able to operate more extensively outside of Sinai, "that would be a very dangerous development," he added.

El-Sisi declared that the attacks "will not undermine the resolve and true will of the Egyptian people to counter the forces of evil," according to a statement from the presidency. But the violence against civilians dealt the president a new blow at a time when his support is already being tested by the hardships Egyptians are being forced to endure as part of his economic reform program.

#### Currency Controls

A November decision to abandon currency controls helped to secure a \$12 billion International Monetary Fund loan and attract foreign investors. Yet it has also caused the pound to lose half its value against the dollar, sending prices soaring and annual core inflation climbing to over 33 percent in February.

#### Bottom of Form

The militant threat exploded after the 2013 military-backed popular uprising against Islamist President Mohamed Mursi and the deadly crackdown on his Muslim Brotherhood group that followed. The expansion of the attacks outside the confines of Sinai and, according to Egyptian media, a new focus on targeting Christians have only proven the jihadists' resilience. A deadly bombing at the Cairo cathedral in December, claimed by Islamic State's local affiliate, killed at least 25 worshippers.

The latest bombing "won't be the last terrorist attack because the state fights terrorism but doesn't fight terrorism-inspiring ideas, which is the main cause of the problem," billionaire Naguib Sawiris wrote on his official Twitter account.

#### Loyal Backers

Christians, who are widely estimated to make up around 10 percent of the nation's 92 million residents,

have long complained of discrimination in the Muslim majority nation. They were among El-Sisi's strongest backers after Mursi was pushed from power, but that loyalty, too, is being strained by the government's failure to contain the assaults on their community.

"This type of attack is the most dangerous, since it inflicts maximum amount of damage on human lives, disrupts tourism, and shakes the image of the state," said Ghanem Nuseibeh, founder of London-based consulting firm Cornerstone Global Associates. "It turns the conflict from a confrontation in the desert to a civil conflict in the heart of Egypt."

"This attack is likely to embolden the government, and provide it with even more legitimacy in its crackdown on Islamists and on dissent," he said.

WSJ: Democrats' Conditions for Tax Overhaul Make Bipartisan Deal Unlikely

GOP attempts to reach across the aisle are complicated by lack of agreement on priorities

By RICHARD RUBIN

Democrats are starting to settle on a price for participating in a tax-code overhaul, and many Republicans won't want to pay it.

Democrats say they oppose net tax cuts and will resist proposals that mostly benefit high-income households. Those priorities diverge from President Donald Trump's repeated promise to "cut the hell out of taxes" and congressional Republicans' plans to lower marginal tax rates and repeal the estate tax.

"Tax reform's got to be responsible and it's got to be progressive," said Sen. Ben Cardin (D., Md.).

Republicans made overtures across the aisle in recent weeks and, in theory, Democratic participation on tax policy could ease legislative challenges for Republicans vexed by slim House and Senate majorities and internal disagreements. By attracting Democratic votes, Republicans could overcome procedural hurdles without uniting fractious wings of their own party.

TRUMP'S FIRST 100 DAYS

There is, at some level, rhetorical room for agreement. Mr. Trump says middle-class tax cuts are a top priority. House Speaker Paul Ryan (R., Wis.) says he's aiming for his plan to be revenue neutral—collecting as much money over the next decade as the current system does. Mix Mr. Trump's class rhetoric, Mr. Ryan's budgetary promise and the prospect of spending on infrastructure and there is a recipe for bipartisanship.

But so far, those priorities aren't widely shared among Republicans and GOP plans haven't matched them. Mr. Trump's campaign plan delivered half its tax cuts to the top 1% of households, according to the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. House Republicans haven't shown in detail how their plan adds up and don't want to tie infrastructure and taxes together. Lower tax rates on businesses, investors and top earners are a unifying force in the GOP, and many lawmakers are reluctant to give that up to get a deal with Democrats.

Even if the White House and Democrats reach a conceptual agreement on taxes, any accord would drive many Republicans away and require the Trump administration and lawmakers to make decisions on hundreds of details.

Still, White House officials, who declared they are taking the lead on tax policy, have been meeting with Democratic lawmakers. House Ways and Means Chairman Rep. Kevin Brady (R., Texas) met with two



groups of Democrats last week.

Democrats say they are wary but listening.

Mr. Trump's unpopularity, especially among Democratic voters, gives lawmakers political advantages in opposing the admin

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House GOP leaders debating whether to come back to health care. State houses gamble they won't. | Sponsored by the Coalition to Protect America's Health Care

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New momentum for Medicaid expansion, as more Republicans conclude Obamacare won't get repealed

Two Kansas state senators confer during the chamber's debate on a bill expanding the state's Medicaid program yesterday at the Statehouse in Topeka. These two Republicans oppose the measure, but supporters have been buoyed by the failure of Republicans in Washington to pass a bill repealing the 2010 health care law. (John Hanna/AP)

BY JAMES HOHMANN  
with Breanne Deppisch

**THE BIG IDEA:** Paul Ryan promised his donors yesterday that he will keep pushing to overhaul the health care system this year, despite his failure last week. But in the 19 states that never expanded Medicaid under the Affordable Care Act, the calculus has quickly changed.

A lot of state legislators, including Republicans, are putting more stock in what the Speaker said Friday, that Obamacare will be the law of the land for the foreseeable future.

The bill that was being considered in the House would have phased out the expansion under the 2010 law, which has already grown the Medicaid rolls by more than 11 million people. It could have left states holding the bag over the next couple of years.

With Obamacare repeal less likely, opponents of expansion in the states have just lost their best argument.

-- The Kansas Senate voted last night to expand Medicaid, which would mean coverage for 150,000 currently uninsured Kansans. Senators cleared a procedural hurdle by a vote of 25-13. There will be a final vote today. Republican Gov. Sam Brownback has signaled a likely veto, but he's also expected to soon get appointed to an overseas posting by President Trump. So the legislature might be able to try again soon.

“The failure of the federal effort to repeal the Affordable Care Act hung over the debate,” the Wichita Eagle reports of the floor fight. “Elections last fall swept a number of moderate Republicans and Democrats into (state) office, giving supporters of expansion a boost. ... The House already passed the bill 81-44. The House vote and the initial Senate vote are just shy of the number needed to override a veto. Override takes 84 votes in the House and 27 votes in the Senate.”

Atlanta Falcons star Julio Jones visits the Georgia state capitol to visit with Nathan Deal. (Bob Andres/Atlanta Journal-Constitution via AP)

-- In Georgia, Republican Gov. Nathan Deal announced yesterday that his administration is exploring changes to the state's Medicaid program now that the House bill has gone down. A former congressman, he said he'll get with HHS Secretary Tom Price, who hails from Georgia, about what kind of waivers the state might be able to get now to sweeten the deal. “We will be looking at those possibilities,” Deal said at a press conference. “We have not formulated any proposal at this time, but the waivers will be primarily restricted to our Medicaid program.”

“Georgia lawmakers in 2014 passed legislation that gives the Legislature the final say over any expansion to the Medicaid program,” the Atlanta Journal Constitution explains. “Georgia flirted with a wide-ranging waiver in 2015 under Barack Obama's administration that would have sought more Medicaid money to help the state's struggling rural hospitals and its big ‘safety net’ hospitals like Grady Memorial in Atlanta. But the state later quietly abandoned those discussions.”

Terry McAuliffe vents his frustration. (Steve Earley/The Virginian-Pilot via AP)

-- In Virginia, meanwhile, the failure of Congress has emboldened Democratic Gov. Terry McAuliffe to renew his stalled crusade to expand Medicaid. Yesterday he proposed an amendment to state budget language to give him power to set an expansion in motion, and called on the Republican-controlled General Assembly to immediately begin making plans. Republican legislators were unmoved by the plea, saying they would reject the amendment and that they stood firm against expanding Medicaid. But it ensures that Medicaid expansion will now be a top issue in this year's open gubernatorial contest. (Gregory S. Schneider has more.)

-- Forbes Magazine says to keep an eye on other places like North Carolina, which now has a Democratic governor. “And there may be even more states that will resurrect state legislative efforts to expand Medicaid. Before Trump was elected ... Idaho, Nebraska and South Dakota were considering expansion,” notes Bruce Japsen. Legislators stopped debating expansion in those places when it seemed like the ACA would be repealed.

“In Maine, GOP Gov. Paul LePage has vetoed several bills to expand Medicaid passed by the state's Democratic-controlled legislature, most recently last year. But Mainers will get a chance to vote on expansion in a referendum this November,” the Huffington Post notes.

-- A robust debate over Medicaid is playing out this week in Arkansas, as well. “An effort to continue the hybrid Arkansas Medicaid expansion another year failed (last night) in the state Senate,” the AP reports from Little Rock. “The budget bill for the state's Medicaid program and the expansion failed on two votes. ... Legislative leaders said they planned to try again with the proposal on Tuesday, and were confident they had the votes needed. The top Republican in the Senate said he didn't believe the program would be blocked while the future of the federal health law remains in limbo. ‘I don't think there's sufficient will right now to start blocking budgets when we don't even know what's going to happen or how long it's going to take,’ Senate Majority Jim Hendren said after the votes.” More than 300,000 people are on Arkansas' hybrid program, which uses Medicaid funds to purchase private

insurance for low-income residents.

Trump meets with women small business owners at the White House. (Jabin Botsford/The Washington Post)

-- Once Medicaid is expanded, it is politically very hard to take coverage away from people. Key opponents of the House GOP bill, for example, included Michigan Gov. Rick Snyder and Ohio Gov. John Kasich, two Republicans who chose to expand Medicaid. A lot of the House moderates from the Tuesday Group who helped torpedo the bill hailed from expansion states and did so because they were concerned about Medicaid recipients in their districts getting hurt.

-- The New York Times has a good story on its front page today about how the health care fight last week showed the degree to which Medicaid has come of age: "When it was created more than a half century ago, Medicaid almost escaped notice. Front-page stories hailed the bigger, more controversial part of the law that President Lyndon B. Johnson signed that July day in 1965 — health insurance for elderly people, or Medicare, which the American Medical Association had bitterly denounced as socialized medicine. ... But over the past five decades, Medicaid has surpassed Medicare in the number of Americans it covers. It has grown gradually into a behemoth that provides for the medical needs of one in five Americans — 74 million people — starting for many in the womb, and for others, ending only when they go to their graves."

Some remarkable figures: "In 2015, the nation spent more than \$532 billion on Medicaid, of which about 63 percent was federal money and the rest from the states. ... Medicaid now provides medical care to four out of 10 American children. It covers the costs of nearly half of all births in the United States. It pays for the care for two-thirds of people in nursing homes. And it provides for 10 million children and adults with physical or mental disabilities. For states, it accounts for 60 percent of federal funding — meaning that cuts hurt not only poor and middle-class families caring for their children with autism or dying parents, but also bond ratings."

Trump sits with Paul Ryan on Capitol Hill (AP/Evan Vucci)

-- Speaking to his donors on a conference call, Ryan insisted that the House got pretty close to passing his bill. "Basically ... 90 percent of our members of the conference were there and ready to go and be a governing party and were happy with where we were, and around 10 percent were still in what I would call 'opposition party mode,'" Ryan said on the call, an audio recording of which was obtained by The Post. "About 10 percent of our people, a particular bloc, just weren't there yet, even with the president's involvement."

Ryan said he intends to work "on two tracks" as he pursues other elements of Trump's agenda at the same time he keeps working on health care. "We are going to keep getting at this thing," Ryan said on the call. "We're not going to just all of a sudden abandon health care and move on to the rest. We are going to move on with rest of our agenda, keep that on track, while we work the health-care problem."

Ryan did not disclose details of what the next iteration of the bill might look like, but he suggested that a plan was being developed in time to brief the donors at a retreat scheduled for Thursday and Friday in Florida, according to Mike DeBonis.

-- Former Rep. Tom Davis (R-Va.), who twice chaired the NRCC, warns in an op-ed for The Post today that Republicans could lose the House if they don't quickly get their act together: "Unless the current trajectory is reversed, the Trump administration faces a difficult midterm that could undo its agenda and put House gavels and subpoena power in Democratic hands. ... The collapse of the Republican health-care bill was a massive case of legislative malpractice. But playing the blame game and pointing fingers

does little to advance the ball. ... There is time to recover from a difficult start. This will entail compromise and, in some cases, working with Democrats to get half a loaf. But your fumbling of health care puts you in a weakened bargaining position and your internecine fighting dispirits the party base. As James Bond's nemesis liked to say, 'Choose your next move carefully, Mr. Bond, it may be your last.'"

-- But Republican strategists and elected officials are deeply divided over the best path forward. The Times's Jonathan Martin talked to players on both sides of the debate—

The case for moving on: "We've got a lot of time to do real things on infrastructure, to do real things on tax reform, on red tape reform, and really get the American economy moving," said Rep. Steve Stivers (R-Ohio), the current chairman of the NRCC. "We do those things and we still have a lot of time to recover. ... If you're going to fumble the ball, better to do so in the first quarter of a football game. ... I think we need to start negotiating with Democrats instead of the Freedom Caucus. They don't know how to get to yes."

Even if leadership tried and Trump re-engaged, it's not clear they could get it done: "Not unless Harry Houdini wins a special election to help us," said Rep. Billy Long (R-Mo.).

The case for circling back: "What troubles many Republican strategists is the specter of the party's most reliable voters being bombarded by reminders of their leaders' failure to address the health law. They fear a recurring story line sure to pop up every time insurance premiums increase, providers leave local networks, or, most worrisome, Republicans fund Barack Obama's signature achievement. Conservatives ... now warn that it is untenable to stand pat on the issue — and that lawmakers will face retribution if they do not return to the repeal-and-replace effort. 'If people are looking at a situation where there's no action on this, there are going to be conversations about primaries,' warned Michael A. Needham, the chief executive of Heritage Action for America ... which worked to scuttle the ... bill last week."

-- John Cornyn, the number two Republican in Senate leadership, said flatly that health care will not be attempted again via the budget reconciliation process. "It's clear it needs to be done on a bipartisan basis," the Texan told the AP.

-- Trump, for his part, tweeted last night that he'll come back to the issue "as soon as ObamaCare folds":

Max Scherzer pitches against Tim Tebow in the fifth inning of yesterday's Nationals-Mets game in Port St. Lucie, Fla. (John Bazemore/AP)

-- Greetings from spring training in West Palm Beach, Fla. The Nationals were in great form against the Mets yesterday. Bryce Harper and Trea Turner each homered twice, and Washington beat New York 6-0. The game showed why all the handicappers think the Nats will win the NL East again. The most memorable moments in Port St. Lucie were when Max Scherzer kept striking out Tim Tebow, the Heisman-winning quarterback who fizzled in the NFL and now wants to be a pro baseball player. Tebow was no match for our Cy Young winner, one of the best pitchers in baseball, who clearly relished the match-up. Then my dad and I drove down A1A and enjoyed some delicious Cuban food.

## CONTENT FROM COALITION TO PROTECT AMERICA'S HEALTH CARE

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#### WHILE YOU WERE SLEEPING:

Sally Yates, in her office at the Justice Department, before she got fired by Trump. She is a former career prosecutor from Atlanta. (Evelyn Hockstein/For The Washington Post)

-- The Trump administration sought to block former acting attorney general Sally Yates from testifying to Congress in the House investigation of links between Russian officials and Donald Trump's presidential campaign, Devlin Barrett and Adam Entous scooped this morning. "According to letters The Post reviewed, the Justice Department notified Yates earlier this month that the administration considers a great deal of her possible testimony to be barred from discussion in a congressional hearing because the topics are covered by the presidential communication privilege. Yates and other former intelligence officials had been asked to testify before the House Intelligence Committee this week, a hearing that was abruptly canceled by the panel's chairman, Rep. Devin Nunes (R-Calif.). ... Trump fired Yates in January after she ordered Justice Department lawyers not to defend his first immigration order temporarily banning entry to United States for citizens of seven Muslim-majority countries and refugees from around the world...

"As acting attorney general, Yates played a key part in the investigation surrounding Michael T. Flynn, a Trump campaign aide who became national security adviser before revelations that he had discussed sanctions with the Russian ambassador to the United States in late December led to his ouster. Yates and another witness at the planned hearing, former CIA director John Brennan, had made clear to government officials by Thursday that their testimony to the committee probably would contradict some statements that White House officials had made, according to a person familiar with the matter who spoke on the condition of anonymity. The following day, when Yates's lawyer sent a letter to the White House indicating that she still wanted to testify, the hearing was canceled."

#### GET SMART FAST:

- 1.The U.S. military said it is not considering immediate changes to procedures governing airstrikes in Iraq and Syria, defending the conduct of its air campaign against ISIS amid reports of increased civilian deaths. (Missy Ryan and Loveday Morris)
- 2.Michigan and the city of Flint have agreed to replace roughly 18,000 aging water lines by 2020, as part of a sweeping agreement to settle a lawsuit over Flint's lead-contaminated water crisis. The proposed settlement requires Michigan to foot \$87 million for the project and was praised by local officials as a "significant step forward." (Brady Dennis)
- 3.New York prosecutors have upgraded charges against a white man who admitted to fatally stabbing a black man with a sword earlier this month, indicting him on two new charges of murder as an act of terrorism. Authorities say the 28-year-old Maryland man drove to New York specifically to target and kill black men, and, once in the city, stalked "numerous potential victims" for days before fatally confronting 66-year-old Timothy Caughman. (Mark Berman)
- 4.British police said they have found no evidence that the London attacker was linked to ISIS, despite a claim last week from the militant group taking credit for the rampage. (Griff Witte)
- 5.A group of Muslim women in London gathered on the Westminster Bridge, linking arms and lining the structure as the clock struck four, in order to express solidarity with the victims. (CNN)
- 6.Uber has put its self-driving cars back on the road after a car crash on Friday prompted the company

to temporarily suspend them. Officials said no serious injuries were reported in an Arizona accident, and that the Uber vehicle did not appear to be at fault. (Steven Overly)

7.Uber also announced plans to use Northern Virginia as a testing ground for its new carpooling feature, described as a “digital slug line” and an even lower cost alternative to uberPool. Reactions in the community have been mixed, however -- with some longtime sluggers turning their noses up at the idea of being charged for a service that is traditionally free. (Faiz Siddiqui)

8.The Maryland Senate voted to ban hydraulic fracking, clearing the bill of its final legislative hurdle and putting it onto the desk of Gov. Larry Hogan (R), who has pledged to sign it. The move will make Maryland the third state in the country to prohibit fracking. (Ovetta Wiggins and Josh Hicks)

9.Owners of the NFL’s teams voted 31-1 to ratify the Raiders’ proposed relocation from Oakland to Las Vegas, a move that once would have been practically unthinkable given the league’s long-standing public opposition to sports gambling. (Mark Maske in Phoenix)

10.The U.S. women’s hockey team is scheduled to begin world championship play with a first-round game Friday night, but USA Hockey still has no players willing to take the ice. The organization’s executive board met throughout Monday to weigh its options, facing a vow from the national team players to boycott the year’s biggest tournament until a resolution is struck over pay and resources afforded to the women’s program. Twenty Senate Democrats sent a letter to USA Hockey, saying members of the women’s national team “deserve fairness and respect” and urging the organization to resolve its dispute with the players over pay. (Rick Maese)

11.An 18-year-old Maryland student was allegedly thwarted from carrying out an “imminent” attack at her high school, after her parents found evidence of a possible threat and immediately contacted officials in Frederick. Authorities said they found a shotgun, ammunition and bomb-making materials that included pipes, shrapnel, fuse material and fireworks at the teenager’s home. (Dana Hedgpeth and Justin Wm. Moyer)

12.A Tennessee father is outraged after his 17-year-old daughter was killed in a car crash on her way to school – and then subsequently billed thousands of dollars for the guardrail that was damaged in her death. (Cleve R. Wootson Jr.)

13.Scientists have discovered the largest-ever dinosaur footprint in northwestern Australia: a 5-foot-9 inch print believed to have belonged to a sauropod, or long-necked dinosaur. But it’s far from the only fascinating local dino discovery– paleontologists have dubbed the region “Australia’s Jurassic Park” for the diverse footprint assemblage they’ve recorded in the area. So far, they’ve found evidence of at least 21 different species. (Sarah Kaplan)

Devin Nunes speaks with reporters outside the White House. (AP/Pablo Martinez Monsivais)

## THERE’S A BEAR IN THE ... WHITE HOUSE?

-- House Intelligence Committee Chairman David Nunes acknowledged Monday that he secretly visited the White House last week to view intelligence documents he then cited as proof of “potentially improper spying activity” against Trump and his associates, casting new doubt on the independence of his panel’s Russian investigation. Karoun Demirjian, Greg Miller and Philip Rucker report: “Current and former national security officials described Nunes’s trip to the White House complex, apparently late in the evening after he had slipped away from his staff, as highly unusual. Doing so would ordinarily require Nunes and the person he met with to have been cleared in advance and accompanied by an escort — requirements that seemed to undercut White House claims to have no information about the encounter.”

“How incredibly irregular,” said Matt Olsen, who formerly served as the head of the National Counterterrorism Center. “The only explanation you’re left with is that this is all being orchestrated by the White House.”

-- Nunes' admission immediately prompted calls for him to recuse himself from the Intelligence committee's investigation of the Trump campaign's ties with Russian officials:

\*Adam Schiff, the ranking Democrat on the committee, said: "There was no legitimate justification for bringing that information to the White House instead of the committee. That it was also obtained at the White House makes this departure all the more concerning. ... I believe that the Chairman should recuse himself from any further involvement in the Russia investigation, as well as any involvement in oversight of matters pertaining to any incidental collection of the Trump transition."

\*Nancy Pelosi called on Paul Ryan to demand Nunes recuse himself. "That leadership is long overdue," she said.

\*Chuck Schumer agreed: "If Speaker Ryan wants the House to have a credible investigation, he needs to replace Chairman Nunes."

-- Nunes denied any wrongdoing and dismissed calls for him to step down: "I'm sure that the Democrats do want me to quit because they know that I'm effective at getting to the bottom of things," he told Bill O'Reilly on Fox News last night.

-- The speculation among insiders is that Michael Ellis is Nunes's source, a lawyer who worked for Nunes on his committee staff until he was recently hired to work on national security matters at the White House, per Yahoo's Michael Isikoff.

-- Trump, true to form, attempted to create a diversion on Twitter:

#### HAWKS EXPRESS CONCERN:

-- Republican Sen. Lindsey Graham, a former military prosecutor who understands the danger of interfering with an investigation, said Nunes's trip to the White House is "not good." "It's not a confidence builder," the South Carolina senator said. We're "rapidly getting" to the point where a select committee or independent commission is needed to conduct the investigation, he added.

John McCain echoed his mejor amigo this morning on CBS:

Bill Kristol, the conservative editor of The Weekly Standard and a Trump critic, kept his eye on the ball:

-- Dick Cheney says Russia's meddling in the U.S. election could be "considered an act of war." "There's not any argument at this stage that somehow the election of President Trump was not legitimate, but there's no question that there was a very serious effort made by Mr. Putin and his government, his organization, to interfere in major ways with our basic, fundamental democratic processes," the former vice president said at an event sponsored by The Economic Times. "In some quarters, that would be considered an act of war." (Politico)

-- Subterfuge? A new University of Oxford study finds that nearly a quarter of web content shared by Twitter users in Michigan during the 10 days before the presidential election was false. Researchers determined that a sample of 140,000 users shared approximately as many fake news items as "professional news" over the same period. (Financial Times)

-- Former U.S. ambassador to Russia Michael McFaul says the Kremlin is the real beneficiary from the



House Intelligence Committee investigation: "Trump already seems to many Russian observers as a weak president, incapable of delivering on his pro-Russian campaign pledges. But the spectacle of the ... hearing on Russia must have given the Kremlin renewed inspiration about achieving another foreign policy goal: weakening the United States. In the Trump era, our society is deeply divided, even on the Russian threat. That serves Russia's purposes well. Even more amazing is how the United States' current ruling party, the Republican Party, (mostly) does not want to acknowledge the Russian attack on our sovereignty last year, let alone take steps to prevent future assaults in 2018 or 2020. Putin violated our sovereignty, influenced our elections, smugly dared us to respond and now gets to watch us do nothing because of partisan divides. Imagine hearings after Pearl Harbor or 9/11 that barely mentioned the attackers? Without question, Putin was the big winner from last Monday's hearing."

-- The Post's David Filipov shares his experience from Sunday's anti-corruption protest in Moscow, where more than 20,000 demonstrators gathered – and where even holding up a yellow rubber duck toy was enough to get arrested: "The young man with the sign had looked so confident, striding by the cheering crowd and seemingly indifferent to police, his poster decrying official corruption held high, like a homemade flag. Then, in an instant, five riot police in full body armor dragged the man down, picked him up and carted him away as the cheers turned to jeers of 'Shame! Shame!' As fearsome-looking police in urban camouflage lined the streets, I was amazed at the festive attitude among the protesters."

Spicer: White House is 'not concerned' about potential leak to Nunes

-- Is Sean Spicer out of the loop? He claims he is in the dark when it comes to who signed Nunes into the White House grounds: "I'm not sure that that's how that works," he told reporters, pleading ignorance. The Wall Street Journal's Rebecca Ballhaus notes that the problem has an easy fix: "One way the White House could help clear up potential future controversies: if it began updating the online visitor log maintained by former [Obama's] administration. Under the former administration, visitor logs were typically updated within 90 to 120 days. Since [Trump] took office, the website has been down, with a message that says: 'This page is being updated. It will post records of White House visitors on an ongoing basis, once they become available.' The White House in recent months has declined to say when or even if it will update the log."

Jared Kushner and his wife, Ivanka Trump, step off Air Force One with their children Arabella (L), Joseph (C) and Theodore (R) at Andrews Air Force Base. (Nicholas Kamm/AFP/Getty Images)

#### NEPOTISM WATCH:

-- The Nunes news coincided with yet another Monday disclosure that Jared Kushner privately met last year with the CEO of a Russian bank being targeted by U.S. sanctions. He has agreed to discuss his contacts with the Senate Intelligence Committee. Spicer defended the meetings as "insignificant," noting that Kushner was the "official primary point of contact" with foreign governments and officials during the campaign and transition period. "I'm not going to get into who he met with or why he met with them," Spicer told reporters.

-- "Trump and his family's myriad financial activities are unique for a White House occupant," Walter Pincus notes in his column for The Cipher Brief today:

"It was announced in January that Kushner would be covered by conflict rules applying to senior federal officeholders, which includes filing a financial disclosure form. He joined the administration on January 21, yet to this date the so-called Form 278 financial disclosure statement has yet to be made public by the Office of Government Ethics...

"Ivanka Trump, now an unpaid White House advisor to the president, still owns her clothing, jewelry and accessories company through a revocable trust. She has turned over its daily management to her firm's

president. Nonetheless she will retain veto power over any new deals or licensing arrangements, according to her attorney. She has a West Wing White House office, is getting a security clearance and a government-issued phone, but because she is not taking an oath of office, Ivanka apparently will not be required to file a financial disclosure statement."

-- The Huffington Post's Jason Linkins reminds us just how massive the 36-year-old Kushner's White House portfolio has become: "So, if you're keeping track, Kushner, who comes to Washington with no government experience, no policy experience, no diplomatic experience, and business experience limited to his family's real estate development firm, a brief stint as a newspaper publisher, and briefly bidding to acquire the Los Angeles Dodgers, will be working on trade, Middle East policy in general, an Israel-Palestine peace deal more specifically, reforming the Veterans Administration, and solving the opioid crisis."

Trump talks with Rudy Giuliani after a meeting in the clubhouse at Trump National Golf Club in Bedminster Township, N.J., last November. (Jabin Botsford/The Washington Post)

#### CONFLICTS WATCH:

-- A prominent Turkish gold trader who has been jailed in New York on charges of violating the United States sanctions on Iran, has added Rudy Giuliani to his legal team, adding intrigue to a case that has been steeped in international politicking between Turkey and the United States. The New York Times's Benjamin Weiser and Maggie Haberman report that, just last month, Giuliani and former George W. Bush attorney general Michael B. Mukasey traveled to meet with the Turkish president, Recep Tayyip Erdogan, as part of their efforts on behalf of Reza Zarrab. Giuliani is close to Trump He's technically the cyber czar. The Times says this raises "the question of whether Mr. Zarrab has retained him in an effort to negotiate a beneficial resolution of his case at the highest levels of the Trump administration." Since Trump won, there has been a warming of ties between Turkey and the U.S. Erdogan has publicly criticized Zarrab's prosecution in the United States. He said last fall that he had raised this case with Joe Biden during talks at the U.N.

-- Ranking Senate Finance Committee Democrat Ron Wyden has asked the top government ethics watchdog to probe Steven Mnuchin's comments plugging the "Lego Batman Movie" during a live interview Friday, saying that promotion of the film – which was produced by one of his companies – could present a possible ethics breach. (Reuters)

Trump to slash federal climate protections

#### TRUMP UPROOTS KEY OBAMA-ERA PROVISIONS:

-- Trump is slated to sign a sweeping executive order at the EPA today ordering the agency to begin rewriting key rules that curb U.S. carbon emissions. The move is Trump's most decisive action yet to obliterate his predecessor's climate-change record. Juliet Eilperin and Brady Dennis report: "Some of the measures could take years to implement and are unlikely to alter broader economic trends that are shifting the nation's electricity mix from coal-fired generation to natural gas and renewables. The order sends an unmistakable signal that just as [Obama] sought to weave climate considerations into every aspect of the federal government, Trump is hoping to rip that approach out by its roots. 'This policy is in keeping with [Trump's] desire to make the United States energy independent,' said a senior administration official ... 'When it comes to climate change, we want to take our course and do it in our own form and fashion.' ...

"The sweeping executive order also seeks to lift a moratorium on federal coal leasing and remove the requirement that federal officials consider the impact of climate change when making decisions. Accelerating fossil-fuel production ... could lead to higher emissions of the greenhouse gases driving

climate change and complicate a global effort to curb the world's carbon output. But Trump has repeatedly questioned whether climate change is underway and emphasized that he is determined to deliver for the voters in coal country who helped him win the Oval Office."

-- Trump yesterday signed a bill killing an Obama-era worker safety rule requiring large businesses to disclose and correct serious safety and labor law violations. Kimberly Kindy reports: "The Fair Pay and Safe Workplaces regulation was finalized in August but most of it was never implemented. Within days of it being finalized, the Associated Builders and Contractors sued, securing a temporary injunction that prohibited the federal government from implementing it."

In a last-minute effort to fight for the rule, Sen. Elizabeth Warren released a staff report that showed 66 of the federal government's 100 largest contractors have at some point violated federal wage and hour laws. Warren criticized the Republican-led effort during a speech on the Senate floor moments before the vote: "Instead of creating jobs or raising wages," she said, "they're trying to make it easier for companies that get big-time, taxpayer-funded government contracts to steal wages from their employees and injure their workers without admitting responsibility."

-- Trump also signed bills overturning two Obama-era education regulations, scrapping requirements for programs that train new K-12 teachers, and rolling back a set of rules outlining how states must comply with the "Every Student Succeeds Act," a bipartisan federal law meant to hold schools accountable for student performance. (Emma Brown)

Attorney General Jeff Sessions answered questions from the media at the White House yesterday. (Shawn Thew/EPA)

## THE IMMIGRATION WARS:

-- Jeff Sessions threatened to strip some "sanctuary cities" of coveted Justice Department grants for local law enforcement, saying places that "did not comply with a particular federal law on immigration" would not be eligible for the funds. "I urge our nation's states and cities to consider carefully the harm they are doing to their citizens by refusing to enforce our immigration laws, and to rethink these policies," the attorney general said in a speech Monday. "Such policies make their cities and states less safe, and put them at risk of losing valuable federal dollars."

"This effort to punish cities where local leaders refuse to hand over undocumented immigrants for deportation is the latest effort by the Trump administration to crack down on illegal immigration," Sari Horwitz and Maria Sacchetti write. "Sessions said jurisdictions would not be eligible for grant money if they could not certify compliance with a law against blocking the sharing of information about a person's immigration status with Immigration and Customs Enforcement."

Critics of Trump's sanctuary-city crackdown said they had no plans to reverse their policies and accused Trump of wrongly portraying undocumented immigrants as criminals when studies show their communities tend to be safer: "California State Senate president pro tempore Kevin de León ... called Sessions's crackdown 'nothing short of blackmail.' 'Instead of making us safer, the Trump administration is spreading fear and promoting race-based scapegoating,' he said. 'Their gun-to-the-head method to force resistant cities and counties to participate in Trump's inhumane and counterproductive mass-deportation is unconstitutional and will fail.'"

-- An ICE agent shot and injured a man in Chicago while attempting to arrest another person in the city.

However, it is still not clear whether immigration officials were attempting to arrest someone due to their immigration status or if the person was being sought on other charges, a potentially key distinction at a time of fear nationwide among immigrants. (Mark Berman)

-- The father of an 18-year-old Rockville, Maryland, high school student who was charged raping a freshman girl has been arrested for being in the country illegally. ICE officials confirmed his arrest, saying he has been issued a notice to appear in immigration court and is currently being detained at the Howard County Detention Center. (Fox News)

-- "Congress may stiff Trump on wall funding," by Politico's Burgess Everett and Rachael Bade: "Congressional Republicans might deliver some more bad news for [Trump], fresh off their embarrassing failure to scrap Obamacare: No new money is coming to build his wall. Trump hoped to jump-start construction of a massive wall on the U.S.-Mexico border with money in a must-pass government funding bill. But Democratic leaders are vowing to block any legislation that includes a single penny for the wall. Republican leaders, wary of this, are considering a plan that would not directly tie the border wall money to the April 28 government funding deadline. While no decision has been made by GOP leadership, Republican lawmakers may decide to decouple the two to avoid a confrontation with Democrats. If they do, the chances of getting Trump's wall funding passed this spring become slim."

-- In Sweden, hundreds of refugee children have fallen unconscious after being told that their families are facing deportation – robbed of the ability to eat, drink, or respond to any pain or physical stimuli, sometimes for years. The New Yorker's Rachel Aviv chronicles the bizarre phenomenon: "They are like Snow White," a doctor told her. "They just fall away from the world."

Treasury Secretary Steven Mnuchin talks with leaders from small community banks in the Roosevelt Room at the White House. (Jabin Botsford/The Washington Post)

## WHAT'S NEXT?

-- The Trump administration is gearing up for its next big legislative battle: Tax reform. And unlike the health care bill, White House officials are planning a "much more assertive role" in its overhaul – with some advisers working to create concrete blueprint for specific changes rather than letting Congress dictate details. Damian Paletta reports: "Some GOP allies say they have already produced tax legislation and that it would not make sense for the White House to produce its own. Key division points could be about whether to seek a broad overhaul of the tax code or whether to limit it to more specific provisions — such as those affecting corporations — and whether such an initiative could increase the deficit without offsetting spending cuts or changes to tax policy. Also highly controversial is a proposal to impose a new tax affecting imports."

Within the administration, meanwhile, there are open questions about who will lead the charge on tax policy: "The Treasury Department has close to 100 people working on the issue, and [Steven Mnuchin] has signaled to lawmakers that he will be a point person in any negotiations. At the same time, some legislators say National Economic Council Director Gary Cohn has also emerged as a powerful force within the White House for overseeing economic policy and that he could attempt to take the reins of what is likely to be the administration's most important policy issue going forward."

-- The State Department didn't hold a single on-camera press conference for the first six weeks of Trump's presidency. And after less than three weeks, they've stopped again. The Wall Street Journal's Felicia Schwartz reports: "The pause comes as Mark Toner, a foreign service officer who has served as the department's acting spokesman, is slated for another assignment. Administration officials said the on-camera briefings won't resume for at least another two weeks, as Tillerson moves to get a permanent spokesperson in place. He is widely expected to pick Fox News anchor Heather Nauert, but she has not yet been officially named, and is still awaiting approval of her security clearance."

## An incomplete history of the filibuster

-- "Neil Gorsuch may fall short of votes needed for smooth Supreme Court confirmation," Ed O'Keefe and Dave Weigel report: "He needs 60 votes to clear a procedural hurdle required of high-court confirmations in the Senate, but Republicans, who hold just 52 seats, may not have the votes in a chamber that is divided deeply along partisan lines. Republicans do, however, have the votes to choose the 'nuclear' option — to change the rules and allow Gorsuch's confirmation (and others after it) to proceed on a simple majority vote. That would upend a longstanding Senate tradition that forces the governing party to seek bipartisan support."

\*Senate Minority Leader Charles E. Schumer (D-N.Y.) announced plans to filibuster Gorsuch last week, and others, including Thomas R. Carper (D-Del.), Elizabeth Warren (D-Mass.), Al Franken (D-Minn.) and Tom Udall (D-N.M.) quickly followed suit.

\*No Democrat has announced support for Gorsuch, and some moderates say they are still mulling a final decision. Sen. Joe Manchin III (D-W.Va.) said he is planning to meet with Gorsuch again before deciding. Sen. Heidi Heitkamp (D-N.D.) said in a statement that she is "in the process of reviewing" the nomination and will not make a final decision for several days. Others, including Sen. Joe Donnelly (D-Ind.), did not reply to requests for comment.

\*At a town hall meeting Sunday afternoon in Rhode Island, Sen. Sheldon Whitehouse (D-R.I.) was welcomed with a standing ovation for his role in the Gorsuch hearings as a member of the judiciary panel.

## WAPO HIGHLIGHTS:

Melania Trump speaks at a luncheon she was hosting to mark International Women's Day. (Jabin Botsford/The Washington Post)

-- "In New York, searching for the reclusive and elusive Melania Trump," by Paul Schwartzman: "Two months after her husband's swearing-in, the nation's new first lady approaches her role with a discernible reticence, her paucity of public appearances — each defined by tight smiles and spare verbiage — overshadowed by a vanishing act that stretches days on end. Melania Trump is a Rorschach test in Louboutins, inspiring praise from those who see in her inscrutable gaze an elegant, dutiful mother charting a new role for the first lady; compassion from those imagining her as the president's unhappy captive, her penthouse-turned-prison costing taxpayers ungodly sums to secure; and contempt from those rendering her as her husband's chief enabler, abiding his sexist and anti-immigrant bluster ... The hashtag #FreeMelania is now a pillar of Twitter-speak, while questions about the Trumps' marriage inspire headlines such as 'Melania's Struggle,' an Us Weekly yarn that claimed the 46-year-old first lady is 'secretly miserable.'"

Philippine President Rodrigo Duterte (R) is welcomed by Myanmar's President Htin Kyaw last week. (Pyay Kyaw Aung/Reuters)

-- "Duterte plays a winning hand with foreign policy, but will his luck run out?," by Emily Rauhala: "Rodrigo Duterte does not need your money. But he will take it. Since his electoral triumph last summer, the man famous for cursing foreign leaders and calling for mass killing seems to be raking in the cash for Manila. A tidy \$24 billion in deals with China. Fresh billions from Japan. Not to mention the tens of millions in military and development aid the U.S. sends each year — despite his call for a 'separation.' Indeed, eight months into his tenure, with [Trump] in power and Asian affairs in flux, Duterte's devil-may-care diplomacy and relentless talk of 'slaughter' seem to be paying off, propping up his domestic popularity even as an International Criminal Court prosecutor warns of a possible war

crimes investigation against him. Courting the president of the Philippines are new friends such as [China and Russia] ... [who] see Duterte as an ally against the U.S. military's Asian ambitions. Duterte, meanwhile, seems happy to flirt with his various suitors, alternating between swearing and sweet talk, backtracking as required."

#### SOCIAL MEDIA SPEED READ:

Delta responded to the news that rival United Airlines barred two girls from boarding their flight in athleisure:

A BuzzFeed editor stumbled upon this amusing throwback of Trump and Marla Maples:

Actors Christopher Gorham and Alyssa Milano drove voters to the polls in Georgia, where early voting for the special election to replace Tom Price has begun:

Everyone in Britain is talking about this sexist newspaper cover:

Many noted that the markets have been in a rough patch:

And that Trump took credit when they were doing well:

Anthony Weiner has been ambling around Manhattan on crutches:

Sen. Pat Leahy (D-Vt.) outlined the Democratic rationale for requiring Gorsuch to get 60 votes:

Jimmy Fallon got a bit of a makeover for Monday's show:

#### GOOD READS FROM ELSEWHERE:

-- SHOT: Wall Street Journal, "With Help From France's Elite, Le Pen Tries to Steer Far-Right Party to Mainstream," by Stacy Meichtry and William Horobin: "For more than a year, French presidential candidate Marine Le Pen, representing the once-ostracized National Front, met with influential bankers, corporate executives and government officials to get advice on the radical changes vowed by her campaign. Ms. Le Pen has dubbed these members of France's elite "Les Horaces," a reference to the poet who penned verses for the first Roman emperor. It's a measure of her rise that she has lured

talent and expertise from parts of the same establishment she rails against. Her recruitment of elites is a delicate matter that began years [ago] ... [and] nearly all the Horaces have remained in their jobs while clandestinely lending assistance to her. "They're what you call shadow advisers, and they want to remain as such," said Jean Messiha, a Horace who recently took a leave of absence ... to join Ms. Le Pen's campaign.

"Believers, including members of the country's leadership class, are eager to help Ms. Le Pen prepare for the practicalities of governance—and are willing to accept her incendiary campaign rhetoric and a result that would threaten the concept of a united Europe."

-- CHASER: "Is it possible the populist tide is cresting?" asks the Wall Street Journal's Gerald F. Seib: "The reverse seemed true last fall, when British voters defied their prime minister and voted to exit the E .U., and when [Trump] smashed expectations as well as the establishment. ... Those forces still undoubtedly exert more influence than they did just a year ago, but exactly how much influence has been the question. The rocky opening weeks of the new Trump administration, as well as some buyer's remorse in the wake of the Brexit vote in the United Kingdom, may have served to erode some of the appeal of populist movements elsewhere ... It's also likely, though, that if the political establishment in the West is regaining its footing, it is doing so in part because it has moved to co-opt some of the nationalist messages of its opponents. The sentiments unearthed by the Brexit vote and the Trump victory are real and aren't going away. It may be, though, that the establishment now is learning better how to adapt to them."

-- McClatchy DC, "Steve Bannon's man in the Middle East," by Katie Glueck in Tel Aviv: "When [Trump] named Steve Bannon his chief strategist, backlash from Jewish leaders was swift amid fears that the ex-Breitbart News boss would bring white nationalist sympathies to the White House. So in one of his first interviews ... Bannon tried to quiet those concerns by invoking something most people had never heard of: 'Breitbart Jerusalem.' It's a line that Bannon and his allies have used repeatedly since his appointment, turning to the fledgling media operation as a shield against suggestions that he, and the administration by extension, are tolerant of anti-Semitism. And Klein, Bannon's choice to lead Breitbart's Middle East outpost, is playing his part, emerging as a vocal validator for Bannon while building the controversial outlet's international brand. On a Wednesday afternoon in March, Klein was found running Breitbart Jerusalem operations from his luxurious three-story apartment located, notably, not in Jerusalem but in Tel Aviv."

-- Related: Breitbart News was declined – at least temporarily -- from obtaining permanent press credentials on Capitol Hill. The standing committee of the US Senate Daily Press Gallery requested that the right-wing news site first clarify its links to the conservative nonprofit Government Accountability Institute, as well as the involvement of Rebekah Mercer, whose family is an investor into the site. (Buzzfeed)

#### HOT ON THE LEFT:

"Fox News said Trump spent the weekend 'working at the White House.' He was at his golf club," from Amy B Wang: "The alert from Fox News went out at 5:30 p.m. Sunday. 'PRESIDENT TRUMP SPENDING WEEKEND WORKING AT THE WHITE HOUSE,' the chyron announced ... The timing of the tweet alert was curious ... And, as it turned out, the announcement wasn't entirely true. According to pool reports, the president spent Saturday visiting the Trump National Golf Club in Potomac Falls ... wearing a suit, a white shirt with no tie and a red hat with 'USA' emblazoned on the front. Though the traveling press pool asked multiple times about the president's activities, Trump's team did not provide answers, the report stated. The press pool was told that Trump had 'meetings' at the golf club. But by the time he departed, pictures had emerged on social media of Trump riding a golf cart and dressed in golf attire. Another post appears to show Trump watching the Golf Channel with two unidentified people."

#### HOT ON THE RIGHT:

“California Bill Forces Transgender Bathrooms Into Nursing Homes,” from the Daily Caller: “A new bill introduced in California’s state senate requires nursing homes and similar long-term care facilities to implement transgender bathroom policies. The bill makes it unlawful to require transgender residents to use the biologically correct bathroom, and prohibits nursing home employees from calling residents anything other than their chosen name and pronoun. Section 1 of the bill argues that ‘many LGBT seniors are members of multiple underrepresented groups, and as a result, are doubly marginalized.’ ... [and] devotes a whole paragraph to defining the term ‘gender identity.’ The Pacific Justice Institute, a non-profit legal organization, sent a letter to the committee opposing the bill on free speech and religious freedom grounds.”

#### DAYBOOK:

At the White House: Trump will meet with members of the Fraternal Order of Police, sign the Energy Independence Executive Order, and meet with Rex Tillerson and John Kelly. In the evening, Trump will hold a reception for Senate lawmakers and their spouses.

#### QUOTE OF THE DAY:

"I never lost a vote in 15 years in Congress." -- Tom DeLay, apparently tweaking Paul Ryan, during an interview on Newsmax TV

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- Another day of wacky spring weather awaits. Today’s Capital Weather Gang forecast: “Scattered showers or thundershowers dot the area early this morning under mostly cloudy skies and steadily rising temperatures. More steady rain and some rumbles of thunder roll into the area by middle to late morning. Highs by middle to late afternoon should reach the lower to middle 70s. More showers and storms are possible this afternoon. Some of those storms may be strong with heavy downpours and gusty winds.”

-- Fairfax County authorities are searching for a mystery thief who posed as a Target employee – waltzing unnoticed into the back room and poaching more than \$40,000 worth of iPhones. (Victoria St. Martin)

#### VIDEOS OF THE DAY:

Stephen Colbert opened his show last night by making fun of Trump for saying he'll let Obamacare "explode":

Trump On American Healthcare: When You Love Something, Let It Explode

Seth Meyers took "a closer look" at the collapse of the health bill:

Trump and the GOP's Health Care Con Falls Apart: A Closer Look

Seth also tweaked The Donald for golfing:

Trump Makes Another Trip to the Golf Course, March Madness Final Four - Monologue



Comedian Craig Ferguson said he knew Trump would win after he watched the first Republican debate in Aug. 2015:

Craig Ferguson Knew Trump Would Win After First Republican Debate

Late last week, Meyers joked about Paul Manafort:

Trump's Former Campaign Manager, NATO - Monologue

Trevor Noah joked about all of Trump's "haters" killing his health bill:

The Playa-Hater Phenomenon: The Daily Show

Anastacio Hernandez, who was trying to return to his family after being deported, was tased and beaten to death by Customs and Border Protection officers in 2010:

Video shows border patrol beating Anastacio Hernandez

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From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: igovpio@iowa.gov <igovpio@iowa.gov>  
Subject: MORNING CLIPS 3.24.17  
Date: Fri Mar 24 2017 05:55:46 CDT  
Attachments:

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## Contents

DMR: Starved teen's death sparks House inquiry. 1

DMR: Iowa Senate approves voter ID measure. 3

DMR: D.M. set to decide on dueling skyscraper proposals. 5

DMR: Water Works bill stalls in Iowa House. 9

DMR: Iowa sheriffs dispute claim by feds. 10

DMR: Democrat considering bid for Iowa governor. 12

DMR: Medical malpractice lawsuit caps slammed. 13

DMR: Health vote to cost Young support from PAC. 15

DMR: Once-threadbare Broadlawns to open \$22 million addition. 16

DMR: Senate OKs ban on selling fetal body parts. 17

DMR: Senate approves health coverage for autism.. 17

DMR: 20-week abortion ban advances in Iowa House. 18

DMR: Tax reform plan is being drafted in Iowa Senate. 19

DMR: Hensley to face challenge from environmental lawyer for seat. 20

USA Today: Ag secretary nominee addresses cuts. 21

DMR Editorial: Branstad cheerfully ignores threat to Medicaid expansion. 23

DMR Editorial: Schools shouldn't sell extra-credit points to students. 23

DMR Iowa View: Why it's time for a regional water utility for metro Des Moines. 24

DMR: Newborn health screening bill passes Iowa Senate. 26

LEE: Democratic House member exploring run for governor. 26

LEE: Iowa Senate approves election law changes. 27

LEE: Iowa Republican leaders: No minimum wage increase. 29

LEE: House panel to launch investigation of child welfare system.. 29

LEE: Fantasy sports wagering advances in Iowa House. 31

Muscatine Journal: PROGRESS: Muscatine has high hopes for Branstad's nomination to China. 32

LEE: Some budget areas will get less state money next year. 33

The Gazette: Iowa wire transfer fee would fund criminal investigations. 34

The Gazette: Iowa City metro second-fastest growing in Iowa. 35

The Gazette: Iowa Politics Today: Requiring insurers to cover an autism treatment. 36

The Gazette: Iowa water hopes not dead yet. 39

The Gazette: Guest View: Developing skills for our innovation economy. 40

QC Times Editorial: Editorial: Students pay for tax cuts. 41

RI: Branstad approves new rules for asbestos-related lawsuits. 42

RI: Senate Republicans alter House GOP's 'voter ID' plan. 43

RI: Likely gubernatorial candidate Todd Prichard says Iowa 'can do better' 44

RI: Federal agents investigating pipeline vandalism in Northwest Iowa. 45

RI: House panel to investigate DHS child welfare system.. 45

RI: Report details impact of new Prestage pork processing plant. 46

Fox News: Potential 'smoking gun' showing Obama administration spied on Trump team, source says. 47

POLITICO: Trump demands Friday vote on health care plan. 48

POLITICO: Schumer prepared to force nuclear showdown over Gorsuch. 51

Roll Call: That's a wrap: Gorsuch hearings conclude, Senate Democrats ponder filibuster. 53

POLITICO: Friedman confirmed as U.S. ambassador to Israel 56

REUTERS: U.S. State Department to approve Keystone pipeline permit on Friday: sources. 56

REUTERS: U.S.-Israeli teen arrested in Israel for Jewish center bomb threats. 58

REUTERS: U.S. senators set bipartisan bill to tighten sanctions on Iran. 59

DMR: Starved teen's death sparks House inquiry

Chairman says investigation was prompted by Finn's case, but analysis of DHS practices will be more broad

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

A legislative oversight committee will begin formally investigating child welfare practices that may have contributed to the death of Natalie Finn, a 16-year-old who was found neglected and starving in her West Des Moines home despite previous visits from police and state workers.

"The committee wants to understand how this process works so we can look at ways to prevent another tragic situation like the Natalie Finn case," said Rep. Bobby Kaufmann, R-Wilton and chair of the House Government Oversight Committee, which is leading the investigation. "We are not interested in politicizing this tragic situation or jeopardizing an ongoing criminal investigation."

Recently unsealed court documents revealed that medics found Finn wearing an adult diaper and lying in her own waste on the floor of her bare bedroom Oct. 24. She was unresponsive and later died after being transported to a hospital. The Polk County medical examiner's

office found she had died of emaciation after being denied critical care.

Police reports show that child welfare workers had been called to the house five months before Finn's death to investigate concerns that she had been begging for food and showed other signs of abuse.

Legislative leaders said they want to know whether problems that exist within the Department of Human Services, which oversees child abuse complaints, could allow cases like Finn's to fall through the cracks. Kaufmann said the investigation is inspired by Finn's case, but he said the panel does not plan to investigate Finn's case specifically.

"I don't believe it's my role as oversight chair, as a legislator or as a person to say I know more than the people that are trying to prosecute (Finn's parents)," he said. So I'm trying to navigate the line between recognizing that this is certainly inspired by this (case), but also not interfering with it." A spokeswoman for the Department of Human Services said in a statement they "welcome a meaningful conversation" about their policies, procedures and quality improvement practices.

"Through the oversight committee meeting, we'll have an opportunity to let the public know about our child welfare processes, the actions we take to examine our responses when there is a tragedy and about our ongoing commitment to protecting vulnerable children," said DHS spokeswoman Amy McCoy.

In addition to the ongoing criminal investigation, others already are underway. The Department of Human Services is conducting its own internal review, and the Iowa Citizens Aide Ombudsman and the Child Death Review Team of the state Medical Examiner's Office have also announced their own inspections after a request from state Sen. Matt McCoy, D-Des Moines. McCoy also is leading a series of informal hearings at the Capitol that are intended to address many of the same issues. He has questioned whether more oversight is needed of homeschool students and whether budget and staff reductions at the department may have led to higher caseloads that ultimately affected child safety.

McCoy has received a confidential briefing from Department of Human Services officials, and later told

the Des Moines Register that Natalie Finn and her siblings had been the subject of “numerous” reports of alleged child abuse and neglect leading up to Natalie’s death. Gov. Terry Branstad, though, has been sharply critical of McCoy, telling reporters at his weekly news conference that “it’s terrible to play politics with the tragic death of a teenage girl.” On Thursday, Branstad spokesman Ben Hammes said in a statement that the governor continues to believe the Legislature should not jeopardize a criminal investigation.

“Our administration would support an effort by legislators to learn more information about the overall adoption, child

welfare and foster care systems at the Department of Human Services,” Hammes said.

McCoy disputed the characterization of his efforts.

“Anything that I have talked about on the Natalie Finn case has been on the public record,” he said. “It has already been released. I am in no way trying to work on that investigation.”

Democrats on the House Government Oversight Committee meeting said they’re glad to see the issue gain attention, though they wish it would have come sooner.

Rep. Abby Finkenauer, D-Dubuque, the top Democrat on the House committee, said she’s participated in the Senate hearings and found them to be helpful. But legislators still “are left with so many questions,” she said “These are our kids we’re talking about,” she said. “So however it’s being investigated, it needs to be investigated. And I’m very happy to hear that you are absolutely taking this seriously and willing to work with us to do this investigation and get to the bottom of this.” House Majority Leader Rep. Chris Hagenow, RWest Des Moines, said he also supports the efforts and believes it’s the role of the Legislature to investigate problems with state agencies.

“I absolutely, through the criminal investigation, want to see that proceed and be successful in finding out exactly what happened,” he said. “As these things come to light, we also want to look at state government and the overall processes that DHS or others might have to try and prevent that in the future.”

Kaufmann said he’s prepared to call meetings of the House Oversight Committee after the legislative session has adjourned if the investigation remains unfinished.

A criminal trial is scheduled for October.

Nicole Finn, 42, has been charged with firstdegree murder for Natalie’s death along with several other felonies related to her treatment Natalie’s two siblings, who were found to be underweight and suffering from bedsores. Finn’s exhusband, Joseph Finn, 46, has been charged with kidnapping, neglect or abandonment and child endangerment.

DMR: Iowa Senate approves voter ID measure

One provision would reduce state’s early voting period and send out absentee ballots later

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Iowa voters would need to provide government-issued identification at the polls under an election bill approved Thursday by the Iowa Senate.

House File 516, which was initiated by Secretary of State Paul Pate, was passed on a 26-21 vote after a contentious debate. All Republicans supported the bill, and all Democrats and one independent were opposed. The bill returns to the House because it was amended by the Senate.

The legislation is aimed at making sweeping changes to the state's election laws that Republicans say are needed to ensure the integrity of the process and prevent fraud.

"Elections are the backbone

of a representative republic. Every election is important," said Sen. Roby Smith, R-Davenport, chairman of the Iowa Senate State Government Committee and the bill's floor manager.

Democrats called the legislation a "voter suppression bill" intended to help Republicans win elections by reducing voter participation by minorities, older people and people with disabilities. Statistics from the American Civil Liberties Union and others show that minorities are less likely to have government-issued ID cards. That has, in part, led some courts to decide strict photo ID laws are discriminatory, and those laws have been struck down in some states. "The partisan bias of this bill is clear. That is reprehensible," Sen. Herman Quirmbach, D-Ames, told Republican lawmakers. "We know why you are doing this bill. Shame on all of those who support it."

Democrats insisted that election reforms are not needed. They pointed to a statement by Pate after November's election in which he declared that Iowa has "one of the cleanest, best election systems in the country."

But Smith said current Iowa law does not require county auditors or county attorneys to investigate or report irregularities in voting. He said records show dozens of cases of Iowa voter misconduct over the past five years, examples of felons voting and other voting irregularities, and he suggested they represent a much larger problem.

"We have voter fraud in Iowa. That is a fact," Smith said.

Democrats have called the Republican-backed bill a solution in search of a problem. They pointed to an Associated Press report in February that showed Pate's office was notified of 10 potentially improper votes cast out of 1.6 million counted statewide in the most recent elections.

Sen. Nate Boulton, D-Des Moines, contended the legislation would negatively affect thousands of Iowa voters for what appears to be a handful of irregular votes.

"We are putting new barriers in the process and excluding voters. That is a fact," Boulton said.

Smith insisted Democrats' warnings of hurdles to voting and discrimination aren't true.

"You can be out for a run and have T-shirt and tennis shoes on and walk into the voting booth and you will not be turned away under this bill. This bill is about you are who you want to say you are. Nobody will be turned away," Smith said.

Republicans said their legislation was drafted to comply with past court decisions, including a 2008 U.S. Supreme Court case, which upheld a photo ID law in Indiana. According to the National Conference of State Legislatures, 34 states require some form of documented evidence

of voter identification at the polls.

The bill outlines five forms of identification that would be valid at the polls, four of which include a photo. The fifth would be a new voter verification card that would be issued to every voter free of charge.

Under an amendment approved Thursday, the new voter ID card would require a four-digit private

number, a signature and no birth date. Those who show up to the polls without a valid ID could vote using a provisional ballot.

About 85,000 registered voters do not have a current driver's license or a non-operator's card issued by the Iowa Department of Transportation, according to the Secretary of State's Office.

Another provision in the bill would eliminate the option for voters to check a single box for straight-party voting. The bill also would put money toward helping precincts purchase digital poll books and establish postelection audits.

In addition, an amendment reduces the time to mail out an absentee ballot, vote in the auditor's office or vote at a satellite station, from 40 days currently to no more than 29 days before a general election. However, those absentee ballot changes would not apply to voters in the military and for people overseas. The bill also would let minors vote in primary elections if they would be 18 years old by the date of a general election.

Smith was questioned on the cost of the legislation. He said the expense for implementation is estimated at \$350,000, or about a dime per citizen of Iowa. Democrats disagreed, suggesting the cost could be much higher. But Smith said there will be no mandate to counties, and they can continue to use paper poll books.

A Des Moines Register/ Mediacom Iowa Poll conducted in February showed that 69 percent of adult Iowans surveyed favor the idea of requiring to present a government-issued identification card before casting a ballot. Twenty-eight percent are opposed and 3 percent are not sure.

The bill is officially supported by the Iowa Minuteman Civil Defense Corps. It is opposed by a long list of groups, including the American Civil Liberties Union of Iowa, the Iowa State Association of Counties, AARP Iowa, Iowa Citizens for Community Improvement, Iowa State Education Association, League of Women Voters of Iowa, League of United Latin American Citizens, Iowa Developmental Disabilities Council, One Iowa Education Fund, Iowa Federation of Labor, AFLCIO and Interfaith Alliance of Iowa Action Fund.

DMR: D.M. set to decide on dueling skyscraper proposals

JOEL ASCHBRENNER

JASCHBRENN@DMREG.COM

On Friday morning, the two developers competing to build a residential skyscraper near Court Avenue will find out who will gain the upper hand.

The Des Moines City Council is hosting a workshop, during which the city's economic development staff is expected to recommend one of the two projects: Mandelbaum Properties' 32-story development called The Fifth or Blackbird Investments 33-story project called Four-22. Longtime city officials say such a face-off is unprecedented in recent memory.

The staff's decision could be a significant victory for one of the two. The City Council often follows the advice of the economic development

staff on such decisions.

A few years ago, for example, the City Council heeded the staff's recommendation to pick Hy-Vee's proposal over four other bids for a Court Avenue site.

The final word could come April 3, when the City Council is scheduled to select one of the projects. Council members could also vote to delay the decision.

Both developers want to replace a decommissioned cityowned parking garage at Fifth and Court avenues with a privately owned parking garage, a residential tower and other commercial development.

Mandelbaum announced his project in 2015 and recently finalized a development agreement with the city. Before selling the public property to Mandelbaum, the city held a 30-day hearing to allow other developers to make competing offers, as required by state law.

Two hours before the deadline expired, Blackbird submitted its proposal.

Both developers expressed confidence.

“The real important thing is we have been working collaboratively with the city for over two years,” said Justin Mandelbaum, a principal with Mandelbaum properties. “This agreement is fully baked.”

Justin Doyle, a principal with Blackbird Investments, said: “I’m cautiously optimistic. I know we’ve put our best foot forward.”

Here is a look at how the projects compare:

The proposals

Mandelbaum Properties’ The Fifth » A 32-story apartment and hotel tower facing Walnut Street. The boutique hotel would occupy the lower floors and would feature about 50 rooms. The upper floors would feature about 200 luxury apartment units.

» A nine-screen, first-run movie theater facing Court Avenue. It would be operated by Omaha-based Main Street Theaters and would serve food and drinks and would offer recliner seats.

» A nine-story, 564-stall parking garage facing Fifth Avenue.

Blackbird Investment’s Four-22 » A 33-story residential co-op tower facing Walnut Street. Like condos, co-ops offer homeownership, but instead of buying an individual unit, residents buy a share in the building.

» A 150-room hotel facing Court Avenue. Officials at Blackbird said they would sell the land to a separate hotel developer.

» A 700-stall parking garage facing Fifth Avenue. Roughly one-third of the garage would serve as the base of the co-op building and would be converted later into residential units, according to Blackbird.

Cost

Mandelbaum: \$111 million Blackbird: \$137 million Timing

Mandelbaum’s development agreement gives him until August 2020 to finish the garage and until August 2028 to finish the theater and the tower, but Mandelbaum said he will finish the projects much sooner. He plans to demolish the garage this summer and start construction in late 2017.

Blackbird’s proposed development agreement requires Blackbird finish the garage by Nov. 1, 2018, finish the hotel by Aug. 1, 2019, and finish the residential tower by Dec. 1, 2021.

Height



Mandelbaum: 32 stories. Mandelbaum's development agreement requires the tower to be 25 to 32 stories. The parking garage would be nine stories and the theater would be two stories.

Blackbird: 33 stories. Blackbird's development agreement requires the tower to be 26 to 33 stories. The parking garage would be six stories and early plans show the hotel standing eight stories, though officials at Blackbird say the design could change.

Project team

Mandelbaum Properties:

General contractor: Weitz Co. Architect: SCB.

Blackbird Investments declined to reveal their contractor or architect.

Incentives from the city

Mandelbaum would qualify for up to \$20.5 million in city incentives, including tax abatement and rebates worth an estimated \$9.7 million, a \$4 million forgivable loan for the purchase of the property and up to \$6.8 million forgivable loans for operating the parking garage.

Blackbird would qualify for some of the same incentives as Mandelbaum Properties, including a \$4 million forgivable loan for the purchase of the property and up to \$6.8 million in forgivable loans for the parking garage.

Both projects would receive tax breaks for 20 years, but the details differ. Mandelbaum would receive a mix of property tax abatement and rebates.

Blackbird's proposal calls for property tax rebates, but no abatement. Officials at Blackbird said that means they would receive less taxpayer money because some property taxes paid are protected from rebates.

Highlights

Mandelbaum : City leaders have applauded Mandelbaum's project for promising a movie theater. While downtown has had

second-run theaters and IMAX facilities, it has been years since a traditional movie theater operated in the heart of the city.

Blackbird: The firm has promised several elements in its proposal, including:

- » \$1 million to renovate the unconventional three-way intersections on Fifth Avenue at Court Avenue and Mulberry Street.
- » \$2 million to commission an art installation covering the parking garage.
- » The extension of the skywalk to Court Avenue.
- » The garage would be built with flat decks so it could be converted to housing or offices in the future if the demand for parking diminishes.
- » 20 percent of the housing units would be set aside for low to moderate-income residents.

Detractors

Mandelbaum: Some City Council members have questioned Mandelbaum's progress on the project.

About two years have passed since Mandelbaum first started working with the city on his plans for the site.

Blackbird: Some City Council members have questioned Blackbird's capacity to take on the development, noting the firm has several unfinished projects around the city and several other projects in the queue that haven't broken ground.

The proposed co-op tower has also raised questions.

While co-ops have been used for suburban senior housing developments in the region, no one has ever tried to build a downtown high-rise co-op.

#### Mandelbaum's pitch

Mandelbaum said what's most important is his team. Des Moines-based Weitz Co. has built numerous high-rise developments around the country and Chicago-based SCB is one of the top residential tower designers nationwide, according to Mandelbaum.

"As a developer we're in business to get projects done, not to talk about projects," he said. "And by surrounding ourselves with the strongest team that we possibly could we have the greatest (potential) for making the project a reality."

#### Blackbird's pitch

Blackbird contends its proposed deal would repay the city faster for the garage and generate more tax revenue for the city, while taking a smaller tax break.

"Economically, it's a huge difference," Doyle said. Doyle added that Blackbird's proposal includes several elements that elevate it above Mandelbaum's, including new intersections, affordable housing and a skywalk extension. "There is so much the city is getting out of this that isn't in the agreement with Mandelbaum," he said.

#### About Mandelbaum Properties

Mandelbaum Properties has completed several real estate developments around the metro, notably the construction of the federal courthouse annex at 218 E. Second St., as well as several strip malls and suburban housing developments.

A family company, Mandelbaum Properties is led by John Mandelbaum and his sons: Justin, Sean and Chad.

Justin Mandelbaum has led the development of The Fifth. He also heads a nonprofit called Main Frame Studios, which is renovating a 1980s office building on Keosauqua Way into artist studios.

Mandelbaum also co-founded the China Iowa Group, which works as a consultant for Iowa firms seeking to do business in China and vice-versa.

Mandelbaum previously worked for the investment firms Goldman Sachs and Starwood Capital Group and helped develop an artist studio complex outside Boston. The Mandelbaum family has been in Des Moines for more than 150 years and owned a dry goods store that eventually was incorporated into Younkers.

#### About Blackbird Investments

Since forming in 2013, Blackbird Investment has quickly taken on several projects around the state.

The firm renovated an East Village warehouse into an environmentally friendly office. It has started renovating several historic buildings into apartments, including the Wilkins Building (formerly the Younkers building), the Clemens Building (formerly the home of Raccoon River Brewing Co.), the old Fort Des Moines barracks near Army Post Road and the Sheldon-Munn hotel in Ames.

Blackbird has announced plans but not broken ground on several projects, including a proposed 33-story tower at the former Younkers building site and a 55-acre development in Iowa City.

The firm has five partners: Justin Doyle, a principal at Modus engineering; his brother Ryan Doyle, a real estate developer; their father Harry Doyle, also a principal at Modus Engineering; commercial real estate broker T.J. Jacobs; and former insurance businessman Hugh O'Hagan. Before forming Blackbird Investments, the Doyles got their start in real estate by selling homes on contract in Des Moines and Waterloo, their hometown.

DMR: Water Works bill stalls in Iowa House

GOP fails to reach a consensus on how or whether to advance controversial legislation dismantling D. M. utility

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

A controversial bill dismantling the Des Moines Water Works has stalled in the Iowa House with Republicans so far failing to reach a consensus on how or whether to advance the legislation.

"Obviously you get something like that, there's a lot of different ideas, and people want to go different directions," House Majority Leader Rep. Chris Hagenow, R-West Des Moines said Thursday. "And we try to reach consensus on that and haven't gotten there yet. But the overall goal is one that I think we share and many of our local elected officials share. But it is a big issue and we're still having those conversations."

The legislation moved quickly after being introduced in February. Full committees advanced matching bills through both the House and the Senate, and the public weighed in during a contentious public hearing at the Capitol. But House

leaders have declined to bring the bill up for floor debate for more than a week.

Hagenow said it has nothing to do with a federal judge's March 17 decision to dismiss the Des Moines Water Works' lawsuit against three northern Iowa drainage districts, though Des Moines Water Works CEO Bill Stowe has said he suspects the legislation was filed in "retaliation" to that suit.

That lawsuit claimed the districts funnel high levels of nitrates into the Raccoon River, a source of drinking water for 500,000 central Iowa residents, that the utility later must pay to remove.

But Hagenow said Thursday, "That bill was, from our perspective, never about the lawsuit. It was about trying to make sure that ratepayers for Des Moines Water Works had a seat at the table and in governance."

House File 484, introduced by Rep. Jarad Klein, R-Keota, would strip water utilities in Des Moines, Urbandale and West Des Moines of their independent boards of directors and instead shift control to their

respective city councils.

Klein has filed an amendment to the legislation that would direct central Iowa mayors, city managers and rural water administrators to begin studying a regional water utility, and it tasks them with agreeing on a governance and operational structure by the end of the year.

Hagenow said it's still the goal to create a regional utility. "We have, many of my constituents, that are ratepayers but don't have a seat at the table," he said. The Des Moines City Council voted earlier in the week to continue its support of the legislation, despite a room full of angry citizens who spoke against it. In West Des Moines, the city council voted to scale back its support, instead choosing to register as "neutral" on the bill.

DMR: Iowa sheriffs dispute claim by feds

Officials question accuracy of report saying they are not cooperating with immigration requests

MACKENZIE ELMER

MELMER@DMREG.COM

Four Iowa sheriffs are among the city and law enforcement officials around the U.S. questioning the accuracy of a Department of Homeland Security report that lists jurisdictions refusing to cooperate with federal requests to detain undocumented immigrants.

The report was prompted by an executive order signed by President Donald Trump in January that called on the government to document jurisdictions that are not cooperating with federal efforts to find and deport immigrants in the country illegally.

The first list was released Monday, citing 206 examples of immigrants who were said to have been released from custody by local jails despite requests from federal agents. The requests, often called "detainers," have taken on a greater role in the immigration debate under Trump, who opposes local policies that grant leniency to people in the country illegally.

According to the report, U.S. Immigration and Customs Enforcement issued 12 detention requests to Montgomery County and five requests to Franklin County during the week of Jan. 28 to Feb. 3.

Montgomery County, in southwest Iowa, ranked fourth nationally among non-compliant jurisdictions for the number of detainers it received during that week, according to the report. It fell just behind Cook County, Ill., which includes Chicago. Franklin County, about 90 miles north of Des Moines, ranked ninth nationally.

But Montgomery County Sheriff Joe Sampson and Franklin County Sheriff Linn Larson, both Republicans, said their departments did not receive any detainer requests during that period.

"If we get a detainer, we hold them," Sampson said. "I don't know how the hell we made the list."

Sampson said his department has not been contacted by anyone from ICE since October. Larson said his department has proactively flagged ICE to check the immigration status of five people since the start of the year.

Shawn Neudauer, an ICE spokesman, said Thursday that the agency is standing by its information.

"These are jurisdictions that at some point in the past have declared themselves to be noncompliant

with ICE detainees,” Neudauer said.

Counties that disagree with the reported information will be instructed to take it up with their local field office, he said.

Sac County Sheriff Kenneth McClure said he plans to do that. Sac County was listed in the report for refusing to detain an individual from Mexico on Feb. 11, 2014, who was jailed on a drug possession charge.

Neudauer said in some cases older detainer requests were included in the report because ICE was never previously informed that the inmate had been released from custody. Some of those hold requests were still active in ICE records when the agency created the report.

But McClure, a Republican, said his jail staff has checked records dating back to 2013 and found no record of a detainer matching those facts. He said he has received angry calls to his office questioning whether he’s doing his job since the report was released.

“Quite frankly, if ICE wants to detain these people so they can determine whether they’re illegal or not, then maybe they should come and get them,” McClure said.

Sioux County was listed in the report for a Jan. 27 detainer request for a Guatemalan man who committed a traffic offense.

Sioux City Sheriff Dan Altena said the individual was booked into the jail at 9 p.m. and released by a judge at 10:30 a.m. the next day. He said there was “almost no way we would have gotten that detainer before the next morning.” ICE officials issue detainers that ask local authorities to hold an individual for up to 48 hours to give the agency more time to investigate immigration status. Some jurisdictions, including Franklin and Sioux counties, began ignoring the requests in 2014 after the 3rd U.S. Circuit Court of Appeals in Philadelphia ruled local police departments are not required to hold undocumented immigrants for the federal agency. “I can’t do my job based on what my opinion might be on immigration. I have to do my job based on what the law has decided, and the law has decided (local agencies) will be liable criminally and civilly if (they) hold somebody on a detainer. If someone changes that, that’s fine,” said Altena, also a Republican. While Sioux County continues to ignore ICE detainer requests for inmates who are otherwise eligible for release, Franklin County changed its policy in January when Larson became the sheriff. He replaced the department’s 10-page policy for dealing with ICE officials with one line. It states: The office will cooperate with any federal law enforcement agency.

“My problem was we were separating out what agencies we will and won’t work with and from an operational standpoint ... (that) became very confusing,” Larson said.

In total, 12 Iowa counties are listed in the report for having policies that limit their cooperation with ICE. Larson said the ICE report inaccurately names Franklin County as noncompliant, but he’s giving the agency the benefit of the doubt.

“We knew it would take us a period of time before we would migrate off that list,” Larson said. “But we have not received anything from (ICE) saying, please certify that you’ve made this change ... It would have been nice.”

ICE issued a statement Thursday that stated jurisdictions listed in the report had — in the past — expressed unwillingness to fully comply with detainer requests or have not provided ICE with sufficient time to allow for the safe transfer of a detainee.

“ICE seeks cooperation from all its law enforcement partners to achieve our mutual goal of protecting public safety,” the statement read. “If a law enforcement jurisdiction publicly changes its policies to honor ICE detainees, ICE will revise the DDOR report accordingly.”

DMR: Democrat considering bid for Iowa governor

JASON NOBLE

JNOBLE2@DMREG.COM

Iowa state Rep. Todd Prichard is formally considering a run for governor in 2018.

Prichard, a Democrat from Charles City, announced the formation of an exploratory campaign committee on Thursday ahead of a Des Moines event in which he appeared with several other potential Democratic candidates for office in 2018.

"We need a new vision for Iowa," he said in a statement announcing the committee. "I am considering a run for governor because Iowa needs fresh leadership with the vision to drive meaningful economic growth across the entire state, and I look forward to offering some new ideas as well as a new approach to getting things done for all Iowans."

Prichard, 42, is a threeterm state representative, a former county prosecutor and Army veteran.

Although he's not well known beyond Floyd County and the Statehouse, Prichard's rural Democrat-country lawyer- Iraq War veteran profile is seen by many as politically marketable for a party often perceived as urban and liberal and currently suffering through a long losing streak in statewide races.

Publicly backing Prichard's candidacy already are several prominent Democrats, including former state party chairman Sue Dvorsky, state Sen. Bob Dvorsky, 2014 Secretary of State candidate Brad Anderson and longtime labor leader Marcia Nichols. The exploratory committee allows Prichard to begin raising money in anticipation of a run for office, but stops short of a formal candidacy. Several other Democrats are expected to vie for the office in 2018, including Polk County Conservation Director Rich Leopold, who has already declared his candidacy, and former Iowa Democratic Party Chairwoman Andy McGuire. On the Republican side, Lt. Gov. Kim Reynolds is widely expected to run in 2018. Reynolds will almost certainly enter the race as the incumbent, as she will succeed incumbent Gov. Terry Branstad sometime this spring after he's confirmed as ambassador to China. Republican Cedar Rapids Mayor Ron Corbett is also considering a run.

DMR: Medical malpractice lawsuit caps slammed

Families of severely injured Iowans denounce bills that would limit awards

TONY LEYS

TLEYS@DMREG.COM

Families of Iowans who were severely injured by medical errors traveled to the Statehouse on Thursday to denounce bills that would limit awards in malpractice lawsuits. The families said if the bills were in effect, they probably couldn't have found lawyers to take their cases, even though medical providers' mistakes or neglect caused permanent disabilities or death of patients. "I want every doctor to know that when they cause an injury to someone, it doesn't just change the life of that person, it changes the life of an entire family," Ingrid Gerling of Burlington told reporters.

Gerling brought her 10-year-old daughter, Nyasia, whose right hand and arm are virtually unusable because nerves were torn away from her spine as medical professionals tried to pry her out of the birth canal during a difficult birth. The doctor had ignored clear signs that the birth should have been done by

cesarean section, she said. “This was not my fault. This was not my husband’s fault. This was definitely not my daughter’s fault. This was the doctor’s fault,” Ingrid Gerling said. “Why should we be left paying for the doctor’s mistakes?”

The Gerlings sued, and a jury awarded them \$5.5 million. The Gerlings were among several families who spoke Thursday at a news conference organized by a group representing lawyers who bring such lawsuits to court.

Their lawyer, Brian Galligan of Des Moines, said the Gerlings’ award would have been limited to \$250,000 under medical malpractice bills moving forward in the Legislature.

Under that scenario, they probably would be unable to file a lawsuit, because lawyers would shy away from their case, he said. Plaintiffs’ lawyers routinely spend tens of thousands of dollars to hire medical experts and cover other expenses, but the lawyers are only paid if such lawsuits are successful. They gain a percentage of the award.

Kelly Denham of West Des Moines spoke about the experience of her 20-year-old son, T.J., who was left with severe brain damage because of a surgeon’s mistake while trying to fix a blood-vessel problem. T.J., who attended the news conference in a wheelchair, was an energetic student at Valley High School, his mother said, tearing up at the memory. But since the surgery, he can’t talk, swallow, walk or sit up. “Because the doctor made a mistake, T.J.’s hopes and dreams of his future are gone, and so are the hopes and dreams of those who love him,” she said as her son moaned behind her. “... Doctors are human, and they make mistakes, but they still need to be held accountable,” she said.

Denham said afterward that her family reached a confidential settlement with Mercy Medical Center in the case. If the current bill had been in effect, she might not have been able to find a lawyer to take the case, she said.

The Senate has already passed one of the bills, and the House is considering a similar one. The bills would cap “non-economic damages” at \$250,000. They define such damages as being for such things as “pain, suffering, inconvenience, physical impairment or mental anguish.” Proponents say the bills would help control malpractice-insurance costs for doctors, hospitals, nursing homes and other care providers.

Clare Kelly, executive director of the Iowa Medical Society, said Thursday that the bills would not limit other damages juries could award to patients harmed by medical errors. “We agree that severely injured patients should have the ability to recover their loss in future wages and future health care costs related to their injury. This is why the bill does not seek to cap economic damages,” Kelly wrote in an email to The Register. She denied that the bills would hamper Iowans’ ability to file suits.

Kelly, whose group represents physicians, said Iowa doctors pay higher medical malpractice insurance premiums than those in neighboring states of Nebraska, Minnesota, South Dakota and Wisconsin.

Kelly cited an Iowa Insurance Division report on medical malpractice claims paid, which she said showed that only \$394,584 was paid in noneconomic damages in Iowa medical malpractice cases in 2015. But representatives of plaintiffs’ lawyers disputed that figure, saying it only represents damages for “fright.” They said it doesn’t include substantial payments for such things as “pain and suffering” and harm to family relationships. Brad Lint, executive director of the Iowa Association for Justice, said at the news conference that Iowa doctors pay some of the lowest malpractice insurance premiums in the nation. Lint, whose group represents plaintiffs’ attorneys, noted that the number of medical malpractice lawsuits filed in Iowa has dropped by more than half in a decade. He called the new bills “an arbitrary, government-knows-best power play,” which would add unnecessary limits on citizens’ right to seek justice in the courts. He said Supreme Courts in 11 other states had declared such limits unconstitutional, and he predicted Iowa’s Supreme Court would likely do the same. “We already have reasonable limitations on lawsuits — they are called juries,” he said. “Have you ever tried to get a unanimous opinion from eight Iowans on anything?”

DMR: Health vote to cost Young support from PAC

JASON NOBLE

JNOBLE2@DMREG.COM

Iowa U.S. Rep. David Young will face political consequences for his opposition to the Republican Obamacare repeal effort that has stalled in Congress.

A spokesman for a super PAC run by House Speaker Paul Ryan said on Thursday that it will pull back support for Young, a Republican whose district includes the Des Moines metro, according to the Wall Street Journal. The hardball political move by the Congressional Leadership Fund comes 24 hours after Young announced publicly he'd be a "no" vote on the American Health Care Act.

The PAC has said it's already opened an office in Des Moines to aid Young's 2018 re-election campaign — resources it's now pulling back in retaliation for Young's opposition to a top GOP legislative priority.

"CLF will be terminating our lease because David Young has decided not to support President Trump and House leadership," PAC Executive Director Corry Bliss told the Journal.

If the group follows through on the threat, it could have major financial implications for 2018 in what is seen as a politically competitive district. It reportedly spent \$1.9 million on Young's behalf in 2016.

An aide to Young said the congressman's campaign was not aware of any aid being provided by the Congressional Leadership Fund nor any plans by the PAC to withdraw that support. But, he added, Young wouldn't be swayed by any pressure from political leaders in Washington.

"David Young from day one has said that whoever the speaker is, the majority leader or president, they are not his bosses," Young aide James Carstensen told The Des Moines Register on Thursday. "His bosses are the people of the 3rd District of Iowa."

The health care bill was scheduled for consideration on the House floor on Thursday, but leaders canceled that vote after several dozen Republicans expressed opposition to the measure.

DMR: Once-threadbare Broadlawns to open \$22 million addition

Polk County's public medical center, which is thriving under Obamacare, is expanding services in new building

TONY LEYS

TLEYS@DMREG.COM

Many patients at Polk County's public hospital will start seeing doctors, dentists and counselors in a new building next week, partly thanks to Obamacare.

Leaders of Broadlawns Medical Center celebrated the new, four-story addition Thursday. It will house an expanded dental clinic, outpatient mental-health services, addiction treatment, a pain-treatment clinic and a family-practice clinic whose goals will include training young doctors.



The gleaming building is part of a five-year, \$60 million plan to rebuild and expand Broadlawns. The addition is on the east end of a hospital complex that used to be threadbare. "You couldn't have imagined, I don't think, 10 years ago, where Broadlawns is today," said Gov. Terry Branstad, who helped cut the ribbon at Thursday's celebration.

Broadlawns, which is owned by Polk County taxpayers, has thrived in recent years after nearing financial collapse more than a decade ago. Part of the reason for its success has been that many lowans who used to lack health insurance now have coverage due to the Affordable Care Act, also known as Obamacare. More than 150,000 poor Iowa adults have gained Medicaid coverage under the law. In the Des Moines area, many of those people used to rely on free care from Broadlawns.

Broadlawns Chief Executive Officer Jody Jenner said the 72,000-square foot addition is the result of years of planning and examination of what the Des Moines area needs. "Today really represents a major step in closing a lot of health care shortages and gaps in this community," he said. The \$22 million building's dental area has twice as much capacity as the old one. It will be able to handle up to 22 patients at a time. The dental program's patients will include many poor lowans, who often have trouble finding private dentists who will take their Medicaid coverage.

Jenner said the expanded outpatient mental health program in the new building should take some pressure off Broadlawns' inpatient psychiatric unit, which is almost always full. The public hospital also plans to add 14 beds to that 30-bed inpatient wing, at a time when many other Iowa hospitals are closing or trimming their inpatient psychiatric units. Jenner said the public hospital's improved facilities have helped leaders recruit new staff members, including psychiatrists, who are in severely short supply.

Branstad, a Republican who opposed Obamacare, agreed in 2013 to go along with a version of the law's Medicaid expansion, with the federal government picking up most of the tab. President Donald Trump and Republicans controlling Congress are working to repeal the law.

Branstad, who is set to become Trump's ambassador to China, said in an interview after Thursday's ribbon-cutting that lowans who gained Medicaid coverage under Obamacare won't be left in the lurch. "We're very confident we're going to be able to maintain this program," he said. "I've been in touch both with the administration and with Congress on this issue, and we feel very good about it." He said the Obamacare replacement plan being debated in Congress this week should offer states more flexibility to try new ways to manage Medicaid programs.

DMR: Senate OKs ban on selling fetal body parts

WILLIAM PETROSKI

BPETROSK@DMREG.COM

A bill intended to prevent the sale of fetal body parts was overwhelmingly approved Wednesday night by the Iowa Senate, although a key Democratic lawmaker opposed the measure, saying it could hamper medical research.

Senate File 359 was approved on a 43-6 vote, sending the measure to the House for consideration.

The legislation prohibits persons from acquiring, providing, receiving or transferring fetal body parts in Iowa regardless of whether it was for "valuable consideration." Sen. Jake Chapman, RAdel, said the bill is intended to avoid shocking circumstances that were discussed in congressional hearings on the alleged sale of fetal body parts.

The issue arose after a series of videos purported to show Planned Parenthood employees attempting

to illegally profit from the sale of fetal body parts. A Texas grand jury investigated the claims, but cleared Planned Parenthood and instead indicted two of the antiabortion activists who filmed the videos. A Texas judge subsequently threw out the charges. The bill was earlier amended in a Senate committee to address concerns raised by university medical researchers who want to continue work on existing fetal cell lines. It will also allow tissue from stillborn births and miscarriages to be donated in the future. But Sen. Joe Bolckom, D-Iowa City, who serves on the Senate Health and Human Services Appropriations Subcommittee, criticized the bill Wednesday night.

“The bill puts politics above good science and medicine. It could have a negative impact on the future of research for lifesaving treatments. The bill is nothing more than a platform for people who are opposed to abortion,” Bolckom said.

Fetal tissue has been successfully used for decades in medical research. It was critical in creating a vaccine for polio and more recently it has been used in effort to find treatments for spinal cord injuries, eye disease, strokes and Parkinson’s disease.

Senate Democrats pointed out that federal law currently prevents the transfer of fetal body parts for valuable consideration. They said Planned Parenthood of the Heartland, Iowa’s largest provider of abortions, does not violate this law.

DMR: Senate approves health coverage for autism

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The Iowa Senate voted 48-0 Thursday to require many employer-provided health insurance policies to provide coverage for treatment of autism spectrum disorder for young people. House File 215 was sent to Gov. Terry Branstad for his consideration. Both Republican and Democratic lawmakers praised the bill’s final passage, saying it represents years of work by advocates for people with autism.

Sen. Bill Anderson, R-Pierson, the bill’s floor manager, said the legislation will apply to employers of more than 50 fulltime workers. It will require coverage of applied behavioral analysis for persons under age 19 diagnosed with autism spectrum disorder. The bill provides maximum annual benefits, depending upon a person’s age. Coverage can also be subject to deductibles, co-payments or co-insurance provisions.

Anderson thanked his colleagues and families of persons with autism for pursuing the legislation. He has a nephew diagnosed with severe autism spectrum disorder and he said treatment has resulted in “amazing” progress. “Unlike previous years, we were able to get everybody to the table to get this worked out and that is what made it possible,” Anderson said.

Sen. Amanda Ragan, D-Mason City, said the legislation will have huge and positive impact on many families and many children. “You should all be proud you are voting for it,” she told her colleagues.

DMR: 20-week abortion ban advances in Iowa House

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

A bill banning most abortions after 20 weeks is advancing through the Iowa House, though some

Republicans say it doesn't go far enough.

Rep. Shannon Lundgren, RPeosta, led a House subcommittee on the 20-week ban Wednesday. The three-person panel voted to advance the bill to a full committee, but Lundgren said it faces a tough road as some Republicans continue to push for stricter "personhood" legislation that would define life as beginning at conception, effectively banning all abortions.

"There are a lot of our caucus who are very (supportive of) life at conception, period," Lundgren said, noting that's why a previous bill banning abortion after 20 weeks did not advance in the House.

"It's not that I'm not (for) life at conception, either. I campaigned on that," she said. "But some of us are willing to take an incremental look at how we can start to save lives immediately."

Senate File 471 already has cleared the Senate. It says any person who intentionally terminates a pregnancy that has reached 20 weeks post-fertilization commits a Class C felony, which is punishable by up to 10 years in prison.

"I think that putting these criminal penalties on here puts a woman's life at risk immediately, because trying to save a woman's life now potentially makes a doctor a criminal," said subcommittee member Rep. Beth Woessel-Kroeschell, DAmes. "I just don't see how we can possibly do that in this state and feel good about ourselves."

The bill allows exceptions to preserve the life of the mother or the fetus, or to avert a "serious risk" to the woman of "substantial and irreversible physical impairment of a bodily function."

It also allows exceptions for fetal abnormalities where a child could not survive outside the womb.

Amanda Acton of Waukee previously testified before the Senate about the need for that exception. She told of being informed by her doctor 21 weeks into her pregnancy that her baby had a rare disorder, would not survive long after birth and would have an agonizing life. She said she and her husband concluded the most compassionate decision was to end the pregnancy.

"I remember thanking God," Acton said at the time. "I don't regret my abortion, not one little bit."

But Joan Thompson, a lobbyist with the Iowa Catholic Conference, said Wednesday her organization cannot support that exception.

"Even though these infants are very sick, disabled or dying, we do not support taking their lives," she said.

Lundgren said the bill likely will see amendments as it moves to the House Human Resources Committee.

"There's just a lot of work to be done yet," she said.

DMR: Tax reform plan is being drafted in Iowa Senate

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Iowa Senate Majority Leader Bill Dix says a state tax reform plan is being drafted and it likely will be unveiled by Senate Republicans within the next two weeks. "We need to continue to stay focused on growth," Dix told reporters Thursday in his Iowa Capitol office. "Tax policy is a key component of that."

We are not taking our eye off of sensible tax reform that puts Iowa in a better position to attract new investment to our state and keep high-paying jobs here.” But the Shell Rock Republican isn’t disclosing any details yet about the plan, such as whether it will include tax cuts. He said Sen. Randy Feenstra, R-Hull, who chairs the Iowa Senate Ways and Means Committee, is still fine-tuning the details, adding, “We will talk about that when the release time comes.”

Dix made his remarks as the GOP-led Iowa House has just begun discussions on a bill that would cap state spending on tax credits. According to the Department of Revenue, the total value of state tax credits has grown dramatically from about \$153 million in 2005 to an expected \$427 million in 2018 — an increase of about 180 percent. The Iowa Taxpayers Association says the state’s tax credits are intended to offset Iowa’s high rate for corporate income taxes and suggests any discussion about removing them should be coupled with lowering the overall tax rate. Dix said he expects the 2017 session to end April 18, and he considers the Legislature’s major policy issues either to have already been addressed or in the pipeline headed toward approval. He also anticipates budget targets will be released next week that will help lawmakers shape state spending for the 2018 state fiscal year, which begins July 1. The upcoming budget will be tight with limited state revenue, which could mean some budget cuts, Dix acknowledged. “Everything will be on the table” for discussion, he added, saying the budget won’t exceed available revenue. For the upcoming fiscal year, a state panel has forecast total revenue of \$7.364 billion, an increase of 3.6 percent, but a decline of \$191.8 million compared with an estimate made three months ago. For fiscal year 2019, which starts July 1, 2018, the revenue forecast is for \$7.626 billion, up 3.6 percent over the previous year. Senate Minority Leader Robert Hogg, D-Cedar Rapids, said Thursday that Senate Democrats would welcome a discussion about reforming Iowa’s tax code, but he believes state government can’t accommodate additional tax cuts. Hogg said Gov. Terry Branstad and Lt. Gov. Kim Reynolds, who are both Republicans, have gotten carried away with tax cuts, which has hurt the state’s financial position.

“We are in a fiscal mess today, not because of a global or national recession. We are in a fiscal mess today because of budget decisions that the Branstad-Reynolds administration and Republican legislators have made over the last six years,” Hogg said. “If the state goes down the route of cutting taxes even more it will make the budget mess even worse.” Hogg also said he is concerned that Iowans will be hurt by additional budget cuts, and he believes Iowa’s revenue figures would be more favorable if the state had better economic development policies.

DMR: Hensley to face challenge from environmental lawyer for seat

MACKENZIE ELMER AND JASON NOBLE

MELMER@DMREG.COM

An environmental lawyer backed by former a former Democratic lieutenant governor and attorney general announced his bid for Des Moines City Councilwoman Christine Hensley’s seat Thursday night. Josh Mandelbaum, 37, delivered the news before a fundraiser for the Democratic blog Iowa Starting Line among other candidates for office in 2018. And he wasted no time drawing water quality as the battle line in the race.

“Time and time again, Councilwoman Hensley has sided with special interests against the Des Moines Water Works and residents of Des Moines,” Mandelbaum told the crowd. “She’s demonstrated time and again that she’s incapable of being our voice on water quality. I’m running for city council because I will be dedicated to being our voice for our values and our concerns and our interests.” Mandelbaum works as a staff attorney and lobbyist for the Environmental Law and Policy Center, which is currently registered against controversial legislation in the Iowa Statehouse that would place water utilities and its assets under the control of local city councils.

He’s slammed the bills at a March 7 public hearing at the Capitol, saying the legislation does nothing to

protect ratepayer investments and places responsibility for safe drinking water “with entities that don’t have experience or expertise in doing so. Just like in Flint, Mich.” In a 4-2 vote Monday, Des Moines City Council reasserted its support of the legislation in a response to public demand for a vote that showed where each council member stood on the issue. Hensley, who represents Ward III, has been most vocal in supporting the legislation and calling for changes to the way water utilities are governed.

Hensley wouldn’t say whether she’ll be running for reelection on the council, or when she might make a decision.

But in terms of Mandelbaum’s candidacy, Hensley said she looks forward to the debate.

“I’ve only had a couple (elections) where I’ve not been challenged,” Hensley said.

Former Lt. Governor Sally Pederson and former Iowa Attorney General Bonnie Campbell have signed on as Mandelbaum’s campaign cochairs, according to a press release. Mandelbaum served as a policy adviser from 2003 to 2006 under former Gov. Tom Vilsack and Pederson’s administration. Mandelbaum is a graduate of Roosevelt High School, Central Academy and the University of Iowa Law School. He serves on the Polk County Early Childhood Iowa board, the advisory board of University of Iowa REACH (Realizing Education and Career Hopes) program, and the Greater Des Moines Jewish Federation.

He attends Temple B’nai Jeshurun on Grand Avenue. He currently lives on the west side of Des Moines with his wife Katherine, his threeyear- old son, Liam, oneyear- old daughter, Ayla, and black lab Truman.

Mandelbaum is the cousin of Justin Mandelbaum, a Des Moines developer currently vying to build a downtown skyscraper at Fifth Avenue and Walnut Street.

USA Today: Ag secretary nominee addresses cuts

Ex-Georgia governor says he was not consulted on targeted programs

ARTHOLOMEW D. SULLIVAN

USA TODAY

WASHINGTON — Former Georgia governor George “Sonny” Perdue sought to assure farm-state senators on Thursday that he understands the importance of trade for farmers and supports many of the U.S. Department of Agriculture programs targeted in last week’s proposed 21 percent budget cut.

President Trump’s nominee to head the department, named just the day before the president took office, said he was not consulted on the proposed \$4.7 billion cut over this year’s funding level that would eliminate water and wastewater loan programs, the department’s statistical capabilities and foreign food aid.

Asked by the ranking Democrat on the Agriculture Committee, Sen. Debbie Stabenow of Michigan, whether he supported clean water for rural communities, access to research tools, and the USDA organic program — programs she said are “zeroed out” in the president’s budget — Perdue said he did. Asked if he had been consulted during preparation of the budget blueprint, Perdue was clear he had not.

“I had no input in the budget,” he said.

Perdue’s late nomination has some in rural communities concerned that Trump has made agriculture

policy a low priority, and several senators on the committee, including North Dakota Democrat Sen. Heidi Heitkamp, echoed that view. Perdue sought to change that perception by joking that while there had been “some anxiety” over the late nomination, “I think the president saved the best for last.”

The two-hour-and-20-minute hearing was mostly friendly and non-confrontational, steering clear of questions about Perdue’s past ethical lapses, including the 13 complaints to the Georgia Ethics Commission during his two terms as governor. Most senators wanted to explore with the nominee, who was raised on a dairy farm, the parochial interests of their states, like the margin protection program established in the 2014 farm bill to help dairy farmers. Other issues raised during the questioning were improving the health of national forests, preserving the sugar program and the impact of new immigration policies on farm labor needs.

Chairman Pat Roberts, RKan., said farmers are particularly concerned about finding strong markets for their goods.

“Now more than ever agriculture needs a voice — an advocate — at the highest levels of government,” Roberts said.

He asked Perdue to work “hand-in-hand” with the Office of the U.S. Trade Representative to expand export markets. Roberts added as an aside that the new administration has “too many cooks in the kitchen when it comes to trade.”

Perdue assured him he would be a strong advocate for trade and that he had talked while awaiting his confirmation hearing with the nominee for trade representative, Robert Lighthizer, and with Trump’s Commerce Department pick, Wilbur Ross.

Perdue, who has a doctorate in veterinary medicine from the University of Georgia, sprinkled his testimony with homey, farm country references. He said he had picked watermelons in his youth with one member of the committee, his cousin Sen. David Perdue, R Ga. He mentioned training bird dogs and milking cows, and said he avoided “dangling participles” after instruction from his English teacher mother. And he offered some wisdom from his late father: “If you take care of the land, it will take care of you.”

In his opening statement, he said that after a stint in the U.S. Air Force and briefly practicing veterinary medicine in North Carolina, he returned to Georgia to build a grain elevator for his county in 1976.

“Farming and farmers have been my life ever since,” he said. “Agriculture is in my heart.”

Perdue made it clear he has been paying attention to falling commodity prices and the 50 percent reduction in net farm income since the record high in 2013.

He said he understands concerns about proposed cuts to local government water and wastewater financing programs but that they might be addressed by Trump’s pending infrastructure initiatives.

If confirmed, he said he would pursue four goals: to maximize the opportunity to create jobs; “customer service everyday”; to meet consumers’ expectations for meeting food safety standards; and to expand markets for agriculture goods.

DMR Editorial: Branstad cheerfully ignores threat to Medicaid expansion

Does the governor support the Trump administration’s plan?

On Dec. 12, 2013, Gov.

Terry Branstad' office issued a press release trumpeting an agreement with federal officials to expand Medicaid and help more than 100,000 low-income and disabled lowans obtain access to health care.

Under the expansion, premiums for new enrollees were limited to 2 percent of income — about \$19 per month for someone at the poverty line — and beneficiaries could reduce their payment by participating in wellness programs. The press release described the governor as “enthusiastic,” and quoted him as saying, “This is an Iowa plan that fits the health needs of our state.” Lt. Gov. Kim Reynolds was equally effusive, and was quoted as saying the expansion “allows Iowa to move forward in improving the health and wellness of our state.”

Now, however, Health and Human Service Secretary Thomas Price and Centers for Medicare and Medicaid Service Administrator Seema Verma have sent a letter to Branstad and the governors of 30 other states who expanded Medicaid at the expense of the federal government, telling them the expansion represents “a clear departure from the core, historical mission of the program.”

They're also urging the governors to pursue changes in Medicaid, such as charging beneficiaries higher premiums and requiring beneficiaries to pay for emergency-room visits to discourage such visits.

When asked about all of this, the best that Branstad spokesman Ben Hammes can muster is this: “Gov. Branstad extends his congratulations and is proud to see that Seema Verma was recently confirmed as the new CMS Director. She worked very closely with Iowa in obtaining the federal waiver for the Iowa Health and Wellness Plan and Medicaid Modernization. She fully understands the complexities of the Medicaid system and we look forward to working with her and Secretary Price in their new roles.”

Apparently, the governor's enthusiasm for Medicaid expansion has been supplanted by his enthusiasm for a CMS director determined to scuttle that effort. Could it be “the health needs of our state” are less of a priority than the president's political agenda?

DMR Editorial: Schools shouldn't sell extra-credit points to students

Unfortunately, 'stupid' legislation might be the answer if school boards don't act

At first blush, the proposal by Iowa Rep.

Chip Baltimore might seem like an overreaction.

Baltimore, a Republican from Boone, has introduced legislation that would prohibit public schools from awarding students extracredit points for providing classroom supplies such as paper towels and Kleenex.

“Frankly, we didn't know this was a problem,” says Melissa Peterson, an Iowa teachers union lobbyist. “I can never imagine a teacher saying, ‘I'll give you extra credit (for purchasing supplies),’ because there's plenty of families who can't.”

Yes, the practice is hard to imagine. But this sort of thing is fairly widespread and in recent years has proved to be a source of controversy in Florida, California, New York and other states. At some schools, teachers have actually handed out lists of classroom supplies — erasers, tissues, disinfecting wipes, etc. — at the beginning of the semester and promised that students who helped stock the supply closet will see their final letter grade bumped up one level.

Just last year, area teachers told a Des Moines Register reporter they could recall times when students earned enough extra-credit points by “donating” boxes of Kleenex to the classroom that they were able to squeak by with a passing grade.

So, regrettably, this does happen. While it's the sort of practice best addressed by school boards, it appears that some of them have yet to act.

To his credit, Baltimore admits he'd rather not spend his time on this issue. "I hate legislation like this — because I think it's stupid — but sometimes you have to legislate common sense," he says. "If it gets some attention and schools stop doing it, maybe it has the intended purpose. Maybe we don't have to put it in the law."

That would be the ideal outcome, but if school districts don't act, Baltimore would be justified in pursuing the matter.

DMR Iowa View: Why it's time for a regional water utility for metro Des Moines

RICK CLARK of Cleveland, Ohio, is former city manager of Des Moines.

An indelible lesson about local government is that sharing services is one of the best ways that local governments, working together, can reduce cost and increase the quality of service. This was a point I made to the Des Moines City Council when I retired as city manager almost three years ago.

Nowhere is the benefit of shared service more apparent than with public utilities such as wastewater treatment and the provision of potable water. These are essential public utilities used by virtually every citizen.

To be cost effective, a utility needs to spread the cost of its operating overhead and capital investment across as many customers as possible. If, for example, there are multiple water utilities with multiple water treatment facilities, the cost of potable water will increase and quality of service will decrease. And that's not good for anybody, and that is the real issue that should be driving the decision about creating a regional water utility for the Des Moines metro area.

The current governing structure for Des Moines Water Works has remained essentially unchanged since it was created in 1919. The five-member Water Board is appointed by the mayor of Des Moines but acts independent of the city and has all the authority necessary to operate, construct improvements, set water rates, and bring lawsuits on behalf of the utility. In the intervening years, the service area for Des Moines Water Works has undergone a radical transformation. In 1920 Des Moines had a population of 126,468, West Des Moines had 3,631 residents, Urbandale, 298, and Ankeny, 648.

Today, Des Moines remains the dominant city; however, West Des Moines now has a population of 64,000, Urbandale is about 44,000, and Ankeny is about 56,000. The current Des Moines Water Works governance structure is simply not adequate to address the challenges brought about by the growth in the metro area.

Suburban communities seek to build their own water treatment facilities. Why? Because the suburbs have no voice in the management and overall direction of Des Moines Water Works, and they are not confident they'll continue to receive water at a reasonable rate. Although this fear may not be entirely warranted, the longterm consequence could well be that the metro area evolves into a system of duplicative water treatment facilities competing with one another for customers. Water treatment cost will increase and so will the price of water. Des Moines residents do not escape adverse consequences because as suburban customers pull away from the Des Moines Water Works, then the burden of maintaining large treatment facilities and all administrative costs will fall more and more on the backs of Des Moines customers. At the same time, the suburbs will carry the entire burden of separate water treatment facilities. Everyone loses.

So what's the solution? Legislation considered by the Iowa Legislature will provide an opportunity for Des Moines and surrounding suburbs to work together to create a more representative regional water



utility, which prevents the costly proliferation of new water treatment facilities and allows cities to work together to provide the most efficient system to treat and distribute water to the metro area. Water customers win with this solution.

For the record, the cities in metro Des Moines have a strong record of creating and managing regional utilities. One good example is the Des Moines Metropolitan Waste Water Reclamation Authority, which comprises 17 municipalities that work together to successfully construct and operate regional wastewater treatment facilities.

A final comment: The lawsuit filed by Des Moines Water Works attempted to address the issue of water quality in Iowa. The lawsuit failed. The U.S. District Court called Des Moines Water Works' claims "without merit" and dismissed the case in its entirety.

However, the need to address water quality remains. A new Des Moines regional water utility could be an effective partner working with the state towards the goal of clean water.

It is time to set aside the distractions and misdirected accusations about creating a regional water utility and do the right thing for the people of Des Moines and central Iowa. As a first step, the Iowa Legislature needs to enact the pending legislation that will allow the negotiations to create a new regional water utility to go forward.

DMR: Newborn health screening bill passes Iowa Senate

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Newborns in Iowa would be tested for congenital cytomegalovirus if a screening demonstrates hearing loss under a bill passed Wednesday night by the Iowa Senate.

Cytomegalovirus, or CMV, is a common virus that infects people of all ages, according to the Centers for Disease Control and Health Prevention. Most people infected with CMV show no signs or symptoms. However, CMV infection can cause serious health problems for people with weakened immune systems, as well as babies infected with the virus before they are born, experts said.

Senate File 51, which now heads to the House for consideration, says the testing requirement would need to be accomplished before the newborn is 21 days old. In addition, information would be provided to the parent of the newborn regarding birth defects caused by congenital cytomegalovirus and early intervention and treatment resources and services available for children diagnosed with it. However, the testing requirement would not apply if the parent objects.

Sen. Jake Chapman, RAdel, the bill's floor manager, said the complications of CMV can be as extensive as death, adding he would like to see this bill be extended to across-the-board screenings. However, Chapman and several other lawmakers said they were happy the legislation is moving forward.

"This is certainly a step in the right direction for some of these kids," said Sen. Pam Jochum, D-Dubuque.

The Senate bill, which was approved on a 49-0 vote, also proposes educational and awareness campaigns regarding cytomegalovirus and congenital cytomegalovirus. The initiatives would be targeted towards women who may become pregnant, expectant parents, parents of infants, attending health care providers, and others.

LEE: Democratic House member exploring run for governor

James Q. Lynch

After announcing that he's exploring a campaign for governor in 2018, Rep. Todd Prichard delivered his maiden campaign speech to a nearly empty Iowa House of Representative on Thursday afternoon.

The empty seats and faint applause are not indicative of what the third-term Democrat from Charles City said he is finding when he talks to party members at soup suppers, off-year caucuses and central committee meetings.

"There's a lot of anger. I think there's a lot of concern and I think there is a lot of fear (because) of the way they see the state changing," Prichard said in an interview earlier Thursday. The Republican legislative agenda is "not in line with what I would consider Iowa values."

Running for governor was not part of his agenda when Prichard, 42, ran for a vacant House seat in 2012. That's changed this year, he said, as he's watched majority Republicans stripping public employees of collective bargaining rights, weakening the state's workers' compensation program and limiting spending on traditional priorities like education.

That's frustrating because "regardless of where we are from or what party we are in, we were elected to create good-paying jobs, raise wages and make it easier to raise a family and get ahead," Prichard said. Republicans, he said, "have failed in that mission."

Republican Party of Iowa Chairman Jeff Kaufmann doubts Prichard will be the last Democrat to get into the race.

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"I would imagine whenever you have the loss of an incumbent, there will be a lot of people exploring," he said, referring to Gov. Terry Branstad's anticipated departure to be U.S. ambassador to China. "But let me tell you something, there's a lot of experience and a lot of money and a lot of shoe leather between exploring and running against a lady who has been already trained and ready to go on Day 1. (Lt. Gov.) Kim Reynolds has the complete package."

If Prichard runs — and he thinks he has until next year to make a decision, he'll be running against Branstad as much as Reynolds, who is expected to serve out the governor's term.

Bottom of Form

"I haven't seen any points of separation between Gov. Branstad and Lt. Gov. Kim Reynolds," he said "Their agenda seems to be one and the same, so I think the policies and decisions made by the Branstad administration are very much tied to Lt. Gov. Reynolds."

As a challenger, Prichard said, he would have to make the case that he can do a better job and lead Iowa to a better place.

"Given the decline of education, lack of wage growth, there's a narrative there we can tell voters," he said. "This administration, these policies, have not advanced the interests of the people of Iowa."

LEE: Iowa Senate approves election law changes

ROD BOSHART

Iowa senators approved GOP-backed election law changes Thursday that proponents say will improve election integrity but that critics insist will suppress turnout and raise costs to county taxpayers.

Majority Republicans made several changes to a House-passed bill before voting 26-21 to pass House File 516 and return it to the House for consideration.

The bill was opposed by 20 minority Democrats and Ocheyedan independent Sen. David Johnson.

"The bill would require all voters voting at the polls to provide proof of eligibility, as well as all absentee ballot requests to contain a personal voter identification number on the request form," said Sen. Roby Smith, R-Davenport, the bill's floor manager.

"The public realizes that they have to show their photo ID to get on an airplane, buy a beer or open a checking account. This legislation is common sense," he said.

Democrats countered that the bill would put up barriers to elderly, disabled, minority and other Iowa voters that would discourage participation in a fundamental American right. They argued it would increase costs to the state and counties and create unintended consequences in a state with a track record of clean elections with high participation rates.

They also said it likely would trigger a legal challenge.

"I think it's an unnecessary political document," said Sen. Tony Bisignano, D-Des Moines.

Sen. Pam Jochum, D-Dubuque, called the bill "a very expensive solution in search of a problem."

Smith countered by pointing to 27 cases of first-degree election misconduct in the past five years and eight instances where people voted twice as evidence of a problem.

"We have voter fraud in Iowa, that is a fact," he said. "With so many close elections in the past, including members of this chamber (who won by 22, 17 and 10 votes in three races), we need to do everything we can to prevent fraud and this bill has safeguards."

Sen. Nate Boulton, D-Des Moines, dismissed Smith's fraud contentions, saying "there is not a bogeyman out there," while Johnson called the election bill "a farce" that was not for the people's interests but rather for special interests.

Bottom of Form

"This isn't a welcoming place right now, this 87th General Assembly," Johnson said.

House File 516 would make several changes to state election administration, including voter registration, absentee voting and requiring voters to present an ID to vote.

Other provisions would eliminate the option for voters to check a single box for straight-party voting, put money toward helping precincts purchase digital poll books, and establish post-election audits.

Also, the bill would provide for technology upgrades and additional poll worker training for consistency throughout the state and provide additional resources for those system upgrades.

Republicans made changes that would reduce the time for sending out absentee ballots before an election from 40 days to 29; would allow teenagers who turn 18 by the general election to vote in the earlier primary; and would establish four-digit voter ID cards.

Sen. Tod Bowman, D-Maquoketa, offered an amendment to strike the entire bill and replace it with a voter identification verification process, but his proposal lost 27-20.

"This is something Iowans want," Smith said. "This is something that we have delivered for them to make sure that elections are fair," Smith said.

LEE: Iowa Republican leaders: No minimum wage increase

Rod Boshart

Top Republicans in the Iowa House and the Iowa Senate said Thursday they do not expect the Legislature to consider increasing the statewide minimum wage of \$7.25 an hour this session.

GOP senators held out the possibility of a separate minimum wage bill this week during a committee discussion of legislation to void higher county-level wage minimums, but Senate Majority Leader Bill Dix, R-Shell Rock, and House Speaker Linda Upmeyer, R-Clear Lake, said that won't happen.

"I anticipate no separate minimum wage bill," Dix told reporters.

Upmeyer said representatives approved the local pre-emption bill earlier this month after turning back Democratic amendments "to do just that." Members of the House GOP caucus, she said, are not asking to take up a bill to increase the minimum wage this session.

"That's not been one of their priorities this year," Upmeyer told reporters.

House File 295, which currently is eligible for debate in the Senate, includes provisions to immediately bar cities and counties from usurping state authority in business and employment matters and the sale or marketing of consumer merchandise.

Bottom of Form

That would include prohibiting cities and counties from setting minimum wages higher than the statewide \$7.25 hourly level and nullify the higher minimum wages approved by officials in Johnson, Linn, Polk and Wapello counties.

Senate Minority Leader Rob Hogg, D-Cedar Rapids, said he anticipates Democrats will offer amendments to raise the statewide minimum wage if Republicans bring up House File 295 for consideration.

"I would imagine there are members of the Republican caucus who don't think they should be voting for bills that drive down wages for Iowans," he said.

Gov. Terry Branstad has told reporters he would be open to considering a "modest" increase in the state's minimum wage, but Upmeyer said Thursday "the governor and I have not discussed that topic."

LEE: House panel to launch investigation of child welfare system

James Q. Lynch

Days after Gov. Terry Branstad warned that Democratic prying into state child welfare services could negatively impact a criminal prosecution, a House Republican announced the Government Oversight Committee will launch its own investigation.

Rep. Bobby Kaufmann, R-Wilton, chairman of the Government Oversight Committee, said he doesn't want to interfere with the Polk County Attorney's Office prosecution in the case of Natalie Finn, a 16-year-old West Des Moines girl who died from emaciation last October because of the denial of critical care.

But Kaufmann said told the committee he is exploring the possibility of bringing in the Department of Human Services "to have them walk committee members through the process of how reports for child placement, follow-up, child abuse, or neglect are handled. The committee wants to understand how this process works so that we can look at ways to prevent another tragic situation like the Natalie Finn case.

"We are not interested in politicizing this tragic situation or jeopardizing an ongoing criminal investigation," Kaufmann continued.

DHS spokeswoman Amy McCoy said the department welcomes a discussion with the House panel "about the authority the Legislature provides DHS to investigate allegations, about how our policies and procedures are established, as well as discussing our efforts toward continuous quality improvement,"

Branstad is not happy with the Democrats on the Senate Government Oversight Committee having informal hearings to look into the state's child welfare system. So far, DHS officials have declined to appear to answer questions, they said.

However, as long as they don't jeopardize the prosecution in the Finn case, Branstad also would "support an effort by legislators to learn more information about the overall adoption, child welfare and foster care systems" as DHS, his spokesman Ben Hammes said.

Kaufmann will invite the Senate Government Oversight Committee, chaired by Sen. Michael Breitbach, R-Strawberry Point, to join the investigation.

Advertisement (1 of 1): 0:15

Breitbach wasn't sure if senators will work with the House panel and was hesitant about how deep they could delve into child-welfare issues at this time.

"It's a very delicate situation right now. There is a legal case going on, and the last thing I want to do is interfere with that proceeding and murder trial," Breitbach said.

Bottom of Form

He and Kaufmann agree on that. The investigation should be "thoughtful and prudent" without politicizing the Finn case or being conducted with a "gotcha attitude."

Breitbach seemed to see a more limited scope of investigation than Kaufmann.

"I believe that the DHS has reviewed all of their staffing options over the past years, and I think they feel comfortable with where they're at and the training that they're doing, but otherwise I just can't go further," Breitbach said.

House Speaker Linda Upmeyer, R-Clear Lake, agreed that lawmakers' role is not the criminal investigation, but to look at the system to see if it meets Iowans' needs. House Republicans, she said, are "very interested" in knowing whether the state has an adequate system that serves the needs of Iowa children.

"Our job is the function of state government," House Majority Leader Chris Hagenow, R-Windsor Heights, said. While he wants to see the criminal case proceed, "we also want to look at state government and the overall process that DHS or others have to try to prevent that in the future."

House Government Oversight Committee member Rep. Vicki Lensing, D-Iowa City, suggested inviting law enforcement to explain its role in child welfare cases in order to understand whether there are gaps in the law.

LEE: Fantasy sports wagering advances in Iowa House

JAMES Q. LYNCH

It's unlikely fantasy sports betting will be legal in Iowa before this year's NCAA men's basketball championship, but an Iowa lawmaker is looking ahead to next year.

A bill to legalize fantasy sports betting cleared the House Ways and Means Committee 23-2 Wednesday and will be eligible for full House debate next week.

If representatives approve the bill, which is similar to a version approved by the Senate in the past, Iowans could legally bet on the 2018 NCAA championships as well as other sports events.

The American Gaming Association estimates Americans will wager \$10.4 billion on March Madness, a 13 percent increase from 2016.

However, only 3 percent of the money wagered — \$295 million — will be wagered legally. The remaining \$10.1 billion will go to illegal off-shore websites or through bookies, the association said.

If House Study Bill 52 is approved, wagering on fantasy sports would be legal in Iowa, taxed and regulated by the Iowa Racing and Gaming Commission that oversees gambling and gaming in the state.

Fantasy sports wagering would not be a big payout for Iowa.

Bill manager Rep. Matt Windschitl, R-Missouri Valley, hasn't received a fiscal note on the 2017 version of the bill, but estimated the return could be \$250,000 for the Rebuild Iowa Infrastructure Fund and \$250,000 for the general fund.

"I'm not doing this for the revenue," he said. "I'm doing this to give Iowans more freedom. To give them the freedom to play, if they want."

According to a 2015 Legislative Services Agency fiscal note, fantasy sports wagering trade association estimated 300,000 Iowans would play daily fantasy sports through an internet fantasy sports contest service provider. It found that in a similarly populated states, participants paid \$4.4 million in entry fees and charges. About \$4 million was used for cash prizes and payouts.

Bottom of Form

Taxing the adjusted gross receipts would yield somewhere between \$33,000 and \$578,000 for the state, the Legislative Services Agency concluded.

Although Windschitl is optimistic about passage of House Study Bill 52, House Speaker Linda Upmeyer, R-Clear Lake, joked that the House seems to talk about it every year.

"I suspect the caucus is ready to move that forward," she said.

The way Windschitl sees it, in previous years the Senate approved fantasy sports betting and sent it to the House where no action was taken. In the past, the House has sent a bill to legalize fireworks to the

Senate, but nothing happened.

This year, he pointed out, the Senate has approved a fireworks bill, and the House is working on a wagering bill

Muscatine Journal: PROGRESS: Muscatine has high hopes for Branstad's nomination to China

Jan Touney

Community and business leaders look forward to continuing a strong relationship with their Chinese friends in the wake of Iowa Gov. Terry Branstad's nomination by President Donald Trump as U.S. ambassador to China.

Confirmation proceedings have yet to be scheduled in Washington, D.C. Ben Hammes, communications director for Branstad, said there will be no official comment on the process until after the confirmation hearing. Branstad said in January that he was humbled and honored to accept Trump's nomination.

Iowa's exports to China, predominantly agricultural products, have boomed under Branstad's administration. He has long been considered a friend of Chinese President Xi Jinping, dating back from Xi's first visit to the state as a student in 1985, shortly after Branstad took office. The governor has made six trade missions to China.

Tony Joseph, president and founder of Joseph International Freight Service in Muscatine, has been doing business in China for 14 years.

He said Branstad's appointment gives the state of Iowa "a good seeding compared with other states who are vying for Chinese attention," particularly other Midwest states like Michigan and Wisconsin.

"In Muscatine, we also have a great opportunity because of our standing in the Chinese mind," said Joseph, who was chairman of the Muscatine-China Initiatives Committee until fall 2016. He continues as a committee member.

Current committee Chairman Daniel P. Stein, Senior Vice President and Senior Loan Officer at CBI Bank & Trust, said he believes Branstad's position in Beijing will help Muscatine.

"I think as a committee we were obviously excited" by the nomination of Branstad by Trump, Stein said.

Bottom of Form

"It will be a very tough job; the Trump administration wants to rebalance trade," Stein said. "But I'm optimistic. Both countries have so much to lose if they don't deal with each other."

Greg Jenkins, president and CEO of the Greater Muscatine Chamber of Commerce and Industry, said that organization is "looking forward to our governor being in such a prominent position (in China) because he has such a great relationship there."

Sarah Lande, a longtime friend of Branstad's who has been instrumental in Muscatine's relationship with Xi Jinping, said she and her husband, Roger, called Branstad after he visited the president-elect at Trump Tower in December.

"We asked him, 'Well, what do you think about it?'" she said. "I was so excited when President Trump nominated him."

LEE: Some budget areas will get less state money next year

Rod Boshart

Republican legislative leaders believe some budget areas will be getting less money for the fiscal year than begins July 1.

That's due to revised revenue projections that are forcing the governor and lawmakers to temporarily tap reserves to plug a shortfall and then repay the money over the next two years.

"We will be looking at budget reductions, absolutely," said House Speaker Linda Upmeyer, R-Clear Lake. "I suspect every budget will see reductions. I think that's inevitable when we're looking at taking at least \$130 million out of the budget from what we had projected earlier."

Downsized fiscal 2018 revenue growth projections — coupled with Iowa's expenditure limitation, the reserve "backfill" — and other issues have significantly shaved the amount of new money legislators have to spend, given that the Legislature and Gov. Terry Branstad already have committed \$40 million to K-12 schools and face more Medicaid demands, Upmeyer said.

"We need to keep everything on the table," said Senate Majority Leader Bill Dix, R-Shell Rock. "We can't continue to spread ourselves so thin. The state has had too broad of priorities, and we're making sure we're really focusing in on what Iowans want us to do."

"Bottom line, we're going to do as Iowa families do, and that is not spend more than what the state projections are revenues to come in," Dix added.

Branstad is required to submit revisions to the two-year budget he proposed in January by next Wednesday, Upmeyer said.

After that she expects Republicans will issue spending targets and begin formulating budget plans for fiscal years 2018 and 2019.

Dix and Upmeyer said Republicans' agenda this year still includes a tax reform package that looks at simplifying and streamlining the state's income tax system.

But the House speaker conceded the state's financial situation has posed challenges.

Bottom of Form

"There's no doubt it is much more difficult to imagine how we would move forward with tax reform, perhaps tax cuts, in an environment where we've cutting budgets. We're just going to work through all of it," she said. "People will contemplate how this might be done and, when the opportunity arises, we will have some of the plans in place. There are still opportunities for reform I believe that could very well work anyway."

Dix said tax reform is a key component of the effort to focus on growth, telling reporters "we're not taking our eye off of sensible tax reform that puts Iowa in a better position to attract new investment to our state and keep high-paying jobs here."

Senate Democratic Leader Rob Hogg of Cedar Rapids said he was "very concerned that Iowans will be hurt by budget cuts that will be proposed by the Republican majority."

The state, he said, is "absolutely not" in a position to consider tax cuts that aren't affordable.



“We are very interested in tax reform that modernizes our tax code and helps spur our economy,” he said. “I am not interested in big tax cuts in the guise of tax reform.

“The Branstad-Reynolds’ Republican direction has gotten carried away with tax cuts, and that’s why we’re in the fiscal mess that we today,” he added. “If they go down the route of cutting taxes more, that will make the budget mess even worse.

The Gazette: Iowa wire transfer fee would fund criminal investigations

The House Ways and Means Committee approved adding a 1 percent fee to the cost of wire transfers to raise money for undercover investigations of criminal activity including drugs and human trafficking.

However, Democrats who voted against the bill called it a punitive move that targets the poor who rely on wire transfers to move their money.

House File 494 was approved on a 15-11 party line vote Wednesday night, despite allegations it targets “small Latino grocery stores,” according to Rep. Dave Jacoby, D-Coralville, and amounts to civil asset forfeiture, according to Rep. Mary Wolfe, D-Clinton.

The bill would require non-financial institutions providing wire transfers to charge a fee of 1 percent of the transfer amount. The fee would not be applied to bank transfers, bill pay systems, PayPal or similar operations.

Bill manager Rep. Chip Baltimore, R-Boone, said the state Division of Banking estimated the wire transfers that would be covered by the bill amount to about \$3 billion a year. That would generate \$30 million a year. However, people using wire transfers could apply for an individual income tax credit equal to the amount of money transfer service fees they paid if they include a valid tax identification number.

Baltimore called it “one piece in the war we have against criminal activity” and said it is modeled on a successful Oklahoma law.

Rep. Todd Prichard, D-Charles City, called it “not fair, not right.”

Wire transfers are likely to be used by low-income people without bank accounts, he said.

“When I prosecuted drug crimes, I noticed a lot of marijuana was wrapped in Saran Wrap. Why not tax Saran Wrap?” he asked.

It’s not the government’s role to “scorn, scold, punish people for being poor,” added Rep. Liz Bennett, D-Cedar Rapids.

Baltimore pointed out wire transfers generally cost more than moving money by money orders or other methods.

The bill also would create a financial crime and wire transmitter fund for the Department of Public Safety to use to investigate indictable financial criminal offenses.

The bill now goes to the full House.

The Gazette: Iowa City metro second-fastest growing in Iowa

New census data show Iowa is gaining people, but at a slower pace than the nation

Both the Iowa City and Cedar Rapids metro areas gained people since 2010, but Iowa City's growth rate far outpaces that of its sister city.

The Iowa City metro, which includes Coralville and North Liberty, was the second-fastest growing in Iowa between July 2010 and July 2016, new Census numbers show.

Here's some more information about Iowa from the new data:

### 3,134,693 TOTAL

Iowa's total population has continued to rise so far this decade, hitting more than 3.13 million people in 2016.

Even so, the state's growth rate lags behind that of the United States as a whole. The nation's population grew by 4.5 percent from July 2010 to July 2016. Iowa's grew only 2.8 percent.

### DES MOINES FASTEST

The Des Moines metro claims the fastest growing population in Iowa. From 2010 to 2016, the central Iowa metro grew by 11 percent to more than 634,700 people.

The rate of change in Iowa City's metro wasn't far behind, however, as it saw population grow 10.4 percent to more than 168,800. Ames and the Omaha-Council Bluffs area grew 8.3 percent and 6.4 percent, respectively.

The Cedar Rapids metro population rose by 3.6 percent to just under 267,800 people.

"We have four economies that are growing relatively rapidly and then you've got, right dead in the middle, Cedar Rapids, which is growing at just a little over half" the average metro growth rate, Iowa State University economist Dave Swenson said.

### JOHNSON POSTS GAIN

Des Moines' growth can be tied in part to Dallas County, which includes the western suburbs of Des Moines. When population changes are examined by county, Dallas County grew by 27.8 percent so far this decade. Johnson County took second place in that regard, with a 12 percent growth rate. And Linn County's population grew by about 5 percent in that time period.

### 73 COUNTIES DECLINE

Although Iowa's overall population has grown, the increase is largely concentrated in the state's urban centers.

Only 26 of Iowa's 99 counties saw their populations increase from 2010 to 2016, an analysis by Gary Krob of the State Data Center shows.

That leaves 73 Iowa counties having lost people so far this decade, continuing a trend Swenson said Iowa has seen since the 1980s.

"What we have is a subset of our metropolitan areas doing really well and then the majority of the next set of cities down are doing poorly," he said. "These regional trade centers are struggling to hold onto their economic potency and their demographic base."

### 51.8 PERCENT

More than half of Iowa's population lives in just 10 counties, according to Krob's analysis.

Of Iowa's 3.13 million total, 51.8 percent reside in Polk, Linn, Scott, Johnson, Black Hawk, Woodbury, Story, Dubuque, Pottawattamie and Dallas counties. Each of these is part of an Iowa metro, Krob noted.

Business leaders in Iowa often have said they can't fill open job positions due to a lack of qualified applicants. Part of that problem, some have said, is lackluster population growth, especially in rural areas.

The Census numbers released Thursday do not include population changes by specific cities.

The Gazette: Iowa Politics Today: Requiring insurers to cover an autism treatment

FREEDOM TO BINGE: A House Judiciary subcommittee delayed action in a "medical amnesty" bill that would provide legal protection to 911 callers who are under the legal drinking age of 21 but need help in an emergency when underage drinking has taken place.

"No one should have to think about the legal implications of calling for help," Cole Staudt, an Iowa State University student from Rockford, told the subcommittee considering SF 415.

The bill was approved 49-0 in the Senate.

The immunity, similar to laws in 36 other states, Staudt said, would not extend to anyone already the subject of a criminal investigation or under correctional supervision and would not extend to emergencies where illegal drugs were involved. The caller must remain on the scene and cooperate with law enforcement.

Lawmakers are waiting to learn whether the law would put Iowa out of compliance with federal laws regarding the legal drinking age and open containers. If Iowa is not in compliance, it could jeopardize \$82 million in transportation funding, said Renee Jerman of the Iowa Department of Transportation.

"That's not a huge concern for us," Staudt said.

Similar amnesty for people who call for emergency assistance in the case of an opioid overdose was stripped out in the Senate. Rep. Mary Wolfe, D-Clinton, said she hoped that could be added in the future.

Rep. Megan Jones, R-Spencer, said the subcommittee will wait to hear from the DOT on the federal funds before deciding whether to send the bill to the full committee.

ADJOURNMENT TARGET: Republicans, who hold majorities in the Iowa House and Iowa Senate, say they are on track to end the 2017 session close to the April 18 adjournment target.

Normally the first session of a General Assembly is scheduled for 110 days of expense money for legislators, but budget cutbacks prompted lawmakers to scale that back by 10 days this year to save money.

Senate Majority Leader Bill Dix, R-Shell Rock, said there still is significant work left to do, which includes crafting a fiscal 2018 state budget. But he expects things to wind down after lawmakers get back the session's second funnel deadline next week

That deadline requires bills to clear one chamber and a committee of the other to remain eligible for

consideration this year.

“We want to continue to accomplish the agenda we set out to do and I have the expectation that that can be done within the time frame of the 100 days that have been set out. I would expect us to adjourn some time very near to that 100th day,” he said.

House Speaker Linda Upmeyer, R-Clear Lake, said she is “building my calendar to be done” around the April 18 adjournment target.

**HOUSE TRAFFIC ISSUES:** House Speaker Linda Upmeyer, R-Clear Lake, was non-committal Thursday on two transportation-related bills approved by the Iowa Senate because her GOP majority members have not discussed them. But she said she expected legislation to further restrict texting while driving would get passed this session.

“We absolutely want to move forward with safety,” she told reporters. “I think there’s an appetite to move something forward.”

Drivers would be able to use their hand-held devices to make phone calls or check GPS directions but could be pulled over by law officers for using them to write, send or view an electronic message under Senate File 234, which cleared the Senate by a 43-6 margin Wednesday.

A House committee has approved a tougher bill that also would make texting a primary offense like the Senate approved. But the House version would ban the use of hand-held devices while driving and would allow a one-year transition period before law officers would switch from issuing warnings to ticketing violators.

Upmeyer said she expected the House GOP caucus to discuss both approaches and choose one or come up with “something different.”

Senators also approved a separate measure to bring traffic cameras under stricter state regulation but not ban them.

Upmeyer said the Senate bill would get committee consideration before next week’s second funnel deadline for bills to pass one chamber and a committee of the other to remain eligible for action this year.

**AUTISM TREATMENT:** Iowa senators voted 48-0 Thursday to send Gov. Terry Branstad legislation that would require insurance companies to cover a treatment for autism that parents believe can help improve the quality of life for their kids.

House File 215 would require insurance providers to cover applied behavior analysis for children with autism in group coverage plans exceeding 50 employees.

“It will help a lot of people. This is a big day,” said Sen. Bill Anderson, R-Pierson, the bill’s floor manager.

He said the legislation was a positive result of collaboration by many people over a number of years to reach Thursday’s legislative approval.

“This is about more than passing legislation,” said Sen. Amanda Ragan, D-Mason City. “This will impact people’s lives. This will have a huge impact.”

Under the bill, insurance coverage would become available for families with dependents younger than 19 who have been diagnosed with autism spectrum disorder.

**SIGNED INTO LAW:** Gov. Terry Branstad signed the following seven bills into law Thursday: • House

File 303, relating to notifications made by the commissioner of insurance about the need for a receivership for certain preened sellers and cemeteries.

- House File 372, allowing turns against red lights.
- House File 203, authorizing the use of primary road fund moneys for the secondary road and municipal street systems.
- House File 577, relating to the treatment of Lyme disease or other tick-borne diseases
- Senate File 409, relating to state credit union examinations and boards meetings.
- Senate File 376, relating to disclosure of asbestos bankruptcy trust claims.
- Senate File 357 modifying licensing provisions applicable to electricians and electrical contractors.

QUOTE OF THE DAY: “The public realizes that they have to show their photo ID to get on an airplane, buy a beer or open a checking account. This legislation is common sense.” — Sen. Roby Smith, R-Davenport, in promoting an “election integrity” bill with a provision that would require every voter to present government-issued identification at the poll on Election Day — with four eligible forms that included a photo.

The Gazette: Iowa water hopes not dead yet

So your Iowa Legislature, presented by Sizzler University, may still do something smart and meaty on water quality this year.

Chances remain lean. But even that’s remarkable, considering not so long ago it looked like the nothing-to-see-here caucus had the upper hand. I figured the recent dismissal of the Des Moines Water Works’ lawsuit over polluted farm runoff, which sparked Iowa’s water quality debate, sponged up the last drops of hope.

But then 13 Republicans led by Rep. Bobby Kaufmann, R-Wilton, got behind a push to raise the state sales tax by one-eighth of a cent each year for three years to fill the Natural Resources and Outdoor Recreation Trust Fund. The constitutionally protected fund was created by voters in 2010, but lawmakers have refused to raise the sales tax to fill it.

Kaufmann made headlines before the session by proposing his famous “suck it up, buttercup” bill aimed at universities coddling students shaken by our Trumped election. Maybe this new effort could be called “drink it up, buttercup.”

Fully phased in, the tax would raise \$180 million or more for an array of conservation and recreation efforts. The bill, HF 597, filed Monday, says 60 percent must be spent on ag pollution controls inspired by the state’s Nutrient Reduction Strategy. That proportion roughly matches the current trust fund spending plan outlined in state law.

But these are Republicans, after all, so the sales tax increase would be offset by reductions in income tax rates, starting with reductions in the lowest income brackets. Kaufmann says that’s intended to reduce the sting of raising the regressive sales tax.

So far, the bill is supported by a large coalition of groups lobbying lawmakers to fill the trust fund. No groups have yet registered opposition.

“We’ve really been activating the grass roots, a lot of folks who support the cause have been showing

up at forums, writing emails, making phone calls,” Kaufmann told me. “I think it’s had an impact on people at the Capitol, creating a buzz for the issue.”

You don’t need to be a Sizzler U grad to know much is at stake. (Sorry.) Cutting the flow of nitrates and phosphorus from farmland pays big dividends in safeguarding drinking water, protecting lakes, reducing soil loss and mitigating flooding. There’s also that big dead zone in the Gulf of Mexico you may have heard about.

Federal agencies watching water are on the verge of Trumpian decimation. Iowa’s tight budget is an argument against income tax cuts, but it’s also an argument for creating protected funding for the environment, which is often first on the chopping block.

Obstacles abound. It’s not certain the bill will even get a committee hearing. Another bill, using unprotected gambling dollars to provide less water funding, is moving first. Kaufmann insists his bill could be coupled with that effort. We’ll see.

Democrats no doubt will balk at tax reductions hitting a general fund already unable to cover needs. Some rural Republicans see no problem and want little or no action. And if the bill does move, a pitched battle over how the money will be spent is likely.

But what looked like a cooling back-burner issue now has some sizzle. A rare bright spot.

The Gazette: Guest View: Developing skills for our innovation economy

Jim Wohlpart is provost and executive vice president for academic affairs at the University of Northern Iowa.

Recently, Gov. Terry Branstad organized the Future Ready Iowa Alliance, chaired by Lieutenant Gov. Kim Reynolds and Dan Houston, CEO of Principal. The focus of the alliance is to address the skills gap in Iowa. The University of Northern Iowa, as a member of the Iowa Campus Compact, is developing unique strategies to fill that gap and to prepare graduates as citizens and professionals for the coming innovation economy.

By 2025, Iowa is expected to add 612,000 jobs to its economy, 68 percent of which will require postsecondary education. Yet there aren’t enough adults with college degrees to fill these jobs. While much of the focus for bridging this gap centers on job training for technical skills, such as coding and data analysis, what we need more than ever are graduates with the core skills to meet workforce and community needs, students who are prepared to create, innovate, and lead change.

The essential skills of the twenty-first century include critical thinking, complex problem-solving, and written and oral communication, and these skills are more important to employers than a student’s major. More recently, surveys have demonstrated that students must not only develop these skills in the classroom, but also apply them in real world settings solving real world problems. Such engaged learning experiences also assist students in developing their curiosity, which leads to lifelong learning and the ability to be adaptable and innovate.

Significantly, the development of these essential skills in applied and engaged settings not only prepares students for professional careers — they also prepare students to meet the public purposes of higher education: to become active and engaged citizens who are invested in their communities and their civic obligations. Instead of pitting career preparation against education for citizenship and democracy, we need to recognize their intrinsic connection. The University of Northern Iowa is working with Iowa Campus Compact to go beyond the lecture hall to help students build these core skills.

One of the more salient engaged learning experiences that students can have is that of an extended

service learning project with a nonprofit organization in the community. UNI recently created a summer Service Learning Institute so that faculty members can transform their courses to include a community engaged project. Working with community organizations, students become engaged in the challenges of the "real world" and gain valuable skills in new ways through applying their learning outside of the classroom.

The University of Northern Iowa is committed to expanding these valuable experiences for our students so that they are prepared to innovate, create, and lead change. Students must be prepared for a life that emphasizes their well-being at work, in the community, and at home. Join UNI and Iowa Campus Compact in meeting the civic mission of higher education. Learn more at: [iacampuscompact.org/giving-voice](http://iacampuscompact.org/giving-voice).

QC Times Editorial: Editorial: Students pay for tax cuts

Quad-City Times

Top of Form

Bottom of Form

Basic fairness will die in Appropriations. And Iowa's busted tax policy will kill it.

That's the fate of school equity legislation now sitting in the Iowa House, according to predictions of a half-dozen state lawmakers representing the Quad-Cities. The bipartisan soothsaying late Wednesday and early Thursday put a cloud over what, until now, had been a high-point of the legislative cycle.

The bill passed earlier this month in the state Senate, SF 455, was the "best opportunity yet" for fairness among all public school students in Iowa, Davenport Community School District Superintendent Art Tate told us. For too long, Iowa has touted a grossly unjust funding model where some districts receive more state funding than others. But, as we predicted earlier this week, years of tax cuts, exemptions and corporate welfare has hamstrung Iowa's ability to do much of anything.

And that's the reality faced by proponents of the equity bill, which breezed through the House Education Committee on Wednesday. Now, the \$203 million, 10-year package heads to the House Appropriations Committee. And that's where Quad-Cities Reps. Norlin Mommsen, Republican, and Democrats Phyllis Thede and Cindy Winckler -- all committee members -- predicted the legislation's demise, in light of yet another revenue shortfall of more than \$100 million.

For their part, all House members surveyed support the bill, at least in concept. Reps. Winckler and Monica Kurth would back it should it ever reach the floor. Republicans Ross Paustian and Gary Mohr, too, would back it in concept. But they just don't see Appropriations freeing up the \$14 million needed for its first year.

"It's unfortunate that the Senate rushed a bill over to us without any idea on how to fund it," Paustian said.

So, now what?

The legislation's very existence is a moral victory, some will say. It's an acknowledgement that the system is broken. It's an official recognition that more than 300 districts statewide, including Davenport and Maquoketa, can't compete with their neighbors and, as a result, are further hamstrung by incessant middle class flight and sagging property values, they'll contend.

There can be no moral victory until the structural injustice is undone. Still, Tate would find himself facing

career-ending sanctions because of his budgetary protests against an inequitable funding model. His district would continue to live under a mandate that bilks it of \$2.4 million every year.

It's possible that lawmakers will forgive Tate's legal transgressions as a consolation prize. Bills kicking around both chambers would legalize the budgetary maneuver he enacted. A simple retroactive provision could clear Tate and salvage his career. That's the least lawmakers could do. In so doing, they'd provide themselves political cover by avoiding a public spat with a respected school official standing on principle.

Bottom of Form

But, as Tate would tell you, this isn't about him. It's about his students.

And that's who, yet again, gets failed by a state that's gutted its revenue to the tune of \$12 billion a year through tax hand-outs to special interests.

SF 455 wasn't perfect, which the Democrats will tell you. The decade-long roll-out opens the door for future legislatures to kill it. It was, however, the most politically feasible path forward.

The fact remains, tens of thousands of children in Iowa will continue to be second-class citizens if the bill dies. And it's those students who would pay for the state handouts for the well connected.

RI: Branstad approves new rules for asbestos-related lawsuits

MARCH 24, 2017 BY O. KAY HENDERSON

Governor Terry Branstad has signed a bill into law that changes the rules for Iowans who file asbestos-related lawsuits.

Asbestos causes cancer. In 1989, the federal government banned its use in new products. Backers of the new law say some attorneys are "double-dipping" — finding a way to get two settlements for one injured person — and that depletes resources for people who were exposed to asbestos and need help.

Senator Brad Zaun, Republican from Urbandale, said during Senate debate on the measure that more than 60 companies that made asbestos are out of business, but trust funds have been established to pay cancer victims.

"Ten-thousand people are affected by this disease now," Zaun said. "...The average person is getting a \$600,000 settlement and, at 10,000 a year, what we're trying to do here is to preserve that fund for future people who've been affected by these working conditions."

Representative Kirsten Running-Marquardt, a Democrat from Cedar Rapids, said during House debate that people who will be affected by this new law pleaded with legislators to oppose it.

"Iowans went to work, worked hard to provide for their families and they were exposed to a horrible chemical that took years off their life," she said.

Senator Nate Boulton, a Democrat from Des Moines who's a lawyer, said the legislation places a "harsh trap door" under cancer victims who now will face a quick and unusual deadline for filing claims.

"There are real Iowans affected. Exposure that's latent for decades. You're walking around, you have no idea that this time bomb is going to go off," Boulton said. "Are we really here to create an escape hatch for the companies that created this monster?"



Representative Andy McKean, a Republican attorney from Anamosa, said the new law will prioritize claims from patients in the end-stage of cancer.

“This bill does nothing to deprive claimants to receive 100 percent of what they’re entitled to,” McKean said. “...It’s going to help them get their day in court sooner.”

McKean said portions of this law are in effect in other states. Iowa’s new law would not affect the 17 Iowa cases of asbestos exposure making their way through the state’s courts. More than 2000 Iowans have died of asbestos-related cancer since 1999.

RI: Senate Republicans alter House GOP’s ‘voter ID’ plan

MARCH 23, 2017 BY O. KAY HENDERSON

Republicans in the Iowa Senate have put their own stamp on a “voter ID” bill.

The GOP senators have voted to shorten the “early” voting window in Iowa from 40 days down to 29. In addition,

Senate Republicans want precinct workers to check a prospective voter’s signature on a driver’s license or voter ID card to verify the voter’s eligibility. Republican Senator Roby Smith of Davenport said it’s common sense.

“We need to do everything we can to prevent fraud,” Smith said, “and this bill has safeguards.”

Democrats predicted there’ll be longer lines at the polls on Election Day as fewer Iowans will vote early and it’ll take time for precinct workers to evaluate each voter’s signature.

“Rather than making it harder or restricting time frames, we should be making it easier, removing barriers,” said Senator Pam Jochum a Democrat from Dubuque.

All 26 Republican senators present this evening voted for their plan. It would let 17 year olds who’ll turn 18 by Election Day in November vote in the party primaries in June. The bill now goes back to the House for consideration of those Senate changes. House Republicans passed their own “voter ID” proposal back on March 9.

RI: Likely gubernatorial candidate Todd Prichard says Iowa ‘can do better’

A Democrat who’s a 42-year-old veteran of the Iraq War has formed an “exploratory committee” — his first step toward officially launching a campaign for governor. Todd Prichard of Charles City is currently in his fifth year as a state representative.

“I’m discouraged with the focus of our legislative agenda and the Republican leadership right now,” Prichard said during an interview this afternoon, “and I think we need to find a new direction.”

Prichard said his goal as governor would be to help more “regular Iowans” land in the middle class.

“I don’t think that the Branstad Administration and, therefore, Kim Reynolds have addressed the real issues that are affecting Iowans across the state in rural areas and urban areas and that’s really the issue of the family budget and pocketbook issues,” Prichard said.

Prichard pointed to Branstad’s 2010 campaign promise to raise the average income of Iowans by 25

percent.

“That hasn’t happened,” Prichard said. “I’ve never seen an administration fight so hard for low-paying jobs and I think we can do better.”

Prichard is a small town attorney who also had a career in the military. That means his bio is similar to successful statewide candidates like former Governor Tom Vilsack, who was an attorney in Mount Pleasant, and U.S. Senator Joni Ernst, an Iowa National Guard veteran. Prichard is pitching himself as someone who can provide “fresh” leadership for the state.

“I have over 21 years in the Army as an Army officer. I’ve been overseas four times,” Prichard said. “The last time I was the company commander of approximately 200 soldiers with the Iowa National Guard in Iraq and that definitely gives you leadership experience and the experience of taking care of people in tough situations.”

Prichard has assembled a team of advisors with statewide campaign experience and secured the services of key consultants who worked on President Obama’s successful campaigns in Iowa in 2008 and 2012.

A few other Democrats have expressed an interest in running for governor, so Prichard would most likely face a Democratic Primary in June of 2018.

Lieutenant Governor Kim Reynolds will soon take over as governor once her Republican colleague Terry Branstad leaves to serve as U.S. Ambassador to China. Reynolds has already raised more than a million dollars for a race for governor and has signalled she intends to ask next year’s voters to elect her to a four-year term.

RI: Federal agents investigating pipeline vandalism in Northwest Iowa

MARCH 23, 2017 BY RADIO IOWA CONTRIBUTOR

The FBI is investigating vandalism at Dakota Access Pipeline sites in northwest Iowa’s Sioux County.

On Friday, March 17th at 2 p.m., Sioux County Sheriff’s Deputies were dispatched to two locations south of Hospers to check out reports of vandalism to the pipeline. Sometime in the previous 24 hours someone apparently tried to burn holes in the above-ground valves at the two locations. The deputies were able to secure both locations.

The FBI is conducting an investigation into similar incidents at other Dakota Access pipeline locations in Iowa and South Dakota.

RI: House panel to investigate DHS child welfare system

Republican leaders in the Iowa House are launching an investigation “inspired by” the case of a central Iowa teen who died last October of starvation, but House Speaker Linda Upmeyer today said they do not plan to ask direct questions that might jeopardize the criminal case against Natalie Finn’s adoptive mother and the woman’s ex-husband.

“We certainly don’t want to do anything that would prevent the law from dealing with this the way they should,” Upmeyer told reporters during her weekly statehouse news conference. “Now, I think, we are at (time) where we have a responsibility to look at the system and the process.”

The House Government Oversight Committee will conduct the investigation. Committee chairman Bobby Kaufmann, a Republican from Wilton, said the panel will look at how the Department of Human Services handles child abuse and neglect allegations and how the agency follows up after placing a child in foster homes or with adoptive parents.

"I'm not going in with a 'gotcha' attitude," Kaufmann said. "I'm truly looking to understand and for us as a committee to understand how this whole thing works."

The committee may meet into the summer and fall and could make recommendations for some sort of legislative action according to Kaufmann. The goal, he said, is to prevent tragedies like Finn's from happening in the future.

"I don't think it's unusual for us to make sure that there's not a systemic problem in any department where there've been resulting issues," Kaufmann said.

A few Democrats have been pressing for an investigation of the Department of Human Services since January and accusing Governor Branstad of trying to "cover up" inadequate staffing levels in the state agency that handles reports of child abuse. Kaufmann today accused Democratic Senator Matt McCoy of politicizing the issue and walking a "thin line" that could hurt the prosecution's case against Finn's adoptive parents by revealing too much information to the public. Democrats on Kaufmann's committee in the House say they're glad Republicans are finally showing an interest in investigating the DHS.

"There's a huge issue here and these are our kids we're talking about here, so however it's being investigated, it needs to be investigated," said Representative Abby Finenauer, a Democrat from Dubuque.

The Republican leader of the Oversight Committee in the Iowa Senate this is a "delicate situation" and the Department of Human Services "has reviewed all of their staffing options...and feel comfortable with where they're at and the training they're doing." It's unclear whether Senate Republicans will join the House investigation.

Governor Branstad on Monday warned legislators against investigating the agency until after the criminal case against Finn's alleged tormentors has concluded. That runs counter to a previous House and Senate Oversight Committee investigation which probed mispending in a state agency before the successful criminal case against the agency's manager had concluded.

RI: Report details impact of new Prestage pork processing plant

Creighton University economics professor Ernie Goss presented the findings last night of a comprehensive report on the financial impact of the major new pork processing plant that will be built in northern Iowa.

Goss spoke in the Hamilton County town of Stanhope on the pros and cons of the \$246 million Prestage Farms plant that's planned south of Eagle Grove. "There's an increase in the first year of operations of about \$45-million in state and local tax collections," Goss says. "There are costs as well. You've got to increase hiring of teachers, there'll be school costs, there'll be highway costs."

Overall, Goss says there will be a net gain from the plant going online, saying state and local tax collections will be greater than the costs. The report says the plant will increase the price of hogs by 3.5 percent. The estimated average added revenue is expected to be \$724 per farm in the 10-county north-central Iowa area. It's also estimated the plant will support 193 packer and non-packer farms. Goss says employment is another key factor.

"Direct jobs, you're talking about at least on the first shift, 900 to 1,000 jobs at the facility itself," Goss

says. “When you take into account the spill-over jobs in the 10-county area, you’re in the neighborhood of 3,500 total jobs, so that’s quite significant.” Goss says the report also covered the impact on school districts in the area, at a time when many schools are closing or consolidating.

“For a lot of school districts, it’s going to be welcome news to have more students rather than fewer students,” Goss says, “but the overall cost is about, we estimate, \$21-million per year, and that cost is borne by some federal dollars, some state dollars, and of course, local dollars.”

The ten counties considered in the report are: Calhoun, Franklin, Hamilton, Hardin, Humboldt, Kossuth, Palo Alto, Pocahontas, Webster and Wright. Construction is set to begin this spring and may take 18 to 21 months. Goss will make another presentation this afternoon at 4:30 at Robert Blue Middle School in Eagle Grove, with presentations next week in Fort Dodge and Humboldt.

The complete report will be posted next week on the Mid Iowa Growth Partnership website.

Fox News: Potential 'smoking gun' showing Obama administration spied on Trump team, source says

Republican congressional investigators expect a potential “smoking gun” establishing that the Obama administration spied on the Trump transition team, and possibly the president-elect himself, will be produced to the House Intelligence Committee this week, a source told Fox News.

Classified intelligence showing incidental collection of Trump team communications, purportedly seen by committee Chairman Devin Nunes, R-Calif., and described by him in vague terms at a bombshell Wednesday afternoon news conference, came from multiple sources, Capitol Hill sources told Fox News. The intelligence corroborated information about surveillance of the Trump team that was known to Nunes, sources said, even before President Trump accused his predecessor of having wiretapped him in a series of now-infamous tweets posted on March 4.

The intelligence is said to leave no doubt the Obama administration, in its closing days, was using the cover of legitimate surveillance on foreign targets to spy on President-elect Trump, according to sources.

The key to that conclusion is the unmasking of selected U.S. persons whose names appeared in the intelligence, the sources said, adding that the paper trail leaves no other plausible purpose for the unmasking other than to damage the incoming Trump administration.

The FBI hasn’t been responsive to the House Intelligence Committee’s request for documents, but the National Security Agency is expected to produce documents to the committee by Friday. The NSA document production is expected to produce more intelligence than Nunes has so far seen or described – including what one source described as a potential “smoking gun” establishing the spying.

Some time will be needed to properly assess the materials, with the likely result being that congressional investigators and attorneys won’t have a solid handle on the contents of the documents – and their implications – until next week.

Because Nunes’s intelligence came from multiple sources during a span of several weeks, and he has not shared the actual materials with his committee colleagues, he will be the only member of the panel in a position to know whether the NSA has turned over some or all of the intelligence he is citing. However, Fox News was told Intelligence Committee Ranking Member Rep. Adam Schiff, D-Calif., had been briefed on the basic contents of the intelligence described by Nunes.

CIA Director Mike Pompeo is also sympathetic to the effort to determine, with documentary evidence, the extent of any alleged Obama administration spying on the Trump team, sources said.

At a dramatic Wednesday news conference, Nunes claimed to have seen evidence that members of the Trump transition team, possibly including the president-elect, were subjected to “incidental surveillance” collection that Nunes characterized as legal but troubling.

“What I've read bothers me,” he told reporters, “and I think it should bother the president himself, and his team because I think some of it seems to be inappropriate.”

Schiff blasted Nunes for not coming first to the Intelligence Committee with the information.

“If accurate, this information should have been shared with members of the committee, but it has not been,” Schiff said in a Wednesday statement.

POLITICO: Trump demands Friday vote on health care plan

If the House rejects the GOP plan, the president says, Obamacare will stay.

By RACHAEL BADE, KYLE CHENEY and JOSH DAWSEY

President Donald Trump is demanding a vote Friday in the House on the Republican plan to repeal and replace Obamacare, White House budget director Mick Mulvaney told GOP lawmakers. If the bill fails, Trump is prepared to move on and leave Obamacare in place, Mulvaney warned.

The surprise announcement by the top White House official — made with the full support of Speaker Paul Ryan (R-Wis.) and other House GOP leaders — came during a closed-door meeting of Republicans Thursday evening in the basement of the Capitol.

Mulvaney, a member of the House until a few weeks ago who now heads the Office of Management and Budget, said Trump was done negotiating and wanted an up-or-down vote now.

The move by Trump and Ryan is an enormous gamble, setting up a real cliffhanger when the legislation hits the floor on Friday.

All day Thursday, the White House and GOP leaders lacked the votes to pass the American Health Care Act. A loss on the House floor would be a glaring embarrassment for the new president and House speaker — one that could undermine other parts of the GOP legislative agenda, including tax reform.

A victory, on the other hand, would provide not just a shot of badly-needed momentum for both men, but undermine the House Freedom Caucus, the group of conservative hard-liners who've fought the GOP health care plan because it doesn't go far enough.

The group's opposition was seen as a public rebuke to both the White House and House GOP leadership. If the the Freedom Caucus loses to Trump and Ryan, its power will be curtailed. If it wins, the group will once again be able to dictate terms to party leaders.

Yet this is the showdown that many mainstream GOP rank-and-file members have sought. They want a fight out in the open with the Freedom Caucus — either the group votes against Trump, or it gives in.

Negotiations between Trump and the Freedom Caucus hit an impasse earlier Thursday its members were told recent concessions from the White House and GOP leadership represented a final offer. The group rejected that, wanting more.

The setbacks triggered another series of meetings later Thursday — between Trump and the moderate Tuesday Group, and separately between the Freedom Caucus and Ryan. That was followed by a full

GOP Conference meeting where Trump played his trump card.

Trump and Ryan had found themselves playing see-saw with moderates and hard-liners: Lean too much toward one faction and they lose votes from the other. So far, they've been unable to find a sweet spot.

Ryan can afford to lose only 22 votes on the floor. The Freedom Caucus has three dozen members, many of whom have vowed to block the bill unless they get what they want. More than a dozen centrist Republicans have also come out against the bill, further endangering its prospects.

But the Trump-Ryan gambit may pay off. Freedom Caucus Chairman Mark Meadows (R-N.C.) said the move by Trump and Ryan "certainly does" put enormous pressure on the Freedom Caucus to get behind the bill. And already a handful sounded like their positions were softer than they had been before.

Rep. Trent Franks (R-Ariz.), who said he remains undecided, added that efforts by the Freedom Caucus had "improved the bill." Rep. Mark Sanford (R-S.C.) said members will feel more pressure to vote "yes" with the bill on the floor, even if they may have felt comfortable opposing it before. Sanford said he was undecided.

Rep. Scott DesJarlais (R-Tenn.) was a "no" but is now undecided.

"I've got to decide whether this is best for my district and best for the president and best for my country. And I'm not convinced it will bend the cost curve down... but it may be as good as it gets on this one," DesJarlais said.

"We get elected to make votes, and this is a big vote," added Rep. Joe Barton (R-Texas), a Freedom Caucus member who supports the bill and called it "the right thing to do."

"I think it passes," he added.

GOP Rep. Tom Reed (R-N.Y.) said Mulvaney "put it completely in focus. The moment is now. Do we advance the cause so we can move forward and move on and accomplish what we said we would and repeal and replace Obamacare ... and also tax reform? It's a major test, and we're gonna pass that test tomorrow."

"If we vote it down, we will neuter Donald Trump's presidency ... We are not going to undermine the president's ability to get things done," Rep. Dana Rohrabacher told reporters after the meeting.

A senior administration official in the room for the Freedom Caucus meeting at the White House said most members left the meeting as "no's" but suggested some flipped to "yes." While Trump did not go around the room and ask people how they would vote, it became immediately clear GOP leaders did not appear to win over enough members to put the measure over the top.

"We're down right now," the official said.

Freedom Caucus chairman Mark Meadows (R-N.C.) told reporters in the Capitol Thursday afternoon that "we have not gotten enough of our members to get to yes at this point. ... However, I would say progress is being made." He called Trump's engagement in the negotiations perhaps "unparalleled in the history of our country."

There were daunting obstacles to a deal heading into the White House meeting Thursday morning. A number of Freedom Caucus members had suggested Trump's latest concession — repealing Obamacare's mandate that insurance plans provide a minimum level of "essential" benefits — wasn't enough. The group wants a complete repeal of all Affordable Care Act regulations — including popular provisions Trump promised he would maintain.

The conservatives' target list encompasses a prohibition against discriminating against people with pre-existing conditions and a requirement that adults up to age 26 can remain on their parents' health insurance.

"Repealing [essential health benefits], w/out making other substantial changes, would make the bill worse, not better," tweeted Freedom Caucus member Justin Amash (R-Mich.). "It would hurt the sickest people on exchanges."

The Freedom Caucus has been a constant thorn in the side of House GOP leadership, sinking bills its members believe were too accommodating to Democrats. The group was expected to fall in line behind Trump after he won, but it has refused to do so on the health care bill.

Now, Freedom Caucus members are threatening to trip up not John Boehner or Ryan, but a Republican commander-in-chief who remains highly popular in their districts.

Many House Republicans are furious with the Freedom Caucus, saying the group keeps moving the goal posts and that it really wants to sink the health care bill altogether.

"The president is good at negotiating, but he has to have someone who wants to get to yes," Rep. Mike Kelly (R-Pa.), an ardent Trump supporter, told POLITICO. "I was never able to sell a car or a truck to someone who didn't want a car or a truck. It just doesn't work. And that's where we are right now. I don't think they're really interested in getting to an 'end.'"

Kelly then added: "Maybe the 'end' is: making sure it doesn't pass."

POLITICO: Schumer prepared to force nuclear showdown over Gorsuch

The Senate minority leader is confident his party will not provide the eight votes needed to break a filibuster.

Chuck Schumer is prepared to push the Senate into a nuclear confrontation over the Supreme Court.

In an extensive interview with POLITICO Thursday, the Senate minority leader made his most definitive statement to date that Democrats will deny Neil Gorsuch the 60 votes he needs to clear a Senate filibuster and ascend to the Supreme Court. Dismissing the notion of a deal to confirm Gorsuch floated by some members of his caucus this week, Schumer all but declared that Donald Trump's nominee will not receive the requisite eight Democratic votes — and that it will be up to Majority Leader Mitch McConnell as to whether to try to blow up the filibuster to get Gorsuch through.

"There's been an almost seismic shift in the caucus [against Gorsuch]," Schumer said as the Senate Judiciary confirmation hearings wrapped up Thursday. "He did not win anybody over with his testimony."

If Schumer stops Gorsuch during a filibuster vote in early April — and the New Yorker was brimming with confidence that he will — it will almost certainly force McConnell's hand on the so-called nuclear option. Schumer is betting McConnell does not have the votes to do away with the 60-vote requirement for Supreme Court nominees.

"I don't think it's a foregone conclusion that Mitch McConnell changes the rules," Schumer said. "There are people in his caucus who really don't want to change the rules, OK?"

Blocking Gorsuch would be a major win for the left. Liberal activists have been urging Schumer to do everything in his power to stop Trump's pick, even as Senate Democrats have struggled to mount a

case against him.

But a battle that potentially brings about the end of the filibuster for Supreme Court nominees would further erode the Senate's character as the more deliberative chamber of the legislative branch. And it would have dramatic consequences for both political parties.

Supreme Court selections would no longer need bipartisan buy-in, possibly resulting in more ideologically extreme justices. And in general, the two parties in the Senate would have one less occasion to cooperate. The partisan food fight over Trump's Cabinet nominees — facilitated by Democrats' move to eliminate the filibuster for those votes in 2013 — offered a possible preview.

While longtime Republicans hope to avoid a rules change, they're ready to respond to Schumer by gutting the filibuster if that's what it takes. McConnell himself has guaranteed Gorsuch's confirmation. He has explicitly declined to rule out changing the rules via a party-line vote, also known as the "nuclear option."

Schumer said the "onus" will be on McConnell if the filibuster is further diluted. The majority leader's office declined to comment for this story.

McConnell can lose only two members on a vote to alter Senate rules. Some of the Republicans long thought to be most resistant to such a move sound increasingly likely to back their leader in such a showdown.

Sen. Lindsey Graham (R-S.C.) has vowed to do "whatever it takes" to get Gorsuch confirmed. However, his friend, Sen. John McCain (R-Ariz.) said it was "too early" to talk about.

"We'll see if we can get eight Democratic votes," McCain said Thursday.

While many Democrats are still assessing Gorsuch after four days of hearings this week, sources within the caucus said Thursday that the high court nominee appears increasingly likely to fall short of 60 votes. They attribute that to pressure from liberals, who blasted Democrats after POLITICO reported this week that some Democrats are mulling a deal with Republicans to confirm Gorsuch and preserve the filibuster for a subsequent nomination.

"Every nominee is extremely important. This is such a powerful position," Schumer said. "I will make the argument with all the members why I think he's bad. Everyone can make up their own mind, but I'll do what I can."

It's Schumer's first major test of his vote-whipping skills after serving for years as consigliere to former Democratic Leader Harry Reid of Nevada for years. No Democrat so far has announced support for Gorsuch. To the contrary, the nominee lost two critical swing votes on Thursday: Sens. Bob Casey of Pennsylvania and Tom Carper of Delaware.

For Democrats, beating Gorsuch is as much about payback for the stalled nomination of Merrick Garland as it is about objections to his judicial record.

Republicans are incensed that Schumer is leading the Democratic caucus into a new phase of the nominations war.

Schumer is "a good legislator," Senate Judiciary Chairman Chuck Grassley said, but "your good wisdom gets clouded" serving in leadership.

"So I don't really know what's up based on the performance of this guy for 22 hours," Grassley said of Gorsuch. "It's going to be hard for people to want to vote against him, and I wonder if this threat of a filibuster isn't a smokescreen."



Schumer has also pushed for a delay in the confirmation process, given the ongoing FBI investigation into possible collusion between the Trump campaign and Russia. The move was cheered by liberal groups.

But Schumer's tactics aren't shared by some Democrats who remain undecided on Gorsuch. Sen. Joe Manchin of West Virginia appears highly uncomfortable with blocking Gorsuch.

Virginia Sen. Tim Kaine, the party's vice presidential nominee last year, said he would "decide over the weekend" how he would vote on the judge. A potential change to Senate rules is the domain of leadership, he added, "so I don't think that's going to affect my view of his candidacy on the merits."

Sen. Jon Tester (D-Mont.), a swing vote who faces reelection in a state Trump won, said that the FBI-related concern is "Chuck's view," not his.

"I'm going to take a look at the hearing and read some of his opinions, as many as I possibly can, and will make it based off of that, not off of FBI investigations," Tester said in an interview, adding that he expects to "hash out a decision sometime next week."

Beyond Manchin, Kaine and Tester, at least 10 other Democrats have yet to weigh in on a potential filibuster of Gorsuch. Sens. Michael Bennet of Colorado, Amy Klobuchar of Minnesota, Angus King (I-Maine), Claire McCaskill of Missouri, and Mark Warner of Virginia declined to answer questions about the nominee on Thursday.

Also considered potential gets for the Gorsuch nomination, at least on opposing a filibuster, are Democratic Sens. Chris Coons of Delaware, a member of the Judiciary Committee; Sen. Maggie Hassan of New Hampshire, who met with the nominee last month; and three others who face reelection battles next year: Sens. Joe Donnelly of Indiana, Bill Nelson of Florida and Heidi Heitkamp of North Dakota.

Schumer didn't entirely rule out that Gorsuch could prevail. The minority leader said it would be "difficult to get 60 votes after his testimony went as poorly as it did," a characterization of Gorsuch's performance that not everyone shared.

But Schumer is now being explicit that he wants his members to side with him in opposition. And he doesn't think it will be difficult to get them to go along.

"It's not hard these days," Schumer said. "We're doing very well. And [Gorsuch] helped us by being poor with his hearings."

Roll Call: That's a wrap: Gorsuch hearings conclude, Senate Democrats ponder filibuster

With Judge Neil Gorsuch's Supreme Court confirmation hearings wrapping up, senators will soon confront whether his nomination will upend Senate rules.

Senate Majority Leader Mitch McConnell has not yet said whether he would move to change Senate rules that currently require 60 votes to end debate on Gorsuch's nomination. If eight members of the Democratic caucus do not join the 52 Republicans to move the nomination forward, McConnell could move to change the rules, lowering the threshold to a simple majority.

At his regularly scheduled Tuesday press conference with his leadership team, McConnell did not directly address whether he would do so. But he did question whether a Democratic blockade of Gorsuch would signal a broader issue for future high court nominees.

"I haven't seen a single Democrat, unless there's one you've observed, indicate they were prepared to

either vote for cloture or to vote for him,” the Kentucky Republican said.

“Leading you to ask the following question: If Judge Gorsuch can’t achieve 60 votes in the Senate, could any judge appointed by a Republican president be approved with 60 or more votes in the Senate?” McConnell said.

That suggestion — that a blockade of Gorsuch could mean an indefinite vacancy — could set up the GOP argument for changing the procedural rules to end debate. McConnell could invoke the so-called nuclear option, a procedural gambit to change the Senate rules by a majority vote rather than two-thirds of senators.

“It does sound like he’s laying the groundwork for the nuclear option,” Senate Minority Whip Richard J. Durbin said of McConnell. “Let’s wait and see how this evolves.”

Some Republicans have acknowledged that changing the Senate rules would not be their first choice. Keeping the 60-vote threshold typically ensures nominees have bipartisan support. But Republicans are preparing to blame Democrats for forcing their hands.

“I think we ought to take it one step at a time, and before we threaten anything, we ought to see how (Democrats) act,” said Arizona Sen. John McCain.

Utah Sen. Orrin G. Hatch, a senior Judiciary member, said he was not in favor of the nuclear option “except as a last resort.”

“And I would hope that the Democrats won’t require that,” he added.

That last straw could come after a failed cloture vote on Gorsuch’s nomination, according to Senate Majority Whip John Cornyn.

“We’re hoping that the Democrats will agree to an up-or-down vote. What happens is really in their hands,” the Texas Republican said in a brief interview. “We’ll have a cloture vote and see how the Democrats vote.”

When Senate Democrats changed the procedural rules for most judicial nominees and executive nominations in November 2013, Republicans seethed and accused Democrats of breaking the rules and changing the chamber for the worse.

“Let me say, we are not interested in having a gun put to our head any longer. If you think this is in the best interests of the Senate and the American people to make advice and consent, in effect, mean nothing — obviously, you can break the rules to change the rules to achieve that,” McConnell said on the floor at the time.

Cloture votes rarely occur on Supreme Court nominations, but Democrats are signaling one will happen for Gorsuch.

“I believe we need 60 votes,” Senate Minority Leader Charles E. Schumer said at a Tuesday press conference. “Any one member can ask for 60 votes. It’s going to happen.”

If Republicans fail to get 60 votes to shut off debate, invoking cloture, that would set up a scenario similar to when Democrats eliminated the filibuster for most nominees in 2013. Then-Senate Majority Leader Harry Reid moved to reconsider a failed cloture vote on a D.C. Circuit judicial nominee, which set off the procedural steps that led to the effective rule change.

As the most senior GOP senator, Hatch would likely be in the presiding officer’s chair if Republicans invoked the nuclear option.

Asked Wednesday if he was prepared to do what would be necessary to ensure Gorsuch is confirmed, Hatch said, "Yeah, I'm prepared."

Cornyn said holding a cloture vote on Gorsuch's nomination may pressure some vulnerable Senate Democrats to vote in favor of ending debate.

"I actually think it would be good to put (Democrats) on record because I think there's a number of them that are vulnerable in red states in 2018," he said. "My hope is that they will see it in their self-interest to go ahead and allow for cloture."

Those Democrats in Republican-leaning states are facing pressure from outside groups to support Gorsuch. The Judicial Crisis Network, a conservative group that has been spearheading an ad campaign supporting his nomination, has spent more than \$3.4 million in Indiana, Missouri, Montana, North Dakota and West Virginia. Each of those states have a Democratic senator up for re-election in 2015.

The network's chief counsel Carrie Severino said Democrats would "lay the groundwork for gridlock" if they block Gorsuch's nomination.

Asked if the outside groups would ramp up pressure on those Democratic senators after the hearings end, Severino said, "We'll have to decide our strategy based on what Democrats decide to do after the hearing."

Democrats are also facing pressure from the more liberal wing of their party to filibuster Gorsuch's nomination. Liberal groups recently launched a campaign dubbed "The People's Defense," warning that Democrats will be held accountable for their votes.

Some Democrats expressed concern that Republicans could invoke the nuclear option, damaging Senate operations. But they also say Republicans would be responsible for the consequences.

"It would be a huge mistake for Republicans to force this nomination through because they can't get consensus," Connecticut Sen. Christopher S. Murphy said. "I don't think we can calculate our strategy based on the potential that they might use the nuclear option. They're going to do that or not do that based on their own politics."

POLITICO: Friedman confirmed as U.S. ambassador to Israel

By NAHAL TOOSI

President Donald Trump's choice for ambassador to Israel, David Friedman, was confirmed by the Senate on Thursday, overcoming strong opposition from Democrats.

Friedman was approved 52-46 in a roll call vote, an unusual step. U.S. ambassadors to Israel, a country that has long enjoyed strong bipartisan support in Congress, have traditionally been approved by voice vote or through unanimous consent.

Friedman, an Orthodox Jew with no diplomatic experience, was previously Trump's bankruptcy lawyer. In the past, he's downplayed the importance of a two-state solution to the Middle East conflict and raised funds for Israeli settlements built on land claimed by the Palestinians.

He's also used extreme language, accusing the State Department of anti-Semitism and comparing left-leaning Jewish activists to "kapos" — a reference to Jews assigned by Nazis to oversee prisoners at concentration camps.

But during his confirmation hearing, Friedman apologized for his past rhetoric and pledged to uphold U. S. policy, whatever that may prove to be under Trump.

While the president has said he'd be comfortable with either a one-state or two-state solution, others in his administration insist the U.S. remains committed to the two-state approach. So far, the Trump administration appears to view continued Israeli settlement construction as detrimental to the Israeli-Palestinian peace process.

Republicans appear willing to accept Friedman's apologies and assurances that he would take his responsibilities as a U.S. ambassador seriously. "David Friedman has the skills and experience to represent the United States in one of the most complex regions in the world," GOP Sen. David Perdue of Georgia said in a statement after Friedman was confirmed.

Several Democrats spoke on the floor against his nomination. "We should not risk confirming him to this important post. We have seen how distracting and destructive hot-headedness is in the seat of power," said Sen. Tom Udall of New Mexico.

One key question Friedman will face upon taking his new position involves the location of the U.S. Embassy in Israel. Conservative pro-Israel groups want the Embassy moved from Tel Aviv to the contested city of Jerusalem. Such a move would anger many in the Arab world. Friedman reportedly has said he would live in Jerusalem as ambassador.

REUTERS: U.S. State Department to approve Keystone pipeline permit on Friday: sources

The U.S. State Department plans to approve on Friday the permit needed to proceed with construction of the Canada-to-United States Keystone XL oil pipeline, a project blocked by former President Barack Obama, according to two government sources familiar with the process.

White House spokesman Sean Spicer said the administration would provide an update on Keystone on Friday but did not offer any details.

Two government sources, who declined to be identified, said on Thursday that the pipeline approval would be announced by the White House.

One of the sources said the State Department was working to get the approval completed before Monday, the end of the 60-day timeline under Trump's January executive order for the construction of Keystone and the Dakota Access pipelines.

The move would mark the beginning of a process that could be lengthy. Approvals are needed from state regulators, and the project could face legal challenges.

But Republican President Donald Trump supports Keystone and, days after he took office in January, ordered its construction. That could mean the project, proposed in 2008, will eventually be completed.

The State Department's undersecretary for political affairs, Tom Shannon, is expected approve the cross-border permit for TransCanada Corp's pipeline since Secretary of State Rex Tillerson, the former CEO of ExxonMobil, recused himself from the matter.

The multi-billion dollar Keystone pipeline would bring more than 800,000 barrels-per-day of heavy crude from Canada's oil sands to U.S. refineries and ports along the Gulf of Mexico, via an existing pipeline network in Nebraska.

Obama had rejected the pipeline saying it would do nothing to reduce fuel prices for U.S. motorists and would contribute emissions linked to global warming.

TransCanada resubmitted its permit application after Trump's executive order. Spokesman Terry Cunha said the company was working closely with the State Department.

"Monday is the deadline, so that's what we're working towards," Cunha said.

Conservatives said they supported quick approval. Nick Loris, an energy and environment researcher at the Heritage Foundation, said approval would "reestablish some certainty and sanity to a permitting process that was hijacked by political pandering."

Environmental groups said they had been prepared for the approval and vowed Thursday to fight the pipeline at every turn with petitions, political pressure and mass protests.

"The same communities who defeated this pipeline before - indigenous leaders, landowners, farmers and grassroots activists - are ready to fight again," said May Boeve, director of activist group 350.org.

Diana Best, a Greenpeace climate campaign specialist said, "We will resist these projects with our allies across the country and across borders."

#### FURTHER HURDLES

A stretch of Keystone XL also awaits approval from Nebraska regulators. TransCanada has to file its pipeline route plans with the state's Public Service Commission, which is required to hold public hearings on the proposal.

Keystone's construction costs could be higher than the \$7 billion estimated after it was first proposed, said Michael Wojciechowski, vice president of Americas oil and refining markets research at Wood Mackenzie.

"Final costs are still to be determined, but they have done nothing but go up over time," he said.

Still, there could also be some savings on labor given recent layoffs due to the recent oil price drop, he said.

#### REUTERS: U.S.-Israeli teen arrested in Israel for Jewish center bomb threats

A teenager with dual Israeli-U.S. citizenship was arrested in Israel on Thursday on suspicion of making dozens of hoax bomb threats against Jewish community centers in the United States, Australia and New Zealand.

The suspect, whose identity remains sealed pursuant to a court order, is 18, Jewish and a dual U.S.-Israeli national, a police spokesman said.

The teenager's alleged motives were not immediately clear.

At a court hearing near Tel Aviv, the suspect's defense attorney, Galit Bash, said the young man has a growth in his head that causes behavioral problems. She later told Reuters he has a brain tumor, which "may affect his behavior, his ability to understand right and wrong," and said the teen's father had also been held in connection with the case.

U.S. federal authorities have been investigating a surge of threats against Jewish organizations, including more than 100 bomb threats in separate waves over the past three months targeting Jewish community centers (JCCs) in dozens of states.

The threats prompted criticism of U.S. President Donald Trump for what some Jewish groups saw as an inadequate response from his administration. He condemned the incidents in a major speech to Congress in February.

U.S. Attorney General Jeff Sessions on Thursday said the arrest reflected the government's determination to prosecute those who perpetrate hate crimes.

"... we will not tolerate the targeting of any community in this country on the basis of their religious beliefs," Sessions said in a statement.

Israeli police said the teenager is believed to be responsible for most of the threats, though the precise number was not immediately clear.

The suspect, who is accused of targeting centers in Australia and New Zealand as well as the United States, began making the calls in January using advanced masking technologies to hide his identity, police said.

Authorities also said he was responsible for a previous bomb threat against a Delta Airlines flight in January 2015 at New York's John F. Kennedy International Airport.

The Federal Bureau of Investigation, which took part in the probe, confirmed the arrest but declined to offer further details.

The threats forced the evacuation of many JCCs, including some with day care and school facilities for infants and young children. Coupled with other incidents such as the desecration of Jewish cemeteries, they have stoked fears of a resurgence in anti-Semitism in the United States.

In a statement, the president of the JCC Association of North America said JCC leaders were "troubled" the teenager appears to be Jewish.

The Anti-Defamation League, which fights anti-Semitism in the United States, said the alleged perpetrator's actions mattered more than his background.

"While the details of this crime remain unclear, the impact of this individual's actions is crystal clear: these were acts of anti-Semitism," the organization said in a statement.

Bash said her client was home-schooled and incapable of holding down a job. She added he had been found medically unfit for Israel's compulsory military service.

A judge ruled that he be held for at least eight more days.

U.S. authorities previously made one other arrest in connection with the threats. Juan Thompson, a former journalist from St. Louis, is accused of making several threats to Jewish organizations while posing as an ex-girlfriend as part of a revenge plot against her.

REUTERS: U.S. senators set bipartisan bill to tighten sanctions on Iran

Iran would face tighter U.S. sanctions over ballistic missile launches and other non-nuclear activities under a bill announced on Thursday by a bipartisan group of senators, echoing a harder line on Tehran espoused by Republican President Donald Trump.

The bill has seven Republican and seven Democratic sponsors, and aides said it has a good chance of eventually becoming law.

It would set mandatory sanctions for anyone involved with Iran's ballistic missile program. And it would apply sanctions to the Islamic Revolutionary Guard Corps (IRGC), putting into law sanctions imposed via executive order on individuals tied to what the bill's sponsors describe as Iranian support for terrorism.

The IRGC, an elite military body, is powerful in Iranian politics and the economy.

The legislation would also require the U.S. president to block the property of any person or entity involved in specific activities that violate the U.N. arms embargo on Iran.

Iran has suggested about past proposed sanctions bills that they would violate the international nuclear agreement reached during the administration of former President Barack Obama.

Democratic Senator Robert Menendez, a co-author of the measure, told Reuters the new bill had been written not to interfere with that accord.

"We assiduously worked to make sure that no provisions actually affect the agreement as it is," he said in an interview.

Aides said the bill is expected to pass the Senate because of the breadth of its support. Its lead sponsors include Republican Senator Bob Corker, the foreign relations committee chairman, and Ben Cardin, the panel's ranking Democrat.

#### TRUMP WANTS HARD LINE ON IRAN

While the legislation would be expected to have strong Republican support, it would also need Democrats' backing to advance in the Senate. To become law, the measure would also have to get through the House of Representatives and be signed by Trump.

Trump has made clear he wants to take a tough stance against Iran. Aides to Corker did not immediately respond when asked whether the senator had been consulting with the Trump administration.

In February, the Trump administration imposed sanctions on 25 individuals and entities in Iran, which it said were just "initial steps" in its effort to counteract what it sees as provocations.

Tehran has angered Washington by supporting Yemen's rebel Houthi movement, and Syrian President Bashar al-Assad in his country's six-year-long civil war. It has also conducted repeated tests of ballistic missile technology in violation of a U.N. resolution.

Menendez said the bill was intended to take a "regional" strategy because of the breadth of Iran's activities.

"It calls for a regional strategy because Iran is obviously involved in the region in various ways, whether it be in Yemen or Syria and beyond," he told Reuters.

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING CLIPS 3.24.17  
Date: Fri Mar 24 2017 05:55:46 CDT  
Attachments:

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## Contents

DMR: Starved teen's death sparks House inquiry.	1
DMR: Iowa Senate approves voter ID measure.	3
DMR: D.M. set to decide on dueling skyscraper proposals.	5
DMR: Water Works bill stalls in Iowa House.	9
DMR: Iowa sheriffs dispute claim by feds.	10
DMR: Democrat considering bid for Iowa governor.	12
DMR: Medical malpractice lawsuit caps slammed.	13
DMR: Health vote to cost Young support from PAC.	15
DMR: Once-threadbare Broadlawns to open \$22 million addition.	16
DMR: Senate OKs ban on selling fetal body parts.	17
DMR: Senate approves health coverage for autism..	17
DMR: 20-week abortion ban advances in Iowa House.	18
DMR: Tax reform plan is being drafted in Iowa Senate.	19
DMR: Hensley to face challenge from environmental lawyer for seat.	20
USA Today: Ag secretary nominee addresses cuts.	21
DMR Editorial: Branstad cheerfully ignores threat to Medicaid expansion.	23
DMR Editorial: Schools shouldn't sell extra-credit points to students.	23
DMR Iowa View: Why it's time for a regional water utility for metro Des Moines.	24
DMR: Newborn health screening bill passes Iowa Senate.	26
LEE: Democratic House member exploring run for governor.	26



LEE: Iowa Senate approves election law changes. 27

LEE: Iowa Republican leaders: No minimum wage increase. 29

LEE: House panel to launch investigation of child welfare system.. 29

LEE: Fantasy sports wagering advances in Iowa House. 31

Muscatine Journal: PROGRESS: Muscatine has high hopes for Branstad's nomination to China. 32

LEE: Some budget areas will get less state money next year. 33

The Gazette: Iowa wire transfer fee would fund criminal investigations. 34

The Gazette: Iowa City metro second-fastest growing in Iowa. 35

The Gazette: Iowa Politics Today: Requiring insurers to cover an autism treatment. 36

The Gazette: Iowa water hopes not dead yet. 39

The Gazette: Guest View: Developing skills for our innovation economy. 40

QC Times Editorial: Editorial: Students pay for tax cuts. 41

RI: Branstad approves new rules for asbestos-related lawsuits. 42

RI: Senate Republicans alter House GOP's 'voter ID' plan. 43

RI: Likely gubernatorial candidate Todd Prichard says Iowa 'can do better' 44

RI: Federal agents investigating pipeline vandalism in Northwest Iowa. 45

RI: House panel to investigate DHS child welfare system.. 45

RI: Report details impact of new Prestage pork processing plant. 46

Fox News: Potential 'smoking gun' showing Obama administration spied on Trump team, source says. 47

POLITICO: Trump demands Friday vote on health care plan. 48

POLITICO: Schumer prepared to force nuclear showdown over Gorsuch. 51

Roll Call: That's a wrap: Gorsuch hearings conclude, Senate Democrats ponder filibuster. 53

POLITICO: Friedman confirmed as U.S. ambassador to Israel 56

REUTERS: U.S. State Department to approve Keystone pipeline permit on Friday: sources. 56

REUTERS: U.S.-Israeli teen arrested in Israel for Jewish center bomb threats. 58

REUTERS: U.S. senators set bipartisan bill to tighten sanctions on Iran. 59

DMR: Starved teen's death sparks House inquiry

Chairman says investigation was prompted by Finn's case, but analysis of DHS practices will be more broad

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

A legislative oversight committee will begin formally investigating child welfare practices that may have contributed to the death of Natalie Finn, a 16-year-old who was found neglected and starving in her West Des Moines home despite previous visits from police and state workers.

"The committee wants to understand how this process works so we can look at ways to prevent another tragic situation like the Natalie Finn case," said Rep. Bobby Kaufmann, R-Wilton and chair of the House Government Oversight Committee, which is leading the investigation. "We are not interested in politicizing this tragic situation or jeopardizing an ongoing criminal investigation."

Recently unsealed court documents revealed that medics found Finn wearing an adult diaper and lying in her own waste on the floor of her bare bedroom Oct. 24. She was unresponsive and later died after being transported to a hospital. The Polk County medical examiner's

office found she had died of emaciation after being denied critical care.

Police reports show that child welfare workers had been called to the house five months before Finn's death to investigate concerns that she had been begging for food and showed other signs of abuse.

Legislative leaders said they want to know whether problems that exist within the Department of Human Services, which oversees child abuse complaints, could allow cases like Finn's to fall through the cracks. Kaufmann said the investigation is inspired by Finn's case, but he said the panel does not plan to investigate Finn's case specifically.

"I don't believe it's my role as oversight chair, as a legislator or as a person to say I know more than the people that are trying to prosecute (Finn's parents)," he said. So I'm trying to navigate the line between recognizing that this is certainly inspired by this (case), but also not interfering with it." A spokeswoman for the Department of Human Services said in a statement they "welcome a meaningful conversation" about their policies, procedures and quality improvement practices.

"Through the oversight committee meeting, we'll have an opportunity to let the public know about our child welfare processes, the actions we take to examine our responses when there is a tragedy and about our ongoing commitment to protecting vulnerable children," said DHS spokeswoman Amy McCoy.

In addition to the ongoing criminal investigation, others already are underway. The Department of Human Services is conducting its own internal review, and the Iowa Citizens Aide Ombudsman and the Child Death Review Team of the state Medical Examiner's Office have also announced their own inspections after a request from state Sen. Matt McCoy, D-Des Moines. McCoy also is leading a series of informal hearings at the Capitol that are intended to address many of the same issues. He has questioned whether more oversight is needed of homeschool students and whether budget and staff reductions at the department may have led to higher caseloads that ultimately affected child safety.

McCoy has received a confidential briefing from Department of Human Services officials, and later told the Des Moines Register that Natalie Finn and her siblings had been the subject of “numerous” reports of alleged child abuse and neglect leading up to Natalie’s death. Gov. Terry Branstad, though, has been sharply critical of McCoy, telling reporters at his weekly news conference that “it’s terrible to play politics with the tragic death of a teenage girl.” On Thursday, Branstad spokesman Ben Hammes said in a statement that the governor continues to believe the Legislature should not jeopardize a criminal investigation.

“Our administration would support an effort by legislators to learn more information about the overall adoption, child

welfare and foster care systems at the Department of Human Services,” Hammes said.

McCoy disputed the characterization of his efforts.

“Anything that I have talked about on the Natalie Finn case has been on the public record,” he said. “It has already been released. I am in no way trying to work on that investigation.”

Democrats on the House Government Oversight Committee meeting said they’re glad to see the issue gain attention, though they wish it would have come sooner.

Rep. Abby Finkenauer, D-Dubuque, the top Democrat on the House committee, said she’s participated in the Senate hearings and found them to be helpful. But legislators still “are left with so many questions,” she said “These are our kids we’re talking about,” she said. “So however it’s being investigated, it needs to be investigated. And I’m very happy to hear that you are absolutely taking this seriously and willing to work with us to do this investigation and get to the bottom of this.” House Majority Leader Rep. Chris Hagenow, RWest Des Moines, said he also supports the efforts and believes it’s the role of the Legislature to investigate problems with state agencies.

“I absolutely, through the criminal investigation, want to see that proceed and be successful in finding out exactly what happened,” he said. “As these things come to light, we also want to look at state government and the overall processes that DHS or others might have to try and prevent that in the future.”

Kaufmann said he’s prepared to call meetings of the House Oversight Committee after the legislative session has adjourned if the investigation remains unfinished.

A criminal trial is scheduled for October.

Nicole Finn, 42, has been charged with firstdegree murder for Natalie’s death along with several other felonies related to her treatment Natalie’s two siblings, who were found to be underweight and suffering from bedsores. Finn’s exhusband, Joseph Finn, 46, has been charged with kidnapping, neglect or abandonment and child endangerment.

DMR: Iowa Senate approves voter ID measure

One provision would reduce state’s early voting period and send out absentee ballots later

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Iowa voters would need to provide government-issued identification at the polls under an election bill approved Thursday by the Iowa Senate.

House File 516, which was initiated by Secretary of State Paul Pate, was passed on a 26-21 vote after a contentious debate. All Republicans supported the bill, and all Democrats and one independent were opposed. The bill returns to the House because it was amended by the Senate.

The legislation is aimed at making sweeping changes to the state's election laws that Republicans say are needed to ensure the integrity of the process and prevent fraud.

"Elections are the backbone

of a representative republic. Every election is important," said Sen. Roby Smith, R-Davenport, chairman of the Iowa Senate State Government Committee and the bill's floor manager.

Democrats called the legislation a "voter suppression bill" intended to help Republicans win elections by reducing voter participation by minorities, older people and people with disabilities. Statistics from the American Civil Liberties Union and others show that minorities are less likely to have government-issued ID cards. That has, in part, led some courts to decide strict photo ID laws are discriminatory, and those laws have been struck down in some states. "The partisan bias of this bill is clear. That is reprehensible," Sen. Herman Quirnbach, D-Ames, told Republican lawmakers. "We know why you are doing this bill. Shame on all of those who support it."

Democrats insisted that election reforms are not needed. They pointed to a statement by Pate after November's election in which he declared that Iowa has "one of the cleanest, best election systems in the country."

But Smith said current Iowa law does not require county auditors or county attorneys to investigate or report irregularities in voting. He said records show dozens of cases of Iowa voter misconduct over the past five years, examples of felons voting and other voting irregularities, and he suggested they represent a much larger problem.

"We have voter fraud in Iowa. That is a fact," Smith said.

Democrats have called the Republican-backed bill a solution in search of a problem. They pointed to an Associated Press report in February that showed Pate's office was notified of 10 potentially improper votes cast out of 1.6 million counted statewide in the most recent elections.

Sen. Nate Boulton, D-Des Moines, contended the legislation would negatively affect thousands of Iowa voters for what appears to be a handful of irregular votes.

"We are putting new barriers in the process and excluding voters. That is a fact," Boulton said.

Smith insisted Democrats' warnings of hurdles to voting and discrimination aren't true.

"You can be out for a run and have T-shirt and tennis shoes on and walk into the voting booth and you will not be turned away under this bill. This bill is about you are who you want to say you are. Nobody will be turned away," Smith said.

Republicans said their legislation was drafted to comply with past court decisions, including a 2008 U.S. Supreme Court case, which upheld a photo ID law in Indiana. According to the National Conference of State Legislatures, 34 states require some form of documented evidence

of voter identification at the polls.

The bill outlines five forms of identification that would be valid at the polls, four of which include a photo. The fifth would be a new voter verification card that would be issued to every voter free of charge.

Under an amendment approved Thursday, the new voter ID card would require a four-digit private number, a signature and no birth date. Those who show up to the polls without a valid ID could vote using a provisional ballot.

About 85,000 registered voters do not have a current driver's license or a non-operator's card issued by the Iowa Department of Transportation, according to the Secretary of State's Office.

Another provision in the bill would eliminate the option for voters to check a single box for straight-party voting. The bill also would put money toward helping precincts purchase digital poll books and establish postelection audits.

In addition, an amendment reduces the time to mail out an absentee ballot, vote in the auditor's office or vote at a satellite station, from 40 days currently to no more than 29 days before a general election. However, those absentee ballot changes would not apply to voters in the military and for people overseas. The bill also would let minors vote in primary elections if they would be 18 years old by the date of a general election.

Smith was questioned on the cost of the legislation. He said the expense for implementation is estimated at \$350,000, or about a dime per citizen of Iowa. Democrats disagreed, suggesting the cost could be much higher. But Smith said there will be no mandate to counties, and they can continue to use paper poll books.

A Des Moines Register/ Mediacom Iowa Poll conducted in February showed that 69 percent of adult Iowans surveyed favor the idea of requiring to present a government-issued identification card before casting a ballot. Twenty-eight percent are opposed and 3 percent are not sure.

The bill is officially supported by the Iowa Minuteman Civil Defense Corps. It is opposed by a long list of groups, including the American Civil Liberties Union of Iowa, the Iowa State Association of Counties, AARP Iowa, Iowa Citizens for Community Improvement, Iowa State Education Association, League of Women Voters of Iowa, League of United Latin American Citizens, Iowa Developmental Disabilities Council, One Iowa Education Fund, Iowa Federation of Labor, AFLCIO and Interfaith Alliance of Iowa Action Fund.

DMR: D.M. set to decide on dueling skyscraper proposals

JOEL ASCHBRENNER

JASCHBRENN@DMREG.COM

On Friday morning, the two developers competing to build a residential skyscraper near Court Avenue will find out who will gain the upper hand.

The Des Moines City Council is hosting a workshop, during which the city's economic development staff is expected to recommend one of the two projects: Mandelbaum Properties' 32-story development called The Fifth or Blackbird Investments 33-story project called Four-22. Longtime city officials say such a face-off is unprecedented in recent memory.

The staff's decision could be a significant victory for one of the two. The City Council often follows the advice of the economic development

staff on such decisions.

A few years ago, for example, the City Council heeded the staff's recommendation to pick Hy-Vee's proposal over four other bids for a Court Avenue site.

The final word could come April 3, when the City Council is scheduled to select one of the projects. Council members could also vote to delay the decision.

Both developers want to replace a decommissioned cityowned parking garage at Fifth and Court avenues with a privately owned parking garage, a residential tower and other commercial development.

Mandelbaum announced his project in 2015 and recently finalized a development agreement with the city. Before selling the public property to Mandelbaum, the city held a 30-day hearing to allow other developers to make competing offers, as required by state law.

Two hours before the deadline expired, Blackbird submitted its proposal.

Both developers expressed confidence.

“The real important thing is we have been working collaboratively with the city for over two years,” said Justin Mandelbaum, a principal with Mandelbaum properties. “This agreement is fully baked.”

Justin Doyle, a principal with Blackbird Investments, said: “I’m cautiously optimistic. I know we’ve put our best foot forward.”

Here is a look at how the projects compare:

The proposals

Mandelbaum Properties’ The Fifth » A 32-story apartment and hotel tower facing Walnut Street. The boutique hotel would occupy the lower floors and would feature about 50 rooms. The upper floors would feature about 200 luxury apartment units.

» A nine-screen, first-run movie theater facing Court Avenue. It would be operated by Omaha-based Main Street Theaters and would serve food and drinks and would offer recliner seats.

» A nine-story, 564-stall parking garage facing Fifth Avenue.

Blackbird Investment’s Four-22 » A 33-story residential co-op tower facing Walnut Street. Like condos, co-ops offer homeownership, but instead of buying an individual unit, residents buy a share in the building.

» A 150-room hotel facing Court Avenue. Officials at Blackbird said they would sell the land to a separate hotel developer.

» A 700-stall parking garage facing Fifth Avenue. Roughly one-third of the garage would serve as the base of the co-op building and would be converted later into residential units, according to Blackbird.

Cost

Mandelbaum: \$111 million Blackbird: \$137 million Timing

Mandelbaum’s development agreement gives him until August 2020 to finish the garage and until August 2028 to finish the theater and the tower, but Mandelbaum said he will finish the projects much sooner. He plans to demolish the garage this summer and start construction in late 2017.

Blackbird’s proposed development agreement requires Blackbird finish the garage by Nov. 1, 2018, finish the hotel by Aug. 1, 2019, and finish the residential tower by Dec. 1, 2021.

Height

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Mandelbaum: 32 stories. Mandelbaum's development agreement requires the tower to be 25 to 32 stories. The parking garage would be nine stories and the theater would be two stories.

Blackbird: 33 stories. Blackbird's development agreement requires the tower to be 26 to 33 stories. The parking garage would be six stories and early plans show the hotel standing eight stories, though officials at Blackbird say the design could change.

Project team

Mandelbaum Properties:

General contractor: Weitz Co. Architect: SCB.

Blackbird Investments declined to reveal their contractor or architect.

Incentives from the city

Mandelbaum would qualify for up to \$20.5 million in city incentives, including tax abatement and rebates worth an estimated \$9.7 million, a \$4 million forgivable loan for the purchase of the property and up to \$6.8 million forgivable loans for operating the parking garage.

Blackbird would qualify for some of the same incentives as Mandelbaum Properties, including a \$4 million forgivable loan for the purchase of the property and up to \$6.8 million in forgivable loans for the parking garage.

Both projects would receive tax breaks for 20 years, but the details differ. Mandelbaum would receive a mix of property tax abatement and rebates.

Blackbird's proposal calls for property tax rebates, but no abatement. Officials at Blackbird said that means they would receive less taxpayer money because some property taxes paid are protected from rebates.

Highlights

Mandelbaum : City leaders have applauded Mandelbaum's project for promising a movie theater. While downtown has had

second-run theaters and IMAX facilities, it has been years since a traditional movie theater operated in the heart of the city.

Blackbird: The firm has promised several elements in its proposal, including:

- » \$1 million to renovate the unconventional three-way intersections on Fifth Avenue at Court Avenue and Mulberry Street.
- » \$2 million to commission an art installation covering the parking garage.
- » The extension of the skywalk to Court Avenue.
- » The garage would be built with flat decks so it could be converted to housing or offices in the future if the demand for parking diminishes.
- » 20 percent of the housing units would be set aside for low to moderate-income residents.

Detractors

Mandelbaum: Some City Council members have questioned Mandelbaum's progress on the project.

About two years have passed since Mandelbaum first started working with the city on his plans for the site.

Blackbird: Some City Council members have questioned Blackbird's capacity to take on the development, noting the firm has several unfinished projects around the city and several other projects in the queue that haven't broken ground.

The proposed co-op tower has also raised questions.

While co-ops have been used for suburban senior housing developments in the region, no one has ever tried to build a downtown high-rise co-op.

#### Mandelbaum's pitch

Mandelbaum said what's most important is his team. Des Moines-based Weitz Co. has built numerous high-rise developments around the country and Chicago-based SCB is one of the top residential tower designers nationwide, according to Mandelbaum.

"As a developer we're in business to get projects done, not to talk about projects," he said. "And by surrounding ourselves with the strongest team that we possibly could we have the greatest (potential) for making the project a reality."

#### Blackbird's pitch

Blackbird contends its proposed deal would repay the city faster for the garage and generate more tax revenue for the city, while taking a smaller tax break.

"Economically, it's a huge difference," Doyle said. Doyle added that Blackbird's proposal includes several elements that elevate it above Mandelbaum's, including new intersections, affordable housing and a skywalk extension. "There is so much the city is getting out of this that isn't in the agreement with Mandelbaum," he said.

#### About Mandelbaum Properties

Mandelbaum Properties has completed several real estate developments around the metro, notably the construction of the federal courthouse annex at 218 E. Second St., as well as several strip malls and suburban housing developments.

A family company, Mandelbaum Properties is led by John Mandelbaum and his sons: Justin, Sean and Chad.

Justin Mandelbaum has led the development of The Fifth. He also heads a nonprofit called Main Frame Studios, which is renovating a 1980s office building on Keosauqua Way into artist studios.

Mandelbaum also co-founded the China Iowa Group, which works as a consultant for Iowa firms seeking to do business in China and vice-versa.

Mandelbaum previously worked for the investment firms Goldman Sachs and Starwood Capital Group and helped develop an artist studio complex outside Boston. The Mandelbaum family has been in Des Moines for more than 150 years and owned a dry goods store that eventually was incorporated into Younkers.

#### About Blackbird Investments



Since forming in 2013, Blackbird Investment has quickly taken on several projects around the state.

The firm renovated an East Village warehouse into an environmentally friendly office. It has started renovating several historic buildings into apartments, including the Wilkins Building (formerly the Younkers building), the Clemens Building (formerly the home of Raccoon River Brewing Co.), the old Fort Des Moines barracks near Army Post Road and the Sheldon-Munn hotel in Ames.

Blackbird has announced plans but not broken ground on several projects, including a proposed 33-story tower at the former Younkers building site and a 55-acre development in Iowa City.

The firm has five partners: Justin Doyle, a principal at Modus engineering; his brother Ryan Doyle, a real estate developer; their father Harry Doyle, also a principal at Modus Engineering; commercial real estate broker T.J. Jacobs; and former insurance businessman Hugh O'Hagan. Before forming Blackbird Investments, the Doyles got their start in real estate by selling homes on contract in Des Moines and Waterloo, their hometown.

DMR: Water Works bill stalls in Iowa House

GOP fails to reach a consensus on how or whether to advance controversial legislation dismantling D. M. utility

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

A controversial bill dismantling the Des Moines Water Works has stalled in the Iowa House with Republicans so far failing to reach a consensus on how or whether to advance the legislation.

"Obviously you get something like that, there's a lot of different ideas, and people want to go different directions," House Majority Leader Rep. Chris Hagenow, R-West Des Moines said Thursday. "And we try to reach consensus on that and haven't gotten there yet. But the overall goal is one that I think we share and many of our local elected officials share. But it is a big issue and we're still having those conversations."

The legislation moved quickly after being introduced in February. Full committees advanced matching bills through both the House and the Senate, and the public weighed in during a contentious public hearing at the Capitol. But House

leaders have declined to bring the bill up for floor debate for more than a week.

Hagenow said it has nothing to do with a federal judge's March 17 decision to dismiss the Des Moines Water Works' lawsuit against three northern Iowa drainage districts, though Des Moines Water Works CEO Bill Stowe has said he suspects the legislation was filed in "retaliation" to that suit.

That lawsuit claimed the districts funnel high levels of nitrates into the Raccoon River, a source of drinking water for 500,000 central Iowa residents, that the utility later must pay to remove.

But Hagenow said Thursday, "That bill was, from our perspective, never about the lawsuit. It was about trying to make sure that ratepayers for Des Moines Water Works had a seat at the table and in governance."

House File 484, introduced by Rep. Jarad Klein, R-Keota, would strip water utilities in Des Moines, Urbandale and West Des Moines of their independent boards of directors and instead shift control to

their

respective city councils.

Klein has filed an amendment to the legislation that would direct central Iowa mayors, city managers and rural water administrators to begin studying a regional water utility, and it tasks them with agreeing on a governance and operational structure by the end of the year.

Hagenow said it's still the goal to create a regional utility. "We have, many of my constituents, that are ratepayers but don't have a seat at the table," he said. The Des Moines City Council voted earlier in the week to continue its support of the legislation, despite a room full of angry citizens who spoke against it. In West Des Moines, the city council voted to scale back its support, instead choosing to register as "neutral" on the bill.

DMR: Iowa sheriffs dispute claim by feds

Officials question accuracy of report saying they are not cooperating with immigration requests

MACKENZIE ELMER

MELMER@DMREG.COM

Four Iowa sheriffs are among the city and law enforcement officials around the U.S. questioning the accuracy of a Department of Homeland Security report that lists jurisdictions refusing to cooperate with federal requests to detain undocumented immigrants.

The report was prompted by an executive order signed by President Donald Trump in January that called on the government to document jurisdictions that are not cooperating with federal efforts to find and deport immigrants in the country illegally.

The first list was released Monday, citing 206 examples of immigrants who were said to have been released from custody by local jails despite requests from federal agents. The requests, often called "detainers," have taken on a greater role in the immigration debate under Trump, who opposes local policies that grant leniency to people in the country illegally.

According to the report, U.S. Immigration and Customs Enforcement issued 12 detention requests to Montgomery County and five requests to Franklin County during the week of Jan. 28 to Feb. 3.

Montgomery County, in southwest Iowa, ranked fourth nationally among non-compliant jurisdictions for the number of detainers it received during that week, according to the report. It fell just behind Cook County, Ill., which includes Chicago. Franklin County, about 90 miles north of Des Moines, ranked ninth nationally.

But Montgomery County Sheriff Joe Sampson and Franklin County Sheriff Linn Larson, both Republicans, said their departments did not receive any detainer requests during that period.

"If we get a detainer, we hold them," Sampson said. "I don't know how the hell we made the list."

Sampson said his department has not been contacted by anyone from ICE since October. Larson said his department has proactively flagged ICE to check the immigration status of five people since the start of the year.

Shawn Neudauer, an ICE spokesman, said Thursday that the agency is standing by its information.

“These are jurisdictions that at some point in the past have declared themselves to be noncompliant with ICE detainers,” Neudauer said.

Counties that disagree with the reported information will be instructed to take it up with their local field office, he said.

Sac County Sheriff Kenneth McClure said he plans to do that. Sac County was listed in the report for refusing to detain an individual from Mexico on Feb. 11, 2014, who was jailed on a drug possession charge.

Neudauer said in some cases older detainer requests were included in the report because ICE was never previously informed that the inmate had been released from custody. Some of those hold requests were still active in ICE records when the agency created the report.

But McClure, a Republican, said his jail staff has checked records dating back to 2013 and found no record of a detainer matching those facts. He said he has received angry calls to his office questioning whether he’s doing his job since the report was released.

“Quite frankly, if ICE wants to detain these people so they can determine whether they’re illegal or not, then maybe they should come and get them,” McClure said.

Sioux County was listed in the report for a Jan. 27 detainer request for a Guatemalan man who committed a traffic offense.

Sioux City Sheriff Dan Altena said the individual was booked into the jail at 9 p.m. and released by a judge at 10:30 a.m. the next day. He said there was “almost no way we would have gotten that detainer before the next morning.” ICE officials issue detainers that ask local authorities to hold an individual for up to 48 hours to give the agency more time to investigate immigration status. Some jurisdictions, including Franklin and Sioux counties, began ignoring the requests in 2014 after the 3rd U.S. Circuit Court of Appeals in Philadelphia ruled local police departments are not required to hold undocumented immigrants for the federal agency. “I can’t do my job based on what my opinion might be on immigration. I have to do my job based on what the law has decided, and the law has decided (local agencies) will be liable criminally and civilly if (they) hold somebody on a detainer. If someone changes that, that’s fine,” said Altena, also a Republican. While Sioux County continues to ignore ICE detainer requests for inmates who are otherwise eligible for release, Franklin County changed its policy in January when Larson became the sheriff. He replaced the department’s 10-page policy for dealing with ICE officials with one line. It states: The office will cooperate with any federal law enforcement agency.

“My problem was we were separating out what agencies we will and won’t work with and from an operational standpoint ... (that) became very confusing,” Larson said.

In total, 12 Iowa counties are listed in the report for having policies that limit their cooperation with ICE. Larson said the ICE report inaccurately names Franklin County as noncompliant, but he’s giving the agency the benefit of the doubt.

“We knew it would take us a period of time before we would migrate off that list,” Larson said. “But we have not received anything from (ICE) saying, please certify that you’ve made this change ... It would have been nice.”

ICE issued a statement Thursday that stated jurisdictions listed in the report had — in the past — expressed unwillingness to fully comply with detainer requests or have not provided ICE with sufficient time to allow for the safe transfer of a detainee.

“ICE seeks cooperation from all its law enforcement partners to achieve our mutual goal of protecting public safety,” the statement read. “If a law enforcement jurisdiction publicly changes its policies to honor ICE detainers, ICE will revise the DDOR report accordingly.”

DMR: Democrat considering bid for Iowa governor

JASON NOBLE

JNOBLE2@DMREG.COM

Iowa state Rep. Todd Prichard is formally considering a run for governor in 2018.

Prichard, a Democrat from Charles City, announced the formation of an exploratory campaign committee on Thursday ahead of a Des Moines event in which he appeared with several other potential Democratic candidates for office in 2018.

"We need a new vision for Iowa," he said in a statement announcing the committee. "I am considering a run for governor because Iowa needs fresh leadership with the vision to drive meaningful economic growth across the entire state, and I look forward to offering some new ideas as well as a new approach to getting things done for all Iowans."

Prichard, 42, is a threeterm state representative, a former county prosecutor and Army veteran.

Although he's not well known beyond Floyd County and the Statehouse, Prichard's rural Democrat-country lawyer- Iraq War veteran profile is seen by many as politically marketable for a party often perceived as urban and liberal and currently suffering through a long losing streak in statewide races.

Publicly backing Prichard's candidacy already are several prominent Democrats, including former state party chairman Sue Dvorsky, state Sen. Bob Dvorsky, 2014 Secretary of State candidate Brad Anderson and longtime labor leader Marcia Nichols. The exploratory committee allows Prichard to begin raising money in anticipation of a run for office, but stops short of a formal candidacy. Several other Democrats are expected to vie for the office in 2018, including Polk County Conservation Director Rich Leopold, who has already declared his candidacy, and former Iowa Democratic Party Chairwoman Andy McGuire. On the Republican side, Lt. Gov. Kim Reynolds is widely expected to run in 2018. Reynolds will almost certainly enter the race as the incumbent, as she will succeed incumbent Gov. Terry Branstad sometime this spring after he's confirmed as ambassador to China. Republican Cedar Rapids Mayor Ron Corbett is also considering a run.

DMR: Medical malpractice lawsuit caps slammed

Families of severely injured Iowans denounce bills that would limit awards

TONY LEYS

TLEYS@DMREG.COM

Families of Iowans who were severely injured by medical errors traveled to the Statehouse on Thursday to denounce bills that would limit awards in malpractice lawsuits. The families said if the bills were in effect, they probably couldn't have found lawyers to take their cases, even though medical providers' mistakes or neglect caused permanent disabilities or death of patients. "I want every doctor to know that when they cause an injury to someone, it doesn't just change the life of that person, it changes the life of an entire family," Ingrid Gerling of Burlington told reporters.

Gerling brought her 10-year-old daughter, Nyasia, whose right hand and arm are virtually unusable because nerves were torn away from her spine as medical professionals tried to pry her out of the birth

canal during a difficult birth. The doctor had ignored clear signs that the birth should have been done by cesarean section, she said. "This was not my fault. This was not my husband's fault. This was definitely not my daughter's fault. This was the doctor's fault," Ingrid Gerling said. "Why should we be left paying for the doctor's mistakes?"

The Gerlings sued, and a jury awarded them \$5.5 million. The Gerlings were among several families who spoke Thursday at a news conference organized by a group representing lawyers who bring such lawsuits to court.

Their lawyer, Brian Galligan of Des Moines, said the Gerlings' award would have been limited to \$250,000 under medical malpractice bills moving forward in the Legislature.

Under that scenario, they probably would be unable to file a lawsuit, because lawyers would shy away from their case, he said. Plaintiffs' lawyers routinely spend tens of thousands of dollars to hire medical experts and cover other expenses, but the lawyers are only paid if such lawsuits are successful. They gain a percentage of the award.

Kelly Denham of West Des Moines spoke about the experience of her 20-year-old son, T.J., who was left with severe brain damage because of a surgeon's mistake while trying to fix a blood-vessel problem. T.J., who attended the news conference in a wheelchair, was an energetic student at Valley High School, his mother said, tearing up at the memory. But since the surgery, he can't talk, swallow, walk or sit up. "Because the doctor made a mistake, T.J.'s hopes and dreams of his future are gone, and so are the hopes and dreams of those who love him," she said as her son moaned behind her. "... Doctors are human, and they make mistakes, but they still need to be held accountable," she said.

Denham said afterward that her family reached a confidential settlement with Mercy Medical Center in the case. If the current bill had been in effect, she might not have been able to find a lawyer to take the case, she said.

The Senate has already passed one of the bills, and the House is considering a similar one. The bills would cap "non-economic damages" at \$250,000. They define such damages as being for such things as "pain, suffering, inconvenience, physical impairment or mental anguish." Proponents say the bills would help control malpractice-insurance costs for doctors, hospitals, nursing homes and other care providers.

Clare Kelly, executive director of the Iowa Medical Society, said Thursday that the bills would not limit other damages juries could award to patients harmed by medical errors. "We agree that severely injured patients should have the ability to recover their loss in future wages and future health care costs related to their injury. This is why the bill does not seek to cap economic damages," Kelly wrote in an email to The Register. She denied that the bills would hamper Iowans' ability to file suits.

Kelly, whose group represents physicians, said Iowa doctors pay higher medical malpractice insurance premiums than those in neighboring states of Nebraska, Minnesota, South Dakota and Wisconsin.

Kelly cited an Iowa Insurance Division report on medical malpractice claims paid, which she said showed that only \$394,584 was paid in noneconomic damages in Iowa medical malpractice cases in 2015. But representatives of plaintiffs' lawyers disputed that figure, saying it only represents damages for "fright." They said it doesn't include substantial payments for such things as "pain and suffering" and harm to family relationships. Brad Lint, executive director of the Iowa Association for Justice, said at the news conference that Iowa doctors pay some of the lowest malpractice insurance premiums in the nation. Lint, whose group represents plaintiffs' attorneys, noted that the number of medical malpractice lawsuits filed in Iowa has dropped by more than half in a decade. He called the new bills "an arbitrary, government-knows-best power play," which would add unnecessary limits on citizens' right to seek justice in the courts. He said Supreme Courts in 11 other states had declared such limits unconstitutional, and he predicted Iowa's Supreme Court would likely do the same. "We already have reasonable limitations on lawsuits — they are called juries," he said. "Have you ever tried to get a

unanimous opinion from eight lowans on anything?”

DMR: Health vote to cost Young support from PAC

JASON NOBLE

JNOBLE2@DMREG.COM

Iowa U.S. Rep. David Young will face political consequences for his opposition to the Republican Obamacare repeal effort that has stalled in Congress.

A spokesman for a super PAC run by House Speaker Paul Ryan said on Thursday that it will pull back support for Young, a Republican whose district includes the Des Moines metro, according to the Wall Street Journal. The hardball political move by the Congressional Leadership Fund comes 24 hours after Young announced publicly he'd be a "no" vote on the American Health Care Act.

The PAC has said it's already opened an office in Des Moines to aid Young's 2018 re-election campaign — resources it's now pulling back in retaliation for Young's opposition to a top GOP legislative priority.

"CLF will be terminating our lease because David Young has decided not to support President Trump and House leadership," PAC Executive Director Corry Bliss told the Journal.

If the group follows through on the threat, it could have major financial implications for 2018 in what is seen as a politically competitive district. It reportedly spent \$1.9 million on Young's behalf in 2016.

An aide to Young said the congressman's campaign was not aware of any aid being provided by the Congressional Leadership Fund nor any plans by the PAC to withdraw that support. But, he added, Young wouldn't be swayed by any pressure from political leaders in Washington.

"David Young from day one has said that whoever the speaker is, the majority leader or president, they are not his bosses," Young aide James Carstensen told The Des Moines Register on Thursday. "His bosses are the people of the 3rd District of Iowa."

The health care bill was scheduled for consideration on the House floor on Thursday, but leaders canceled that vote after several dozen Republicans expressed opposition to the measure.

DMR: Once-threadbare Broadlawns to open \$22 million addition

Polk County's public medical center, which is thriving under Obamacare, is expanding services in new building

TONY LEYS

TLEYS@DMREG.COM

Many patients at Polk County's public hospital will start seeing doctors, dentists and counselors in a new building next week, partly thanks to Obamacare.

Leaders of Broadlawns Medical Center celebrated the new, four-story addition Thursday. It will house an expanded dental clinic, outpatient mental-health services, addiction treatment, a pain-treatment clinic and a family-practice clinic whose goals will include training young doctors.

The gleaming building is part of a five-year, \$60 million plan to rebuild and expand Broadlawns. The addition is on the east end of a hospital complex that used to be threadbare. "You couldn't have imagined, I don't think, 10 years ago, where Broadlawns is today," said Gov. Terry Branstad, who helped cut the ribbon at Thursday's celebration.

Broadlawns, which is owned by Polk County taxpayers, has thrived in recent years after nearing financial collapse more than a decade ago. Part of the reason for its success has been that many lowans who used to lack health insurance now have coverage due to the Affordable Care Act, also known as Obamacare. More than 150,000 poor Iowa adults have gained Medicaid coverage under the law. In the Des Moines area, many of those people used to rely on free care from Broadlawns.

Broadlawns Chief Executive Officer Jody Jenner said the 72,000-square foot addition is the result of years of planning and examination of what the Des Moines area needs. "Today really represents a major step in closing a lot of health care shortages and gaps in this community," he said. The \$22 million building's dental area has twice as much capacity as the old one. It will be able to handle up to 22 patients at a time. The dental program's patients will include many poor lowans, who often have trouble finding private dentists who will take their Medicaid coverage.

Jenner said the expanded outpatient mental health program in the new building should take some pressure off Broadlawns' inpatient psychiatric unit, which is almost always full. The public hospital also plans to add 14 beds to that 30-bed inpatient wing, at a time when many other Iowa hospitals are closing or trimming their inpatient psychiatric units. Jenner said the public hospital's improved facilities have helped leaders recruit new staff members, including psychiatrists, who are in severely short supply.

Branstad, a Republican who opposed Obamacare, agreed in 2013 to go along with a version of the law's Medicaid expansion, with the federal government picking up most of the tab. President Donald Trump and Republicans controlling Congress are working to repeal the law.

Branstad, who is set to become Trump's ambassador to China, said in an interview after Thursday's ribbon-cutting that lowans who gained Medicaid coverage under Obamacare won't be left in the lurch. "We're very confident we're going to be able to maintain this program," he said. "I've been in touch both with the administration and with Congress on this issue, and we feel very good about it." He said the Obamacare replacement plan being debated in Congress this week should offer states more flexibility to try new ways to manage Medicaid programs.

DMR: Senate OKs ban on selling fetal body parts

WILLIAM PETROSKI

BPETROSK@DMREG.COM

A bill intended to prevent the sale of fetal body parts was overwhelmingly approved Wednesday night by the Iowa Senate, although a key Democratic lawmaker opposed the measure, saying it could hamper medical research.

Senate File 359 was approved on a 43-6 vote, sending the measure to the House for consideration.

The legislation prohibits persons from acquiring, providing, receiving or transferring fetal body parts in Iowa regardless of whether it was for "valuable consideration." Sen. Jake Chapman, RAdel, said the bill is intended to avoid shocking circumstances that were discussed in congressional hearings on the alleged sale of fetal body parts.

The issue arose after a series of videos purported to show Planned Parenthood employees attempting to illegally profit from the sale of fetal body parts. A Texas grand jury investigated the claims, but cleared Planned Parenthood and instead indicted two of the antiabortion activists who filmed the videos. A Texas judge subsequently threw out the charges. The bill was earlier amended in a Senate committee to address concerns raised by university medical researchers who want to continue work on existing fetal cell lines. It will also allow tissue from stillborn births and miscarriages to be donated in the future. But Sen. Joe Bolkcom, D-Iowa City, who serves on the Senate Health and Human Services Appropriations Subcommittee, criticized the bill Wednesday night.

“The bill puts politics above good science and medicine. It could have a negative impact on the future of research for lifesaving treatments. The bill is nothing more than a platform for people who are opposed to abortion,” Bolkcom said.

Fetal tissue has been successfully used for decades in medical research. It was critical in creating a vaccine for polio and more recently it has been used in effort to find treatments for spinal cord injuries, eye disease, strokes and Parkinson’s disease.

Senate Democrats pointed out that federal law currently prevents the transfer of fetal body parts for valuable consideration. They said Planned Parenthood of the Heartland, Iowa’s largest provider of abortions, does not violate this law.

DMR: Senate approves health coverage for autism

WILLIAM PETROSKI

BPETROSK@DMREG.COM

The Iowa Senate voted 48-0 Thursday to require many employer-provided health insurance policies to provide coverage for treatment of autism spectrum disorder for young people. House File 215 was sent to Gov. Terry Branstad for his consideration. Both Republican and Democratic lawmakers praised the bill’s final passage, saying it represents years of work by advocates for people with autism.

Sen. Bill Anderson, R-Pierson, the bill’s floor manager, said the legislation will apply to employers of more than 50 fulltime workers. It will require coverage of applied behavioral analysis for persons under age 19 diagnosed with autism spectrum disorder. The bill provides maximum annual benefits, depending upon a person’s age. Coverage can also be subject to deductibles, co-payments or co-insurance provisions.

Anderson thanked his colleagues and families of persons with autism for pursuing the legislation. He has a nephew diagnosed with severe autism spectrum disorder and he said treatment has resulted in “amazing” progress. “Unlike previous years, we were able to get everybody to the table to get this worked out and that is what made it possible,” Anderson said.

Sen. Amanda Ragan, D-Mason City, said the legislation will have huge and positive impact on many families and many children. “You should all be proud you are voting for it,” she told her colleagues.

DMR: 20-week abortion ban advances in Iowa House

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM



A bill banning most abortions after 20 weeks is advancing through the Iowa House, though some Republicans say it doesn't go far enough.

Rep. Shannon Lundgren, R-Peosta, led a House subcommittee on the 20-week ban Wednesday. The three-person panel voted to advance the bill to a full committee, but Lundgren said it faces a tough road as some Republicans continue to push for stricter "personhood" legislation that would define life as beginning at conception, effectively banning all abortions.

"There are a lot of our caucus who are very (supportive of) life at conception, period," Lundgren said, noting that's why a previous bill banning abortion after 20 weeks did not advance in the House.

"It's not that I'm not (for) life at conception, either. I campaigned on that," she said. "But some of us are willing to take an incremental look at how we can start to save lives immediately."

Senate File 471 already has cleared the Senate. It says any person who intentionally terminates a pregnancy that has reached 20 weeks post-fertilization commits a Class C felony, which is punishable by up to 10 years in prison.

"I think that putting these criminal penalties on here puts a woman's life at risk immediately, because trying to save a woman's life now potentially makes a doctor a criminal," said subcommittee member Rep. Beth Woessel-Kroeschell, D-Ames. "I just don't see how we can possibly do that in this state and feel good about ourselves."

The bill allows exceptions to preserve the life of the mother or the fetus, or to avert a "serious risk" to the woman of "substantial and irreversible physical impairment of a bodily function."

It also allows exceptions for fetal abnormalities where a child could not survive outside the womb.

Amanda Acton of Waukee previously testified before the Senate about the need for that exception. She told of being informed by her doctor 21 weeks into her pregnancy that her baby had a rare disorder, would not survive long after birth and would have an agonizing life. She said she and her husband concluded the most compassionate decision was to end the pregnancy.

"I remember thanking God," Acton said at the time. "I don't regret my abortion, not one little bit."

But Joan Thompson, a lobbyist with the Iowa Catholic Conference, said Wednesday her organization cannot support that exception.

"Even though these infants are very sick, disabled or dying, we do not support taking their lives," she said.

Lundgren said the bill likely will see amendments as it moves to the House Human Resources Committee.

"There's just a lot of work to be done yet," she said.

DMR: Tax reform plan is being drafted in Iowa Senate

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Iowa Senate Majority Leader Bill Dix says a state tax reform plan is being drafted and it likely will be unveiled by Senate Republicans within the next two weeks. "We need to continue to stay focused on

growth,” Dix told reporters Thursday in his Iowa Capitol office. “Tax policy is a key component of that. We are not taking our eye off of sensible tax reform that puts Iowa in a better position to attract new investment to our state and keep high-paying jobs here.” But the Shell Rock Republican isn’t disclosing any details yet about the plan, such as whether it will include tax cuts. He said Sen. Randy Feenstra, R-Hull, who chairs the Iowa Senate Ways and Means Committee, is still fine-tuning the details, adding, “We will talk about that when the release time comes.”

Dix made his remarks as the GOP-led Iowa House has just begun discussions on a bill that would cap state spending on tax credits. According to the Department of Revenue, the total value of state tax credits has grown dramatically from about \$153 million in 2005 to an expected \$427 million in 2018 — an increase of about 180 percent. The Iowa Taxpayers Association says the state’s tax credits are intended to offset Iowa’s high rate for corporate income taxes and suggests any discussion about removing them should be coupled with lowering the overall tax rate. Dix said he expects the 2017 session to end April 18, and he considers the Legislature’s major policy issues either to have already been addressed or in the pipeline headed toward approval. He also anticipates budget targets will be released next week that will help lawmakers shape state spending for the 2018 state fiscal year, which begins July 1. The upcoming budget will be tight with limited state revenue, which could mean some budget cuts, Dix acknowledged. “Everything will be on the table” for discussion, he added, saying the budget won’t exceed available revenue. For the upcoming fiscal year, a state panel has forecast total revenue of \$7.364 billion, an increase of 3.6 percent, but a decline of \$191.8 million compared with an estimate made three months ago. For fiscal year 2019, which starts July 1, 2018, the revenue forecast is for \$7.626 billion, up 3.6 percent over the previous year. Senate Minority Leader Robert Hogg, D-Cedar Rapids, said Thursday that Senate Democrats would welcome a discussion about reforming Iowa’s tax code, but he believes state government can’t accommodate additional tax cuts. Hogg said Gov. Terry Branstad and Lt. Gov. Kim Reynolds, who are both Republicans, have gotten carried away with tax cuts, which has hurt the state’s financial position.

“We are in a fiscal mess today, not because of a global or national recession. We are in a fiscal mess today because of budget decisions that the Branstad-Reynolds administration and Republican legislators have made over the last six years,” Hogg said. “If the state goes down the route of cutting taxes even more it will make the budget mess even worse.” Hogg also said he is concerned that Iowans will be hurt by additional budget cuts, and he believes Iowa’s revenue figures would be more favorable if the state had better economic development policies.

DMR: Hensley to face challenge from environmental lawyer for seat

MACKENZIE ELMER AND JASON NOBLE

MELMER@DMREG.COM

An environmental lawyer backed by former a former Democratic lieutenant governor and attorney general announced his bid for Des Moines City Councilwoman Christine Hensley’s seat Thursday night. Josh Mandelbaum, 37, delivered the news before a fundraiser for the Democratic blog Iowa Starting Line among other candidates for office in 2018. And he wasted no time drawing water quality as the battle line in the race.

“Time and time again, Councilwoman Hensley has sided with special interests against the Des Moines Water Works and residents of Des Moines,” Mandelbaum told the crowd. “She’s demonstrated time and again that she’s incapable of being our voice on water quality. I’m running for city council because I will be dedicated to being our voice for our values and our concerns and our interests.” Mandelbaum works as a staff attorney and lobbyist for the Environmental Law and Policy Center, which is currently registered against controversial legislation in the Iowa Statehouse that would place water utilities and its assets under the control of local city councils.

He's slammed the bills at a March 7 public hearing at the Capitol, saying the legislation does nothing to protect ratepayer investments and places responsibility for safe drinking water "with entities that don't have experience or expertise in doing so. Just like in Flint, Mich." In a 4-2 vote Monday, Des Moines City Council reasserted its support of the legislation in a response to public demand for a vote that showed where each council member stood on the issue. Hensley, who represents Ward III, has been most vocal in supporting the legislation and calling for changes to the way water utilities are governed.

Hensley wouldn't say whether she'll be running for reelection on the council, or when she might make a decision.

But in terms of Mandelbaum's candidacy, Hensley said she looks forward to the debate.

"I've only had a couple (elections) where I've not been challenged," Hensley said.

Former Lt. Governor Sally Pederson and former Iowa Attorney General Bonnie Campbell have signed on as Mandelbaum's campaign cochairs, according to a press release. Mandelbaum served as a policy adviser from 2003 to 2006 under former Gov. Tom Vilsack and Pederson's administration. Mandelbaum is a graduate of Roosevelt High School, Central Academy and the University of Iowa Law School. He serves on the Polk County Early Childhood Iowa board, the advisory board of University of Iowa REACH (Realizing Education and Career Hopes) program, and the Greater Des Moines Jewish Federation.

He attends Temple B'nai Jeshurun on Grand Avenue. He currently lives on the west side of Des Moines with his wife Katherine, his three-year-old son, Liam, one-year-old daughter, Ayla, and black lab Truman.

Mandelbaum is the cousin of Justin Mandelbaum, a Des Moines developer currently vying to build a downtown skyscraper at Fifth Avenue and Walnut Street.

USA Today: Ag secretary nominee addresses cuts

Ex-Georgia governor says he was not consulted on targeted programs

ARTHLOMEW D. SULLIVAN

USA TODAY

WASHINGTON — Former Georgia governor George "Sonny" Perdue sought to assure farm-state senators on Thursday that he understands the importance of trade for farmers and supports many of the U.S. Department of Agriculture programs targeted in last week's proposed 21 percent budget cut.

President Trump's nominee to head the department, named just the day before the president took office, said he was not consulted on the proposed \$4.7 billion cut over this year's funding level that would eliminate water and wastewater loan programs, the department's statistical capabilities and foreign food aid.

Asked by the ranking Democrat on the Agriculture Committee, Sen. Debbie Stabenow of Michigan, whether he supported clean water for rural communities, access to research tools, and the USDA organic program — programs she said are "zeroed out" in the president's budget — Perdue said he did. Asked if he had been consulted during preparation of the budget blueprint, Perdue was clear he had not.

"I had no input in the budget," he said.

Perdue's late nomination has some in rural communities concerned that Trump has made agriculture policy a low priority, and several senators on the committee, including North Dakota Democrat Sen. Heidi Heitkamp, echoed that view. Perdue sought to change that perception by joking that while there had been "some anxiety" over the late nomination, "I think the president saved the best for last."

The two-hour-and-20-minute hearing was mostly friendly and non-confrontational, steering clear of questions about Perdue's past ethical lapses, including the 13 complaints to the Georgia Ethics Commission during his two terms as governor. Most senators wanted to explore with the nominee, who was raised on a dairy farm, the parochial interests of their states, like the margin protection program established in the 2014 farm bill to help dairy farmers. Other issues raised during the questioning were improving the health of national forests, preserving the sugar program and the impact of new immigration policies on farm labor needs.

Chairman Pat Roberts, RKan., said farmers are particularly concerned about finding strong markets for their goods.

"Now more than ever agriculture needs a voice — an advocate — at the highest levels of government," Roberts said.

He asked Perdue to work "hand-in-hand" with the Office of the U.S. Trade Representative to expand export markets. Roberts added as an aside that the new administration has "too many cooks in the kitchen when it comes to trade."

Perdue assured him he would be a strong advocate for trade and that he had talked while awaiting his confirmation hearing with the nominee for trade representative, Robert Lighthizer, and with Trump's Commerce Department pick, Wilbur Ross.

Perdue, who has a doctorate in veterinary medicine from the University of Georgia, sprinkled his testimony with homey, farm country references. He said he had picked watermelons in his youth with one member of the committee, his cousin Sen. David Perdue, R Ga. He mentioned training bird dogs and milking cows, and said he avoided "dangling participles" after instruction from his English teacher mother. And he offered some wisdom from his late father: "If you take care of the land, it will take care of you."

In his opening statement, he said that after a stint in the U.S. Air Force and briefly practicing veterinary medicine in North Carolina, he returned to Georgia to build a grain elevator for his county in 1976.

"Farming and farmers have been my life ever since," he said. "Agriculture is in my heart."

Perdue made it clear he has been paying attention to falling commodity prices and the 50 percent reduction in net farm income since the record high in 2013.

He said he understands concerns about proposed cuts to local government water and wastewater financing programs but that they might be addressed by Trump's pending infrastructure initiatives.

If confirmed, he said he would pursue four goals: to maximize the opportunity to create jobs; "customer service everyday"; to meet consumers' expectations for meeting food safety standards; and to expand markets for agriculture goods.

DMR Editorial: Branstad cheerfully ignores threat to Medicaid expansion

Does the governor support the Trump administration's plan?

On Dec. 12, 2013, Gov.

Terry Branstad' office issued a press release trumpeting an agreement with federal officials to expand Medicaid and help more than 100,000 low-income and disabled lowans obtain access to health care.

Under the expansion, premiums for new enrollees were limited to 2 percent of income — about \$19 per month for someone at the poverty line — and beneficiaries could reduce their payment by participating in wellness programs. The press release described the governor as “enthusiastic,” and quoted him as saying, “This is an Iowa plan that fits the health needs of our state.” Lt. Gov. Kim Reynolds was equally effusive, and was quoted as saying the expansion “allows Iowa to move forward in improving the health and wellness of our state.”

Now, however, Health and Human Service Secretary Thomas Price and Centers for Medicare and Medicaid Service Administrator Seema Verma have sent a letter to Branstad and the governors of 30 other states who expanded Medicaid at the expense of the federal government, telling them the expansion represents “a clear departure from the core, historical mission of the program.”

They're also urging the governors to pursue changes in Medicaid, such as charging beneficiaries higher premiums and requiring beneficiaries to pay for emergency-room visits to discourage such visits.

When asked about all of this, the best that Branstad spokesman Ben Hammes can muster is this: “Gov. Branstad extends his congratulations and is proud to see that Seema Verma was recently confirmed as the new CMS Director. She worked very closely with Iowa in obtaining the federal waiver for the Iowa Health and Wellness Plan and Medicaid Modernization. She fully understands the complexities of the Medicaid system and we look forward to working with her and Secretary Price in their new roles.”

Apparently, the governor's enthusiasm for Medicaid expansion has been supplanted by his enthusiasm for a CMS director determined to scuttle that effort. Could it be “the health needs of our state” are less of a priority than the president's political agenda?

DMR Editorial: Schools shouldn't sell extra-credit points to students

Unfortunately, 'stupid' legislation might be the answer if school boards don't act

At first blush, the proposal by Iowa Rep.

Chip Baltimore might seem like an overreaction.

Baltimore, a Republican from Boone, has introduced legislation that would prohibit public schools from awarding students extracredit points for providing classroom supplies such as paper towels and Kleenex.

“Frankly, we didn't know this was a problem,” says Melissa Peterson, an Iowa teachers union lobbyist. “I can never imagine a teacher saying, ‘I'll give you extra credit (for purchasing supplies),’ because there's plenty of families who can't.”

Yes, the practice is hard to imagine. But this sort of thing is fairly widespread and in recent years has proved to be a source of controversy in Florida, California, New York and other states. At some schools, teachers have actually handed out lists of classroom supplies — erasers, tissues, disinfecting wipes, etc. — at the beginning of the semester and promised that students who helped stock the supply closet will see their final letter grade bumped up one level.

Just last year, area teachers told a Des Moines Register reporter they could recall times when students earned enough extra-credit points by “donating” boxes of Kleenex to the classroom that they were able to squeak by with a passing grade.

So, regrettably, this does happen. While it's the sort of practice best addressed by school boards, it appears that some of them have yet to act.

To his credit, Baltimore admits he'd rather not spend his time on this issue. "I hate legislation like this — because I think it's stupid — but sometimes you have to legislate common sense," he says. "If it gets some attention and schools stop doing it, maybe it has the intended purpose. Maybe we don't have to put it in the law."

That would be the ideal outcome, but if school districts don't act, Baltimore would be justified in pursuing the matter.

DMR Iowa View: Why it's time for a regional water utility for metro Des Moines

RICK CLARK of Cleveland, Ohio, is former city manager of Des Moines.

An indelible lesson about local government is that sharing services is one of the best ways that local governments, working together, can reduce cost and increase the quality of service. This was a point I made to the Des Moines City Council when I retired as city manager almost three years ago.

Nowhere is the benefit of shared service more apparent than with public utilities such as wastewater treatment and the provision of potable water. These are essential public utilities used by virtually every citizen.

To be cost effective, a utility needs to spread the cost of its operating overhead and capital investment across as many customers as possible. If, for example, there are multiple water utilities with multiple water treatment facilities, the cost of potable water will increase and quality of service will decrease. And that's not good for anybody, and that is the real issue that should be driving the decision about creating a regional water utility for the Des Moines metro area.

The current governing structure for Des Moines Water Works has remained essentially unchanged since it was created in 1919. The five-member Water Board is appointed by the mayor of Des Moines but acts independent of the city and has all the authority necessary to operate, construct improvements, set water rates, and bring lawsuits on behalf of the utility. In the intervening years, the service area for Des Moines Water Works has undergone a radical transformation. In 1920 Des Moines had a population of 126,468, West Des Moines had 3,631 residents, Urbandale, 298, and Ankeny, 648.

Today, Des Moines remains the dominant city; however, West Des Moines now has a population of 64,000, Urbandale is about 44,000, and Ankeny is about 56,000. The current Des Moines Water Works governance structure is simply not adequate to address the challenges brought about by the growth in the metro area.

Suburban communities seek to build their own water treatment facilities. Why? Because the suburbs have no voice in the management and overall direction of Des Moines Water Works, and they are not confident they'll continue to receive water at a reasonable rate. Although this fear may not be entirely warranted, the longterm consequence could well be that the metro area evolves into a system of duplicative water treatment facilities competing with one another for customers. Water treatment cost will increase and so will the price of water. Des Moines residents do not escape adverse consequences because as suburban customers pull away from the Des Moines Water Works, then the burden of maintaining large treatment facilities and all administrative costs will fall more and more on the backs of Des Moines customers. At the same time, the suburbs will carry the entire burden of separate water treatment facilities. Everyone loses.

So what's the solution? Legislation considered by the Iowa Legislature will provide an opportunity for

Des Moines and surrounding suburbs to work together to create a more representative regional water utility, which prevents the costly proliferation of new water treatment facilities and allows cities to work together to provide the most efficient system to treat and distribute water to the metro area. Water customers win with this solution.

For the record, the cities in metro Des Moines have a strong record of creating and managing regional utilities. One good example is the Des Moines Metropolitan Waste Water Reclamation Authority, which comprises 17 municipalities that work together to successfully construct and operate regional wastewater treatment facilities.

A final comment: The lawsuit filed by Des Moines Water Works attempted to address the issue of water quality in Iowa. The lawsuit failed. The U.S. District Court called Des Moines Water Works' claims "without merit" and dismissed the case in its entirety.

However, the need to address water quality remains. A new Des Moines regional water utility could be an effective partner working with the state towards the goal of clean water.

It is time to set aside the distractions and misdirected accusations about creating a regional water utility and do the right thing for the people of Des Moines and central Iowa. As a first step, the Iowa Legislature needs to enact the pending legislation that will allow the negotiations to create a new regional water utility to go forward.

DMR: Newborn health screening bill passes Iowa Senate

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Newborns in Iowa would be tested for congenital cytomegalovirus if a screening demonstrates hearing loss under a bill passed Wednesday night by the Iowa Senate.

Cytomegalovirus, or CMV, is a common virus that infects people of all ages, according to the Centers for Disease Control and Health Prevention. Most people infected with CMV show no signs or symptoms. However, CMV infection can cause serious health problems for people with weakened immune systems, as well as babies infected with the virus before they are born, experts said.

Senate File 51, which now heads to the House for consideration, says the testing requirement would need to be accomplished before the newborn is 21 days old. In addition, information would be provided to the parent of the newborn regarding birth defects caused by congenital cytomegalovirus and early intervention and treatment resources and services available for children diagnosed with it. However, the testing requirement would not apply if the parent objects.

Sen. Jake Chapman, R-Adel, the bill's floor manager, said the complications of CMV can be as extensive as death, adding he would like to see this bill be extended to across-the-board screenings. However, Chapman and several other lawmakers said they were happy the legislation is moving forward.

"This is certainly a step in the right direction for some of these kids," said Sen. Pam Jochum, D-Dubuque.

The Senate bill, which was approved on a 49-0 vote, also proposes educational and awareness campaigns regarding cytomegalovirus and congenital cytomegalovirus. The initiatives would be targeted towards women who may become pregnant, expectant parents, parents of infants, attending health care providers, and others.

LEE: Democratic House member exploring run for governor

James Q. Lynch

After announcing that he's exploring a campaign for governor in 2018, Rep. Todd Prichard delivered his maiden campaign speech to a nearly empty Iowa House of Representative on Thursday afternoon.

The empty seats and faint applause are not indicative of what the third-term Democrat from Charles City said he is finding when he talks to party members at soup suppers, off-year caucuses and central committee meetings.

"There's a lot of anger. I think there's a lot of concern and I think there is a lot of fear (because) of the way they see the state changing," Prichard said in an interview earlier Thursday. The Republican legislative agenda is "not in line with what I would consider Iowa values."

Running for governor was not part of his agenda when Prichard, 42, ran for a vacant House seat in 2012. That's changed this year, he said, as he's watched majority Republicans stripping public employees of collective bargaining rights, weakening the state's workers' compensation program and limiting spending on traditional priorities like education.

That's frustrating because "regardless of where we are from or what party we are in, we were elected to create good-paying jobs, raise wages and make it easier to raise a family and get ahead," Prichard said. Republicans, he said, "have failed in that mission."

Republican Party of Iowa Chairman Jeff Kaufmann doubts Prichard will be the last Democrat to get into the race.

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"I would imagine whenever you have the loss of an incumbent, there will be a lot of people exploring," he said, referring to Gov. Terry Branstad's anticipated departure to be U.S. ambassador to China. "But let me tell you something, there's a lot of experience and a lot of money and a lot of shoe leather between exploring and running against a lady who has been already trained and ready to go on Day 1. (Lt. Gov.) Kim Reynolds has the complete package."

If Prichard runs — and he thinks he has until next year to make a decision, he'll be running against Branstad as much as Reynolds, who is expected to serve out the governor's term.

Bottom of Form

"I haven't seen any points of separation between Gov. Branstad and Lt. Gov. Kim Reynolds," he said. "Their agenda seems to be one and the same, so I think the policies and decisions made by the Branstad administration are very much tied to Lt. Gov. Reynolds."

As a challenger, Prichard said, he would have to make the case that he can do a better job and lead Iowa to a better place.

"Given the decline of education, lack of wage growth, there's a narrative there we can tell voters," he said. "This administration, these policies, have not advanced the interests of the people of Iowa."

LEE: Iowa Senate approves election law changes



ROD BOSHAART

Iowa senators approved GOP-backed election law changes Thursday that proponents say will improve election integrity but that critics insist will suppress turnout and raise costs to county taxpayers.

Majority Republicans made several changes to a House-passed bill before voting 26-21 to pass House File 516 and return it to the House for consideration.

The bill was opposed by 20 minority Democrats and Ocheyedan independent Sen. David Johnson.

"The bill would require all voters voting at the polls to provide proof of eligibility, as well as all absentee ballot requests to contain a personal voter identification number on the request form," said Sen. Roby Smith, R-Davenport, the bill's floor manager.

"The public realizes that they have to show their photo ID to get on an airplane, buy a beer or open a checking account. This legislation is common sense," he said.

Democrats countered that the bill would put up barriers to elderly, disabled, minority and other Iowa voters that would discourage participation in a fundamental American right. They argued it would increase costs to the state and counties and create unintended consequences in a state with a track record of clean elections with high participation rates.

They also said it likely would trigger a legal challenge.

"I think it's an unnecessary political document," said Sen. Tony Bisignano, D-Des Moines.

Sen. Pam Jochum, D-Dubuque, called the bill "a very expensive solution in search of a problem."

Smith countered by pointing to 27 cases of first-degree election misconduct in the past five years and eight instances where people voted twice as evidence of a problem.

"We have voter fraud in Iowa, that is a fact," he said. "With so many close elections in the past, including members of this chamber (who won by 22, 17 and 10 votes in three races), we need to do everything we can to prevent fraud and this bill has safeguards."

Sen. Nate Boulton, D-Des Moines, dismissed Smith's fraud contentions, saying "there is not a bogeyman out there," while Johnson called the election bill "a farce" that was not for the people's interests but rather for special interests.

Bottom of Form

"This isn't a welcoming place right now, this 87th General Assembly," Johnson said.

House File 516 would make several changes to state election administration, including voter registration, absentee voting and requiring voters to present an ID to vote.

Other provisions would eliminate the option for voters to check a single box for straight-party voting, put money toward helping precincts purchase digital poll books, and establish post-election audits.

Also, the bill would provide for technology upgrades and additional poll worker training for consistency throughout the state and provide additional resources for those system upgrades.

Republicans made changes that would reduce the time for sending out absentee ballots before an election from 40 days to 29; would allow teenagers who turn 18 by the general election to vote in the earlier primary; and would establish four-digit voter ID cards.

Sen. Tod Bowman, D-Maquoketa, offered an amendment to strike the entire bill and replace it with a voter identification verification process, but his proposal lost 27-20.

"This is something Iowans want," Smith said. "This is something that we have delivered for them to make sure that elections are fair," Smith said.

LEE: Iowa Republican leaders: No minimum wage increase

Rod Boshart

Top Republicans in the Iowa House and the Iowa Senate said Thursday they do not expect the Legislature to consider increasing the statewide minimum wage of \$7.25 an hour this session.

GOP senators held out the possibility of a separate minimum wage bill this week during a committee discussion of legislation to void higher county-level wage minimums, but Senate Majority Leader Bill Dix, R-Shell Rock, and House Speaker Linda Upmeyer, R-Clear Lake, said that won't happen.

"I anticipate no separate minimum wage bill," Dix told reporters.

Upmeyer said representatives approved the local pre-emption bill earlier this month after turning back Democratic amendments "to do just that." Members of the House GOP caucus, she said, are not asking to take up a bill to increase the minimum wage this session.

"That's not been one of their priorities this year," Upmeyer told reporters.

House File 295, which currently is eligible for debate in the Senate, includes provisions to immediately bar cities and counties from usurping state authority in business and employment matters and the sale or marketing of consumer merchandise.

Bottom of Form

That would include prohibiting cities and counties from setting minimum wages higher than the statewide \$7.25 hourly level and nullify the higher minimum wages approved by officials in Johnson, Linn, Polk and Wapello counties.

Senate Minority Leader Rob Hogg, D-Cedar Rapids, said he anticipates Democrats will offer amendments to raise the statewide minimum wage if Republicans bring up House File 295 for consideration.

"I would imagine there are members of the Republican caucus who don't think they should be voting for bills that drive down wages for Iowans," he said.

Gov. Terry Branstad has told reporters he would be open to considering a "modest" increase in the state's minimum wage, but Upmeyer said Thursday "the governor and I have not discussed that topic."

LEE: House panel to launch investigation of child welfare system

James Q. Lynch

Days after Gov. Terry Branstad warned that Democratic prying into state child welfare services could negatively impact a criminal prosecution, a House Republican announced the Government Oversight

Committee will launch its own investigation.

Rep. Bobby Kaufmann, R-Wilton, chairman of the Government Oversight Committee, said he doesn't want to interfere with the Polk County Attorney's Office prosecution in the case of Natalie Finn, a 16-year-old West Des Moines girl who died from emaciation last October because of the denial of critical care.

But Kaufmann said told the committee he is exploring the possibility of bringing in the Department of Human Services "to have them walk committee members through the process of how reports for child placement, follow-up, child abuse, or neglect are handled. The committee wants to understand how this process works so that we can look at ways to prevent another tragic situation like the Natalie Finn case.

"We are not interested in politicizing this tragic situation or jeopardizing an ongoing criminal investigation," Kaufmann continued.

DHS spokeswoman Amy McCoy said the department welcomes a discussion with the House panel "about the authority the Legislature provides DHS to investigate allegations, about how our policies and procedures are established, as well as discussing our efforts toward continuous quality improvement,"

Branstad is not happy with the Democrats on the Senate Government Oversight Committee having informal hearings to look into the state's child welfare system. So far, DHS officials have declined to appear to answer questions, they said.

However, as long as they don't jeopardize the prosecution in the Finn case, Branstad also would "support an effort by legislators to learn more information about the overall adoption, child welfare and foster care systems" as DHS, his spokesman Ben Hammes said.

Kaufmann will invite the Senate Government Oversight Committee, chaired by Sen. Michael Breitbach, R-Strawberry Point, to join the investigation.

Advertisement (1 of 1): 0:15

Breitbach wasn't sure if senators will work with the House panel and was hesitant about how deep they could delve into child-welfare issues at this time.

"It's a very delicate situation right now. There is a legal case going on, and the last thing I want to do is interfere with that proceeding and murder trial," Breitbach said.

Bottom of Form

He and Kaufmann agree on that. The investigation should be "thoughtful and prudent" without politicizing the Finn case or being conducted with a "gotcha attitude."

Breitbach seemed to see a more limited scope of investigation than Kaufmann.

"I believe that the DHS has reviewed all of their staffing options over the past years, and I think they feel comfortable with where they're at and the training that they're doing, but otherwise I just can't go further," Breitbach said.

House Speaker Linda Upmeyer, R-Clear Lake, agreed that lawmakers' role is not the criminal investigation, but to look at the system to see if it meets lowans' needs. House Republicans, she said, are "very interested" in knowing whether the state has an adequate system that serves the needs of Iowa children.

"Our job is the function of state government," House Majority Leader Chris Hagenow, R-Windsor Heights, said. While he wants to see the criminal case proceed, "we also want to look at state

government and the overall process that DHS or others have to try to prevent that in the future.”

House Government Oversight Committee member Rep. Vicki Lensing, D-Iowa City, suggested inviting law enforcement to explain its role in child welfare cases in order to understand whether there are gaps in the law.

LEE: Fantasy sports wagering advances in Iowa House

JAMES Q. LYNCH

It's unlikely fantasy sports betting will be legal in Iowa before this year's NCAA men's basketball championship, but an Iowa lawmaker is looking ahead to next year.

A bill to legalize fantasy sports betting cleared the House Ways and Means Committee 23-2 Wednesday and will be eligible for full House debate next week.

If representatives approve the bill, which is similar to a version approved by the Senate in the past, Iowans could legally bet on the 2018 NCAA championships as well as other sports events.

The American Gaming Association estimates Americans will wager \$10.4 billion on March Madness, a 13 percent increase from 2016.

However, only 3 percent of the money wagered — \$295 million — will be wagered legally. The remaining \$10.1 billion will go to illegal off-shore websites or through bookies, the association said.

If House Study Bill 52 is approved, wagering on fantasy sports would be legal in Iowa, taxed and regulated by the Iowa Racing and Gaming Commission that oversees gambling and gaming in the state.

Fantasy sports wagering would not be a big payout for Iowa.

Bill manager Rep. Matt Windschitl, R-Missouri Valley, hasn't received a fiscal note on the 2017 version of the bill, but estimated the return could be \$250,000 for the Rebuild Iowa Infrastructure Fund and \$250,000 for the general fund.

“I'm not doing this for the revenue,” he said. “I'm doing this to give Iowans more freedom. To give them the freedom to play, if they want.”

According to a 2015 Legislative Services Agency fiscal note, fantasy sports wagering trade association estimated 300,000 Iowans would play daily fantasy sports through an internet fantasy sports contest service provider. It found that in a similarly populated states, participants paid \$4.4 million in entry fees and charges. About \$4 million was used for cash prizes and payouts.

Bottom of Form

Taxing the adjusted gross receipts would yield somewhere between \$33,000 and \$578,000 for the state, the Legislative Services Agency concluded.

Although Windschitl is optimistic about passage of House Study Bill 52, House Speaker Linda Upmeyer, R-Clear Lake, joked that the House seems to talk about it every year.

“I suspect the caucus is ready to move that forward,” she said.

The way Windschitl sees it, in previous years the Senate approved fantasy sports betting and sent it to

the House where no action was taken. In the past, the House has sent a bill to legalize fireworks to the Senate, but nothing happened.

This year, he pointed out, the Senate has approved a fireworks bill, and the House is working on a waging bill

Muscatine Journal: PROGRESS: Muscatine has high hopes for Branstad's nomination to China

Jan Touney

Community and business leaders look forward to continuing a strong relationship with their Chinese friends in the wake of Iowa Gov. Terry Branstad's nomination by President Donald Trump as U.S. ambassador to China.

Confirmation proceedings have yet to be scheduled in Washington, D.C. Ben Hammes, communications director for Branstad, said there will be no official comment on the process until after the confirmation hearing. Branstad said in January that he was humbled and honored to accept Trump's nomination.

Iowa's exports to China, predominantly agricultural products, have boomed under Branstad's administration. He has long been considered a friend of Chinese President Xi Jinping, dating back from Xi's first visit to the state as a student in 1985, shortly after Branstad took office. The governor has made six trade missions to China.

Tony Joseph, president and founder of Joseph International Freight Service in Muscatine, has been doing business in China for 14 years.

He said Branstad's appointment gives the state of Iowa "a good seeding compared with other states who are vying for Chinese attention," particularly other Midwest states like Michigan and Wisconsin.

"In Muscatine, we also have a great opportunity because of our standing in the Chinese mind," said Joseph, who was chairman of the Muscatine-China Initiatives Committee until fall 2016. He continues as a committee member.

Current committee Chairman Daniel P. Stein, Senior Vice President and Senior Loan Officer at CBI Bank & Trust, said he believes Branstad's position in Beijing will help Muscatine.

"I think as a committee we were obviously excited" by the nomination of Branstad by Trump, Stein said.

Bottom of Form

"It will be a very tough job; the Trump administration wants to rebalance trade," Stein said. "But I'm optimistic. Both countries have so much to lose if they don't deal with each other."

Greg Jenkins, president and CEO of the Greater Muscatine Chamber of Commerce and Industry, said that organization is "looking forward to our governor being in such a prominent position (in China) because he has such a great relationship there."

Sarah Lande, a longtime friend of Branstad's who has been instrumental in Muscatine's relationship with Xi Jinping, said she and her husband, Roger, called Branstad after he visited the president-elect at Trump Tower in December.

"We asked him, 'Well, what do you think about it?'" she said. "I was so excited when President Trump nominated him."

LEE: Some budget areas will get less state money next year

Rod Boshart

Republican legislative leaders believe some budget areas will be getting less money for the fiscal year than begins July 1.

That's due to revised revenue projections that are forcing the governor and lawmakers to temporarily tap reserves to plug a shortfall and then repay the money over the next two years.

"We will be looking at budget reductions, absolutely," said House Speaker Linda Upmeyer, R-Clear Lake. "I suspect every budget will see reductions. I think that's inevitable when we're looking at taking at least \$130 million out of the budget from what we had projected earlier."

Downsized fiscal 2018 revenue growth projections — coupled with Iowa's expenditure limitation, the reserve "backfill" — and other issues have significantly shaved the amount of new money legislators have to spend, given that the Legislature and Gov. Terry Branstad already have committed \$40 million to K-12 schools and face more Medicaid demands, Upmeyer said.

"We need to keep everything on the table," said Senate Majority Leader Bill Dix, R-Shell Rock. "We can't continue to spread ourselves so thin. The state has had too broad of priorities, and we're making sure we're really focusing in on what Iowans want us to do."

"Bottom line, we're going to do as Iowa families do, and that is not spend more than what the state projections are revenues to come in," Dix added.

Branstad is required to submit revisions to the two-year budget he proposed in January by next Wednesday, Upmeyer said.

After that she expects Republicans will issue spending targets and begin formulating budget plans for fiscal years 2018 and 2019.

Dix and Upmeyer said Republicans' agenda this year still includes a tax reform package that looks at simplifying and streamlining the state's income tax system.

But the House speaker conceded the state's financial situation has posed challenges.

Bottom of Form

"There's no doubt it is much more difficult to imagine how we would move forward with tax reform, perhaps tax cuts, in an environment where we've cutting budgets. We're just going to work through all of it," she said. "People will contemplate how this might be done and, when the opportunity arises, we will have some of the plans in place. There are still opportunities for reform I believe that could very well work anyway."

Dix said tax reform is a key component of the effort to focus on growth, telling reporters "we're not taking our eye off of sensible tax reform that puts Iowa in a better position to attract new investment to our state and keep high-paying jobs here."

Senate Democratic Leader Rob Hogg of Cedar Rapids said he was "very concerned that Iowans will be hurt by budget cuts that will be proposed by the Republican majority."

The state, he said, is "absolutely not" in a position to consider tax cuts that aren't affordable.

“We are very interested in tax reform that modernizes our tax code and helps spur our economy,” he said. “I am not interested in big tax cuts in the guise of tax reform.

“The Branstad-Reynolds’ Republican direction has gotten carried away with tax cuts, and that’s why we’re in the fiscal mess that we today,” he added. “If they go down the route of cutting taxes more, that will make the budget mess even worse.

The Gazette: Iowa wire transfer fee would fund criminal investigations

The House Ways and Means Committee approved adding a 1 percent fee to the cost of wire transfers to raise money for undercover investigations of criminal activity including drugs and human trafficking.

However, Democrats who voted against the bill called it a punitive move that targets the poor who rely on wire transfers to move their money.

House File 494 was approved on a 15-11 party line vote Wednesday night, despite allegations it targets “small Latino grocery stores,” according to Rep. Dave Jacoby, D-Coralville, and amounts to civil asset forfeiture, according to Rep. Mary Wolfe, D-Clinton.

The bill would require non-financial institutions providing wire transfers to charge a fee of 1 percent of the transfer amount. The fee would not be applied to bank transfers, bill pay systems, PayPal or similar operations.

Bill manager Rep. Chip Baltimore, R-Boone, said the state Division of Banking estimated the wire transfers that would be covered by the bill amount to about \$3 billion a year. That would generate \$30 million a year. However, people using wire transfers could apply for an individual income tax credit equal to the amount of money transfer service fees they paid if they include a valid tax identification number.

Baltimore called it “one piece in the war we have against criminal activity” and said it is modeled on a successful Oklahoma law.

Rep. Todd Prichard, D-Charles City, called it “not fair, not right.”

Wire transfers are likely to be used by low-income people without bank accounts, he said.

“When I prosecuted drug crimes, I noticed a lot of marijuana was wrapped in Saran Wrap. Why not tax Saran Wrap?” he asked.

It’s not the government’s role to “scorn, scold, punish people for being poor,” added Rep. Liz Bennett, D-Cedar Rapids.

Baltimore pointed out wire transfers generally cost more than moving money by money orders or other methods.

The bill also would create a financial crime and wire transmitter fund for the Department of Public Safety to use to investigate indictable financial criminal offenses.

The bill now goes to the full House.

The Gazette: Iowa City metro second-fastest growing in Iowa

New census data show Iowa is gaining people, but at a slower pace than the nation

Both the Iowa City and Cedar Rapids metro areas gained people since 2010, but Iowa City's growth rate far outpaces that of its sister city.

The Iowa City metro, which includes Coralville and North Liberty, was the second-fastest growing in Iowa between July 2010 and July 2016, new Census numbers show.

Here's some more information about Iowa from the new data:

### 3,134,693 TOTAL

Iowa's total population has continued to rise so far this decade, hitting more than 3.13 million people in 2016.

Even so, the state's growth rate lags behind that of the United States as a whole. The nation's population grew by 4.5 percent from July 2010 to July 2016. Iowa's grew only 2.8 percent.

### DES MOINES FASTEST

The Des Moines metro claims the fastest growing population in Iowa. From 2010 to 2016, the central Iowa metro grew by 11 percent to more than 634,700 people.

The rate of change in Iowa City's metro wasn't far behind, however, as it saw population grow 10.4 percent to more than 168,800. Ames and the Omaha-Council Bluffs area grew 8.3 percent and 6.4 percent, respectively.

The Cedar Rapids metro population rose by 3.6 percent to just under 267,800 people.

"We have four economies that are growing relatively rapidly and then you've got, right dead in the middle, Cedar Rapids, which is growing at just a little over half" the average metro growth rate, Iowa State University economist Dave Swenson said.

### JOHNSON POSTS GAIN

Des Moines' growth can be tied in part to Dallas County, which includes the western suburbs of Des Moines. When population changes are examined by county, Dallas County grew by 27.8 percent so far this decade. Johnson County took second place in that regard, with a 12 percent growth rate. And Linn County's population grew by about 5 percent in that time period.

### 73 COUNTIES DECLINE

Although Iowa's overall population has grown, the increase is largely concentrated in the state's urban centers.

Only 26 of Iowa's 99 counties saw their populations increase from 2010 to 2016, an analysis by Gary Krob of the State Data Center shows.

That leaves 73 Iowa counties having lost people so far this decade, continuing a trend Swenson said Iowa has seen since the 1980s.

"What we have is a subset of our metropolitan areas doing really well and then the majority of the next set of cities down are doing poorly," he said. "These regional trade centers are struggling to hold onto their economic potency and their demographic base."



## 51.8 PERCENT

More than half of Iowa's population lives in just 10 counties, according to Krob's analysis.

Of Iowa's 3.13 million total, 51.8 percent reside in Polk, Linn, Scott, Johnson, Black Hawk, Woodbury, Story, Dubuque, Pottawattamie and Dallas counties. Each of these is part of an Iowa metro, Krob noted.

Business leaders in Iowa often have said they can't fill open job positions due to a lack of qualified applicants. Part of that problem, some have said, is lackluster population growth, especially in rural areas.

The Census numbers released Thursday do not include population changes by specific cities.

The Gazette: Iowa Politics Today: Requiring insurers to cover an autism treatment

**FREEDOM TO BINGE:** A House Judiciary subcommittee delayed action in a "medical amnesty" bill that would provide legal protection to 911 callers who are under the legal drinking age of 21 but need help in an emergency when underage drinking has taken place.

"No one should have to think about the legal implications of calling for help," Cole Staudt, an Iowa State University student from Rockford, told the subcommittee considering SF 415.

The bill was approved 49-0 in the Senate.

The immunity, similar to laws in 36 other states, Staudt said, would not extend to anyone already the subject of a criminal investigation or under correctional supervision and would not extend to emergencies where illegal drugs were involved. The caller must remain on the scene and cooperate with law enforcement.

Lawmakers are waiting to learn whether the law would put Iowa out of compliance with federal laws regarding the legal drinking age and open containers. If Iowa is not in compliance, it could jeopardize \$82 million in transportation funding, said Renee Jerman of the Iowa Department of Transportation.

"That's not a huge concern for us," Staudt said.

Similar amnesty for people who call for emergency assistance in the case of an opioid overdose was stripped out in the Senate. Rep. Mary Wolfe, D-Clinton, said she hoped that could be added in the future.

Rep. Megan Jones, R-Spencer, said the subcommittee will wait to hear from the DOT on the federal funds before deciding whether to send the bill to the full committee.

**ADJOURNMENT TARGET:** Republicans, who hold majorities in the Iowa House and Iowa Senate, say they are on track to end the 2017 session close to the April 18 adjournment target.

Normally the first session of a General Assembly is scheduled for 110 days of expense money for legislators, but budget cutbacks prompted lawmakers to scale that back by 10 days this year to save money.

Senate Majority Leader Bill Dix, R-Shell Rock, said there still is significant work left to do, which includes crafting a fiscal 2018 state budget. But he expects things to wind down after lawmakers get back the session's second funnel deadline next week

That deadline requires bills to clear one chamber and a committee of the other to remain eligible for consideration this year.

“We want to continue to accomplish the agenda we set out to do and I have the expectation that that can be done within the time frame of the 100 days that have been set out. I would expect us to adjourn some time very near to that 100th day,” he said.

House Speaker Linda Upmeyer, R-Clear Lake, said she is “building my calendar to be done” around the April 18 adjournment target.

**HOUSE TRAFFIC ISSUES:** House Speaker Linda Upmeyer, R-Clear Lake, was non-committal Thursday on two transportation-related bills approved by the Iowa Senate because her GOP majority members have not discussed them. But she said she expected legislation to further restrict texting while driving would get passed this session.

“We absolutely want to move forward with safety,” she told reporters. “I think there’s an appetite to move something forward.”

Drivers would be able to use their hand-held devices to make phone calls or check GPS directions but could be pulled over by law officers for using them to write, send or view an electronic message under Senate File 234, which cleared the Senate by a 43-6 margin Wednesday.

A House committee has approved a tougher bill that also would make texting a primary offense like the Senate approved. But the House version would ban the use of hand-held devices while driving and would allow a one-year transition period before law officers would switch from issuing warnings to ticketing violators.

Upmeyer said she expected the House GOP caucus to discuss both approaches and choose one or come up with “something different.”

Senators also approved a separate measure to bring traffic cameras under stricter state regulation but not ban them.

Upmeyer said the Senate bill would get committee consideration before next week’s second funnel deadline for bills to pass one chamber and a committee of the other to remain eligible for action this year.

**AUTISM TREATMENT:** Iowa senators voted 48-0 Thursday to send Gov. Terry Branstad legislation that would require insurance companies to cover a treatment for autism that parents believe can help improve the quality of life for their kids.

House File 215 would require insurance providers to cover applied behavior analysis for children with autism in group coverage plans exceeding 50 employees.

“It will help a lot of people. This is a big day,” said Sen. Bill Anderson, R-Pierson, the bill’s floor manager.

He said the legislation was a positive result of collaboration by many people over a number of years to reach Thursday’s legislative approval.

“This is about more than passing legislation,” said Sen. Amanda Ragan, D-Mason City. “This will impact people’s lives. This will have a huge impact.”

Under the bill, insurance coverage would become available for families with dependents younger than 19 who have been diagnosed with autism spectrum disorder.

SIGNED INTO LAW: Gov. Terry Branstad signed the following seven bills into law Thursday: • House File 303, relating to notifications made by the commissioner of insurance about the need for a receivership for certain preened sellers and cemeteries.

- House File 372, allowing turns against red lights.
- House File 203, authorizing the use of primary road fund moneys for the secondary road and municipal street systems.
- House File 577, relating to the treatment of Lyme disease or other tick-borne diseases
- Senate File 409, relating to state credit union examinations and boards meetings.
- Senate File 376, relating to disclosure of asbestos bankruptcy trust claims.
- Senate File 357 modifying licensing provisions applicable to electricians and electrical contractors.

QUOTE OF THE DAY: “The public realizes that they have to show their photo ID to get on an airplane, buy a beer or open a checking account. This legislation is common sense.” — Sen. Roby Smith, R-Davenport, in promoting an “election integrity” bill with a provision that would require every voter to present government-issued identification at the poll on Election Day — with four eligible forms that included a photo.

The Gazette: Iowa water hopes not dead yet

So your Iowa Legislature, presented by Sizzler University, may still do something smart and meaty on water quality this year.

Chances remain lean. But even that’s remarkable, considering not so long ago it looked like the nothing-to-see-here caucus had the upper hand. I figured the recent dismissal of the Des Moines Water Works’ lawsuit over polluted farm runoff, which sparked Iowa’s water quality debate, sponged up the last drops of hope.

But then 13 Republicans led by Rep. Bobby Kaufmann, R-Wilton, got behind a push to raise the state sales tax by one-eighth of a cent each year for three years to fill the Natural Resources and Outdoor Recreation Trust Fund. The constitutionally protected fund was created by voters in 2010, but lawmakers have refused to raise the sales tax to fill it.

Kaufmann made headlines before the session by proposing his famous “suck it up, buttercup” bill aimed at universities coddling students shaken by our Trumped election. Maybe this new effort could be called “drink it up, buttercup.”

Fully phased in, the tax would raise \$180 million or more for an array of conservation and recreation efforts. The bill, HF 597, filed Monday, says 60 percent must be spent on ag pollution controls inspired by the state’s Nutrient Reduction Strategy. That proportion roughly matches the current trust fund spending plan outlined in state law.

But these are Republicans, after all, so the sales tax increase would be offset by reductions in income tax rates, starting with reductions in the lowest income brackets. Kaufmann says that’s intended to reduce the sting of raising the regressive sales tax.

So far, the bill is supported by a large coalition of groups lobbying lawmakers to fill the trust fund. No groups have yet registered opposition.

“We’ve really been activating the grass roots, a lot of folks who support the cause have been showing up at forums, writing emails, making phone calls,” Kaufmann told me. “I think it’s had an impact on people at the Capitol, creating a buzz for the issue.”

You don’t need to be a Sizzler U grad to know much is at stake. (Sorry.) Cutting the flow of nitrates and phosphorus from farmland pays big dividends in safeguarding drinking water, protecting lakes, reducing soil loss and mitigating flooding. There’s also that big dead zone in the Gulf of Mexico you may have heard about.

Federal agencies watching water are on the verge of Trumpian decimation. Iowa’s tight budget is an argument against income tax cuts, but it’s also an argument for creating protected funding for the environment, which is often first on the chopping block.

Obstacles abound. It’s not certain the bill will even get a committee hearing. Another bill, using unprotected gambling dollars to provide less water funding, is moving first. Kaufmann insists his bill could be coupled with that effort. We’ll see.

Democrats no doubt will balk at tax reductions hitting a general fund already unable to cover needs. Some rural Republicans see no problem and want little or no action. And if the bill does move, a pitched battle over how the money will be spent is likely.

But what looked like a cooling back-burner issue now has some sizzle. A rare bright spot.

The Gazette: Guest View: Developing skills for our innovation economy

Jim Wohlpart is provost and executive vice president for academic affairs at the University of Northern Iowa.

Recently, Gov. Terry Branstad organized the Future Ready Iowa Alliance, chaired by Lieutenant Gov. Kim Reynolds and Dan Houston, CEO of Principal. The focus of the alliance is to address the skills gap in Iowa. The University of Northern Iowa, as a member of the Iowa Campus Compact, is developing unique strategies to fill that gap and to prepare graduates as citizens and professionals for the coming innovation economy.

By 2025, Iowa is expected to add 612,000 jobs to its economy, 68 percent of which will require postsecondary education. Yet there aren’t enough adults with college degrees to fill these jobs. While much of the focus for bridging this gap centers on job training for technical skills, such as coding and data analysis, what we need more than ever are graduates with the core skills to meet workforce and community needs, students who are prepared to create, innovate, and lead change.

The essential skills of the twenty-first century include critical thinking, complex problem-solving, and written and oral communication, and these skills are more important to employers than a student’s major. More recently, surveys have demonstrated that students must not only develop these skills in the classroom, but also apply them in real world settings solving real world problems. Such engaged learning experiences also assist students in developing their curiosity, which leads to lifelong learning and the ability to be adaptable and innovate.

Significantly, the development of these essential skills in applied and engaged settings not only prepares students for professional careers — they also prepare students to meet the public purposes of higher education: to become active and engaged citizens who are invested in their communities and their civic obligations. Instead of pitting career preparation against education for citizenship and democracy, we need to recognize their intrinsic connection. The University of Northern Iowa is working with Iowa Campus Compact to go beyond the lecture hall to help students build these core skills.

One of the more salient engaged learning experiences that students can have is that of an extended service learning project with a nonprofit organization in the community. UNI recently created a summer Service Learning Institute so that faculty members can transform their courses to include a community engaged project. Working with community organizations, students become engaged in the challenges of the "real world" and gain valuable skills in new ways through applying their learning outside of the classroom.

The University of Northern Iowa is committed to expanding these valuable experiences for our students so that they are prepared to innovate, create, and lead change. Students must be prepared for a life that emphasizes their well-being at work, in the community, and at home. Join UNI and Iowa Campus Compact in meeting the civic mission of higher education. Learn more at: [iacampuscompact.org/giving-voice](http://iacampuscompact.org/giving-voice).

QC Times Editorial: Editorial: Students pay for tax cuts

Quad-City Times

Top of Form

Bottom of Form

Basic fairness will die in Appropriations. And Iowa's busted tax policy will kill it.

That's the fate of school equity legislation now sitting in the Iowa House, according to predictions of a half-dozen state lawmakers representing the Quad-Cities. The bipartisan soothsaying late Wednesday and early Thursday put a cloud over what, until now, had been a high-point of the legislative cycle.

The bill passed earlier this month in the state Senate, SF 455, was the "best opportunity yet" for fairness among all public school students in Iowa, Davenport Community School District Superintendent Art Tate told us. For too long, Iowa has touted a grossly unjust funding model where some districts receive more state funding than others. But, as we predicted earlier this week, years of tax cuts, exemptions and corporate welfare has hamstrung Iowa's ability to do much of anything.

And that's the reality faced by proponents of the equity bill, which breezed through the House Education Committee on Wednesday. Now, the \$203 million, 10-year package heads to the House Appropriations Committee. And that's where Quad-Cities Reps. Norlin Mommsen, Republican, and Democrats Phyllis Thede and Cindy Winckler -- all committee members -- predicted the legislation's demise, in light of yet another revenue shortfall of more than \$100 million.

For their part, all House members surveyed support the bill, at least in concept. Reps. Winckler and Monica Kurth would back it should it ever reach the floor. Republicans Ross Paustian and Gary Mohr, too, would back it in concept. But they just don't see Appropriations freeing up the \$14 million needed for its first year.

"It's unfortunate that the Senate rushed a bill over to us without any idea on how to fund it," Paustian said.

So, now what?

The legislation's very existence is a moral victory, some will say. It's an acknowledgement that the system is broken. It's an official recognition that more than 300 districts statewide, including Davenport and Maquoketa, can't compete with their neighbors and, as a result, are further hamstrung by incessant middle class flight and sagging property values, they'll contend.

There can be no moral victory until the structural injustice is undone. Still, Tate would find himself facing career-ending sanctions because of his budgetary protests against an inequitable funding model. His district would continue to live under a mandate that bilks it of \$2.4 million every year.

It's possible that lawmakers will forgive Tate's legal transgressions as a consolation prize. Bills kicking around both chambers would legalize the budgetary maneuver he enacted. A simple retroactive provision could clear Tate and salvage his career. That's the least lawmakers could do. In so doing, they'd provide themselves political cover by avoiding a public spat with a respected school official standing on principle.

Bottom of Form

But, as Tate would tell you, this isn't about him. It's about his students.

And that's who, yet again, gets failed by a state that's gutted its revenue to the tune of \$12 billion a year through tax hand-outs to special interests.

SF 455 wasn't perfect, which the Democrats will tell you. The decade-long roll-out opens the door for future legislatures to kill it. It was, however, the most politically feasible path forward.

The fact remains, tens of thousands of children in Iowa will continue to be second-class citizens if the bill dies. And it's those students who would pay for the state handouts for the well connected.

RI: Branstad approves new rules for asbestos-related lawsuits

MARCH 24, 2017 BY O. KAY HENDERSON

Governor Terry Branstad has signed a bill into law that changes the rules for Iowans who file asbestos-related lawsuits.

Asbestos causes cancer. In 1989, the federal government banned its use in new products. Backers of the new law say some attorneys are "double-dipping" — finding a way to get two settlements for one injured person — and that depletes resources for people who were exposed to asbestos and need help.

Senator Brad Zaun, Republican from Urbandale, said during Senate debate on the measure that more than 60 companies that made asbestos are out of business, but trust funds have been established to pay cancer victims.

"Ten-thousand people are affected by this disease now," Zaun said. "...The average person is getting a \$600,000 settlement and, at 10,000 a year, what we're trying to do here is to preserve that fund for future people who've been affected by these working conditions."

Representative Kirsten Running-Marquardt, a Democrat from Cedar Rapids, said during House debate that people who will be affected by this new law pleaded with legislators to oppose it.

"Iowans went to work, worked hard to provide for their families and they were exposed to a horrible chemical that took years off their life," she said.

Senator Nate Boulton, a Democrat from Des Moines who's a lawyer, said the legislation places a "harsh trap door" under cancer victims who now will face a quick and unusual deadline for filing claims.

"There are real Iowans affected. Exposure that's latent for decades. You're walking around, you have no idea that this time bomb is going to go off," Boulton said. "Are we really here to create an escape hatch for the companies that created this monster?"

Representative Andy McKean, a Republican attorney from Anamosa, said the new law will prioritize claims from patients in the end-stage of cancer.

“This bill does nothing to deprive claimants to receive 100 percent of what they’re entitled to,” McKean said. “...It’s going to help them get their day in court sooner.”

McKean said portions of this law are in effect in other states. Iowa’s new law would not affect the 17 Iowa cases of asbestos exposure making their way through the state’s courts. More than 2000 Iowans have died of asbestos-related cancer since 1999.

RI: Senate Republicans alter House GOP’s ‘voter ID’ plan

MARCH 23, 2017 BY O. KAY HENDERSON

Republicans in the Iowa Senate have put their own stamp on a “voter ID” bill.

The GOP senators have voted to shorten the “early” voting window in Iowa from 40 days down to 29. In addition,

Senate Republicans want precinct workers to check a prospective voter’s signature on a driver’s license or voter ID card to verify the voter’s eligibility. Republican Senator Roby Smith of Davenport said it’s common sense.

“We need to do everything we can to prevent fraud,” Smith said, “and this bill has safeguards.”

Democrats predicted there’ll be longer lines at the polls on Election Day as fewer Iowans will vote early and it’ll take time for precinct workers to evaluate each voter’s signature.

“Rather than making it harder or restricting time frames, we should be making it easier, removing barriers,” said Senator Pam Jochum a Democrat from Dubuque.

All 26 Republican senators present this evening voted for their plan. It would let 17 year olds who’ll turn 18 by Election Day in November vote in the party primaries in June. The bill now goes back to the House for consideration of those Senate changes. House Republicans passed their own “voter ID” proposal back on March 9.

RI: Likely gubernatorial candidate Todd Prichard says Iowa ‘can do better’

A Democrat who’s a 42-year-old veteran of the Iraq War has formed an “exploratory committee” — his first step toward officially launching a campaign for governor. Todd Prichard of Charles City is currently in his fifth year as a state representative.

“I’m discouraged with the focus of our legislative agenda and the Republican leadership right now,” Prichard said during an interview this afternoon, “and I think we need to find a new direction.”

Prichard said his goal as governor would be to help more “regular Iowans” land in the middle class.

“I don’t think that the Branstad Administration and, therefore, Kim Reynolds have addressed the real issues that are affecting Iowans across the state in rural areas and urban areas and that’s really the issue of the family budget and pocketbook issues,” Prichard said.

Prichard pointed to Branstad's 2010 campaign promise to raise the average income of Iowans by 25 percent.

"That hasn't happened," Prichard said. "I've never seen an administration fight so hard for low-paying jobs and I think we can do better."

Prichard is a small town attorney who also had a career in the military. That means his bio is similar to successful statewide candidates like former Governor Tom Vilsack, who was an attorney in Mount Pleasant, and U.S. Senator Joni Ernst, an Iowa National Guard veteran. Prichard is pitching himself as someone who can provide "fresh" leadership for the state.

"I have over 21 years in the Army as an Army officer. I've been overseas four times," Prichard said. "The last time I was the company commander of approximately 200 soldiers with the Iowa National Guard in Iraq and that definitely gives you leadership experience and the experience of taking care of people in tough situations."

Prichard has assembled a team of advisors with statewide campaign experience and secured the services of key consultants who worked on President Obama's successful campaigns in Iowa in 2008 and 2012.

A few other Democrats have expressed an interest in running for governor, so Prichard would most likely face a Democratic Primary in June of 2018.

Lieutenant Governor Kim Reynolds will soon take over as governor once her Republican colleague Terry Branstad leaves to serve as U.S. Ambassador to China. Reynolds has already raised more than a million dollars for a race for governor and has signalled she intends to ask next year's voters to elect her to a four-year term.

RI: Federal agents investigating pipeline vandalism in Northwest Iowa

MARCH 23, 2017 BY RADIO IOWA CONTRIBUTOR

The FBI is investigating vandalism at Dakota Access Pipeline sites in northwest Iowa's Sioux County.

On Friday, March 17th at 2 p.m., Sioux County Sheriff's Deputies were dispatched to two locations south of Hospers to check out reports of vandalism to the pipeline. Sometime in the previous 24 hours someone apparently tried to burn holes in the above-ground valves at the two locations. The deputies were able to secure both locations.

The FBI is conducting an investigation into similar incidents at other Dakota Access pipeline locations in Iowa and South Dakota.

RI: House panel to investigate DHS child welfare system

Republican leaders in the Iowa House are launching an investigation "inspired by" the case of a central Iowa teen who died last October of starvation, but House Speaker Linda Upmeyer today said they do not plan to ask direct questions that might jeopardize the criminal case against Natalie Finn's adoptive mother and the woman's ex-husband.

"We certainly don't want to do anything that would prevent the law from dealing with this the way they should," Upmeyer told reporters during her weekly statehouse news conference. "Now, I think, we are at (time) where we have a responsibility to look at the system and the process."



The House Government Oversight Committee will conduct the investigation. Committee chairman Bobby Kaufmann, a Republican from Wilton, said the panel will look at how the Department of Human Services handles child abuse and neglect allegations and how the agency follows up after placing a child in foster homes or with adoptive parents.

"I'm not going in with a 'gotcha' attitude," Kaufmann said. "I'm truly looking to understand and for us as a committee to understand how this whole thing works."

The committee may meet into the summer and fall and could make recommendations for some sort of legislative action according to Kaufmann. The goal, he said, is to prevent tragedies like Finn's from happening in the future.

"I don't think it's unusual for us to make sure that there's not a systemic problem in any department where there've been resulting issues," Kaufmann said.

A few Democrats have been pressing for an investigation of the Department of Human Services since January and accusing Governor Branstad of trying to "cover up" inadequate staffing levels in the state agency that handles reports of child abuse. Kaufmann today accused Democratic Senator Matt McCoy of politicizing the issue and walking a "thin line" that could hurt the prosecution's case against Finn's adoptive parents by revealing too much information to the public. Democrats on Kaufmann's committee in the House say they're glad Republicans are finally showing an interest in investigating the DHS.

"There's a huge issue here and these are our kids we're talking about here, so however it's being investigated, it needs to be investigated," said Representative Abby Finenauer, a Democrat from Dubuque.

The Republican leader of the Oversight Committee in the Iowa Senate this is a "delicate situation" and the Department of Human Services "has reviewed all of their staffing options...and feel comfortable with where they're at and the training they're doing." It's unclear whether Senate Republicans will join the House investigation.

Governor Branstad on Monday warned legislators against investigating the agency until after the criminal case against Finn's alleged tormentors has concluded. That runs counter to a previous House and Senate Oversight Committee investigation which probed misspending in a state agency before the successful criminal case against the agency's manager had concluded.

RI: Report details impact of new Prestage pork processing plant

Creighton University economics professor Ernie Goss presented the findings last night of a comprehensive report on the financial impact of the major new pork processing plant that will be built in northern Iowa.

Goss spoke in the Hamilton County town of Stanhope on the pros and cons of the \$246 million Prestage Farms plant that's planned south of Eagle Grove. "There's an increase in the first year of operations of about \$45-million in state and local tax collections," Goss says. "There are costs as well. You've got to increase hiring of teachers, there'll be school costs, there'll be highway costs."

Overall, Goss says there will be a net gain from the plant going online, saying state and local tax collections will be greater than the costs. The report says the plant will increase the price of hogs by 3.5 percent. The estimated average added revenue is expected to be \$724 per farm in the 10-county north-central Iowa area. It's also estimated the plant will support 193 packer and non-packer farms. Goss says employment is another key factor.

“Direct jobs, you’re talking about at least on the first shift, 900 to 1,000 jobs at the facility itself,” Goss says. “When you take into account the spill-over jobs in the 10-county area, you’re in the neighborhood of 3,500 total jobs, so that’s quite significant.” Goss says the report also covered the impact on school districts in the area, at a time when many schools are closing or consolidating.

“For a lot of school districts, it’s going to be welcome news to have more students rather than fewer students,” Goss says, “but the overall cost is about, we estimate, \$21-million per year, and that cost is borne by some federal dollars, some state dollars, and of course, local dollars.”

The ten counties considered in the report are: Calhoun, Franklin, Hamilton, Hardin, Humboldt, Kossuth, Palo Alto, Pocahontas, Webster and Wright. Construction is set to begin this spring and may take 18 to 21 months. Goss will make another presentation this afternoon at 4:30 at Robert Blue Middle School in Eagle Grove, with presentations next week in Fort Dodge and Humboldt.

The complete report will be posted next week on the Mid Iowa Growth Partnership website.

Fox News: Potential 'smoking gun' showing Obama administration spied on Trump team, source says

Republican congressional investigators expect a potential “smoking gun” establishing that the Obama administration spied on the Trump transition team, and possibly the president-elect himself, will be produced to the House Intelligence Committee this week, a source told Fox News.

Classified intelligence showing incidental collection of Trump team communications, purportedly seen by committee Chairman Devin Nunes, R-Calif., and described by him in vague terms at a bombshell Wednesday afternoon news conference, came from multiple sources, Capitol Hill sources told Fox News. The intelligence corroborated information about surveillance of the Trump team that was known to Nunes, sources said, even before President Trump accused his predecessor of having wiretapped him in a series of now-infamous tweets posted on March 4.

The intelligence is said to leave no doubt the Obama administration, in its closing days, was using the cover of legitimate surveillance on foreign targets to spy on President-elect Trump, according to sources.

The key to that conclusion is the unmasking of selected U.S. persons whose names appeared in the intelligence, the sources said, adding that the paper trail leaves no other plausible purpose for the unmasking other than to damage the incoming Trump administration.

The FBI hasn’t been responsive to the House Intelligence Committee’s request for documents, but the National Security Agency is expected to produce documents to the committee by Friday. The NSA document production is expected to produce more intelligence than Nunes has so far seen or described – including what one source described as a potential “smoking gun” establishing the spying.

Some time will be needed to properly assess the materials, with the likely result being that congressional investigators and attorneys won’t have a solid handle on the contents of the documents – and their implications – until next week.

Because Nunes’s intelligence came from multiple sources during a span of several weeks, and he has not shared the actual materials with his committee colleagues, he will be the only member of the panel in a position to know whether the NSA has turned over some or all of the intelligence he is citing. However, Fox News was told Intelligence Committee Ranking Member Rep. Adam Schiff, D-Calif., had been briefed on the basic contents of the intelligence described by Nunes.

CIA Director Mike Pompeo is also sympathetic to the effort to determine, with documentary evidence, the extent of any alleged Obama administration spying on the Trump team, sources said.

At a dramatic Wednesday news conference, Nunes claimed to have seen evidence that members of the Trump transition team, possibly including the president-elect, were subjected to “incidental surveillance” collection that Nunes characterized as legal but troubling.

“What I've read bothers me,” he told reporters, “and I think it should bother the president himself, and his team because I think some of it seems to be inappropriate.”

Schiff blasted Nunes for not coming first to the Intelligence Committee with the information.

“If accurate, this information should have been shared with members of the committee, but it has not been,” Schiff said in a Wednesday statement.

POLITICO: Trump demands Friday vote on health care plan

If the House rejects the GOP plan, the president says, Obamacare will stay.

By RACHAEL BADE, KYLE CHENEY and JOSH DAWSEY

President Donald Trump is demanding a vote Friday in the House on the Republican plan to repeal and replace Obamacare, White House budget director Mick Mulvaney told GOP lawmakers. If the bill fails, Trump is prepared to move on and leave Obamacare in place, Mulvaney warned.

The surprise announcement by the top White House official — made with the full support of Speaker Paul Ryan (R-Wis.) and other House GOP leaders — came during a closed-door meeting of Republicans Thursday evening in the basement of the Capitol.

Mulvaney, a member of the House until a few weeks ago who now heads the Office of Management and Budget, said Trump was done negotiating and wanted an up-or-down vote now.

The move by Trump and Ryan is an enormous gamble, setting up a real cliffhanger when the legislation hits the floor on Friday.

All day Thursday, the White House and GOP leaders lacked the votes to pass the American Health Care Act. A loss on the House floor would be a glaring embarrassment for the new president and House speaker — one that could undermine other parts of the GOP legislative agenda, including tax reform.

A victory, on the other hand, would provide not just a shot of badly-needed momentum for both men, but undermine the House Freedom Caucus, the group of conservative hard-liners who've fought the GOP health care plan because it doesn't go far enough.

The group's opposition was seen as a public rebuke to both the White House and House GOP leadership. If the the Freedom Caucus loses to Trump and Ryan, its power will be curtailed. If it wins, the group will once again be able to dictate terms to party leaders.

Yet this is the showdown that many mainstream GOP rank-and-file members have sought. They want a fight out in the open with the Freedom Caucus — either the group votes against Trump, or it gives in.

Negotiations between Trump and the Freedom Caucus hit an impasse earlier Thursday its members were told recent concessions from the White House and GOP leadership represented a final offer. The group rejected that, wanting more.

The setbacks triggered another series of meetings later Thursday — between Trump and the moderate

Tuesday Group, and separately between the Freedom Caucus and Ryan. That was followed by a full GOP Conference meeting where Trump played his trump card.

Trump and Ryan had found themselves playing see-saw with moderates and hard-liners: Lean too much toward one faction and they lose votes from the other. So far, they've been unable to find a sweet spot.

Ryan can afford to lose only 22 votes on the floor. The Freedom Caucus has three dozen members, many of whom have vowed to block the bill unless they get what they want. More than a dozen centrist Republicans have also come out against the bill, further endangering its prospects.

But the Trump-Ryan gambit may pay off. Freedom Caucus Chairman Mark Meadows (R-N.C.) said the move by Trump and Ryan "certainly does" put enormous pressure on the Freedom Caucus to get behind the bill. And already a handful sounded like their positions were softer than they had been before.

Rep. Trent Franks (R-Ariz.), who said he remains undecided, added that efforts by the Freedom Caucus had "improved the bill." Rep. Mark Sanford (R-S.C.) said members will feel more pressure to vote "yes" with the bill on the floor, even if they may have felt comfortable opposing it before. Sanford said he was undecided.

Rep. Scott DesJarlais (R-Tenn.) was a "no" but is now undecided.

"I've got to decide whether this is best for my district and best for the president and best for my country. And I'm not convinced it will bend the cost curve down... but it may be as good as it gets on this one," DesJarlais said.

"We get elected to make votes, and this is a big vote," added Rep. Joe Barton (R-Texas), a Freedom Caucus member who supports the bill and called it "the right thing to do."

"I think it passes," he added.

GOP Rep. Tom Reed (R-N.Y.) said Mulvaney "put it completely in focus. The moment is now. Do we advance the cause so we can move forward and move on and accomplish what we said we would and repeal and replace Obamacare ... and also tax reform? It's a major test, and we're gonna pass that test tomorrow."

"If we vote it down, we will neuter Donald Trump's presidency ... We are not going to undermine the president's ability to get things done," Rep. Dana Rohrabacher told reporters after the meeting.

A senior administration official in the room for the Freedom Caucus meeting at the White House said most members left the meeting as "no's" but suggested some flipped to "yes." While Trump did not go around the room and ask people how they would vote, it became immediately clear GOP leaders did not appear to win over enough members to put the measure over the top.

"We're down right now," the official said.

Freedom Caucus chairman Mark Meadows (R-N.C.) told reporters in the Capitol Thursday afternoon that "we have not gotten enough of our members to get to yes at this point. ... However, I would say progress is being made." He called Trump's engagement in the negotiations perhaps "unparalleled in the history of our country."

There were daunting obstacles to a deal heading into the White House meeting Thursday morning. A number of Freedom Caucus members had suggested Trump's latest concession — repealing Obamacare's mandate that insurance plans provide a minimum level of "essential" benefits — wasn't enough. The group wants a complete repeal of all Affordable Care Act regulations — including popular

provisions Trump promised he would maintain.

The conservatives' target list encompasses a prohibition against discriminating against people with pre-existing conditions and a requirement that adults up to age 26 can remain on their parents' health insurance.

"Repealing [essential health benefits], w/out making other substantial changes, would make the bill worse, not better," tweeted Freedom Caucus member Justin Amash (R-Mich.). "It would hurt the sickest people on exchanges."

The Freedom Caucus has been a constant thorn in the side of House GOP leadership, sinking bills its members believe were too accommodating to Democrats. The group was expected to fall in line behind Trump after he won, but it has refused to do so on the health care bill.

Now, Freedom Caucus members are threatening to trip up not John Boehner or Ryan, but a Republican commander-in-chief who remains highly popular in their districts.

Many House Republicans are furious with the Freedom Caucus, saying the group keeps moving the goal posts and that it really wants to sink the health care bill altogether.

"The president is good at negotiating, but he has to have someone who wants to get to yes," Rep. Mike Kelly (R-Pa.), an ardent Trump supporter, told POLITICO. "I was never able to sell a car or a truck to someone who didn't want a car or a truck. It just doesn't work. And that's where we are right now. I don't think they're really interested in getting to an 'end.'"

Kelly then added: "Maybe the 'end' is: making sure it doesn't pass."

POLITICO: Schumer prepared to force nuclear showdown over Gorsuch

The Senate minority leader is confident his party will not provide the eight votes needed to break a filibuster.

Chuck Schumer is prepared to push the Senate into a nuclear confrontation over the Supreme Court.

In an extensive interview with POLITICO Thursday, the Senate minority leader made his most definitive statement to date that Democrats will deny Neil Gorsuch the 60 votes he needs to clear a Senate filibuster and ascend to the Supreme Court. Dismissing the notion of a deal to confirm Gorsuch floated by some members of his caucus this week, Schumer all but declared that Donald Trump's nominee will not receive the requisite eight Democratic votes — and that it will be up to Majority Leader Mitch McConnell as to whether to try to blow up the filibuster to get Gorsuch through.

"There's been an almost seismic shift in the caucus [against Gorsuch]," Schumer said as the Senate Judiciary confirmation hearings wrapped up Thursday. "He did not win anybody over with his testimony."

If Schumer stops Gorsuch during a filibuster vote in early April — and the New Yorker was brimming with confidence that he will — it will almost certainly force McConnell's hand on the so-called nuclear option. Schumer is betting McConnell does not have the votes to do away with the 60-vote requirement for Supreme Court nominees.

"I don't think it's a foregone conclusion that Mitch McConnell changes the rules," Schumer said. "There are people in his caucus who really don't want to change the rules, OK?"

Blocking Gorsuch would be a major win for the left. Liberal activists have been urging Schumer to do

everything in his power to stop Trump's pick, even as Senate Democrats have struggled to mount a case against him.

But a battle that potentially brings about the end of the filibuster for Supreme Court nominees would further erode the Senate's character as the more deliberative chamber of the legislative branch. And it would have dramatic consequences for both political parties.

Supreme Court selections would no longer need bipartisan buy-in, possibly resulting in more ideologically extreme justices. And in general, the two parties in the Senate would have one less occasion to cooperate. The partisan food fight over Trump's Cabinet nominees — facilitated by Democrats' move to eliminate the filibuster for those votes in 2013 — offered a possible preview.

While longtime Republicans hope to avoid a rules change, they're ready to respond to Schumer by gutting the filibuster if that's what it takes. McConnell himself has guaranteed Gorsuch's confirmation. He has explicitly declined to rule out changing the rules via a party-line vote, also known as the "nuclear option."

Schumer said the "onus" will be on McConnell if the filibuster is further diluted. The majority leader's office declined to comment for this story.

McConnell can lose only two members on a vote to alter Senate rules. Some of the Republicans long thought to be most resistant to such a move sound increasingly likely to back their leader in such a showdown.

Sen. Lindsey Graham (R-S.C.) has vowed to do "whatever it takes" to get Gorsuch confirmed. However, his friend, Sen. John McCain (R-Ariz.) said it was "too early" to talk about.

"We'll see if we can get eight Democratic votes," McCain said Thursday.

While many Democrats are still assessing Gorsuch after four days of hearings this week, sources within the caucus said Thursday that the high court nominee appears increasingly likely to fall short of 60 votes. They attribute that to pressure from liberals, who blasted Democrats after POLITICO reported this week that some Democrats are mulling a deal with Republicans to confirm Gorsuch and preserve the filibuster for a subsequent nomination.

"Every nominee is extremely important. This is such a powerful position," Schumer said. "I will make the argument with all the members why I think he's bad. Everyone can make up their own mind, but I'll do what I can."

It's Schumer's first major test of his vote-whipping skills after serving for years as consigliere to former Democratic Leader Harry Reid of Nevada for years. No Democrat so far has announced support for Gorsuch. To the contrary, the nominee lost two critical swing votes on Thursday: Sens. Bob Casey of Pennsylvania and Tom Carper of Delaware.

For Democrats, beating Gorsuch is as much about payback for the stalled nomination of Merrick Garland as it is about objections to his judicial record.

Republicans are incensed that Schumer is leading the Democratic caucus into a new phase of the nominations war.

Schumer is "a good legislator," Senate Judiciary Chairman Chuck Grassley said, but "your good wisdom gets clouded" serving in leadership.

"So I don't really know what's up based on the performance of this guy for 22 hours," Grassley said of Gorsuch. "It's going to be hard for people to want to vote against him, and I wonder if this threat of a filibuster isn't a smokescreen."

Schumer has also pushed for a delay in the confirmation process, given the ongoing FBI investigation into possible collusion between the Trump campaign and Russia. The move was cheered by liberal groups.

But Schumer's tactics aren't shared by some Democrats who remain undecided on Gorsuch. Sen. Joe Manchin of West Virginia appears highly uncomfortable with blocking Gorsuch.

Virginia Sen. Tim Kaine, the party's vice presidential nominee last year, said he would "decide over the weekend" how he would vote on the judge. A potential change to Senate rules is the domain of leadership, he added, "so I don't think that's going to affect my view of his candidacy on the merits."

Sen. Jon Tester (D-Mont.), a swing vote who faces reelection in a state Trump won, said that the FBI-related concern is "Chuck's view," not his.

"I'm going to take a look at the hearing and read some of his opinions, as many as I possibly can, and will make it based off of that, not off of FBI investigations," Tester said in an interview, adding that he expects to "hash out a decision sometime next week."

Beyond Manchin, Kaine and Tester, at least 10 other Democrats have yet to weigh in on a potential filibuster of Gorsuch. Sens. Michael Bennet of Colorado, Amy Klobuchar of Minnesota, Angus King (I-Maine), Claire McCaskill of Missouri, and Mark Warner of Virginia declined to answer questions about the nominee on Thursday.

Also considered potential gets for the Gorsuch nomination, at least on opposing a filibuster, are Democratic Sens. Chris Coons of Delaware, a member of the Judiciary Committee; Sen. Maggie Hassan of New Hampshire, who met with the nominee last month; and three others who face reelection battles next year: Sens. Joe Donnelly of Indiana, Bill Nelson of Florida and Heidi Heitkamp of North Dakota.

Schumer didn't entirely rule out that Gorsuch could prevail. The minority leader said it would be "difficult to get 60 votes after his testimony went as poorly as it did," a characterization of Gorsuch's performance that not everyone shared.

But Schumer is now being explicit that he wants his members to side with him in opposition. And he doesn't think it will be difficult to get them to go along.

"It's not hard these days," Schumer said. "We're doing very well. And [Gorsuch] helped us by being poor with his hearings."

Roll Call: That's a wrap: Gorsuch hearings conclude, Senate Democrats ponder filibuster

With Judge Neil Gorsuch's Supreme Court confirmation hearings wrapping up, senators will soon confront whether his nomination will upend Senate rules.

Senate Majority Leader Mitch McConnell has not yet said whether he would move to change Senate rules that currently require 60 votes to end debate on Gorsuch's nomination. If eight members of the Democratic caucus do not join the 52 Republicans to move the nomination forward, McConnell could move to change the rules, lowering the threshold to a simple majority.

At his regularly scheduled Tuesday press conference with his leadership team, McConnell did not directly address whether he would do so. But he did question whether a Democratic blockade of Gorsuch would signal a broader issue for future high court nominees.

“I haven’t seen a single Democrat, unless there’s one you’ve observed, indicate they were prepared to either vote for cloture or to vote for him,” the Kentucky Republican said.

“Leading you to ask the following question: If Judge Gorsuch can’t achieve 60 votes in the Senate, could any judge appointed by a Republican president be approved with 60 or more votes in the Senate?” McConnell said.

That suggestion — that a blockade of Gorsuch could mean an indefinite vacancy — could set up the GOP argument for changing the procedural rules to end debate. McConnell could invoke the so-called nuclear option, a procedural gambit to change the Senate rules by a majority vote rather than two-thirds of senators.

“It does sound like he’s laying the groundwork for the nuclear option,” Senate Minority Whip Richard J. Durbin said of McConnell. “Let’s wait and see how this evolves.”

Some Republicans have acknowledged that changing the Senate rules would not be their first choice. Keeping the 60-vote threshold typically ensures nominees have bipartisan support. But Republicans are preparing to blame Democrats for forcing their hands.

“I think we ought to take it one step at a time, and before we threaten anything, we ought to see how (Democrats) act,” said Arizona Sen. John McCain.

Utah Sen. Orrin G. Hatch, a senior Judiciary member, said he was not in favor of the nuclear option “except as a last resort.”

“And I would hope that the Democrats won’t require that,” he added.

That last straw could come after a failed cloture vote on Gorsuch’s nomination, according to Senate Majority Whip John Cornyn.

“We’re hoping that the Democrats will agree to an up-or-down vote. What happens is really in their hands,” the Texas Republican said in a brief interview. “We’ll have a cloture vote and see how the Democrats vote.”

When Senate Democrats changed the procedural rules for most judicial nominees and executive nominations in November 2013, Republicans seethed and accused Democrats of breaking the rules and changing the chamber for the worse.

“Let me say, we are not interested in having a gun put to our head any longer. If you think this is in the best interests of the Senate and the American people to make advice and consent, in effect, mean nothing — obviously, you can break the rules to change the rules to achieve that,” McConnell said on the floor at the time.

Cloture votes rarely occur on Supreme Court nominations, but Democrats are signaling one will happen for Gorsuch.

“I believe we need 60 votes,” Senate Minority Leader Charles E. Schumer said at a Tuesday press conference. “Any one member can ask for 60 votes. It’s going to happen.”

If Republicans fail to get 60 votes to shut off debate, invoking cloture, that would set up a scenario similar to when Democrats eliminated the filibuster for most nominees in 2013. Then-Senate Majority Leader Harry Reid moved to reconsider a failed cloture vote on a D.C. Circuit judicial nominee, which set off the procedural steps that led to the effective rule change.

As the most senior GOP senator, Hatch would likely be in the presiding officer’s chair if Republicans invoked the nuclear option.



Asked Wednesday if he was prepared to do what would be necessary to ensure Gorsuch is confirmed, Hatch said, "Yeah, I'm prepared."

Cornyn said holding a cloture vote on Gorsuch's nomination may pressure some vulnerable Senate Democrats to vote in favor of ending debate.

"I actually think it would be good to put (Democrats) on record because I think there's a number of them that are vulnerable in red states in 2018," he said. "My hope is that they will see it in their self-interest to go ahead and allow for cloture."

Those Democrats in Republican-leaning states are facing pressure from outside groups to support Gorsuch. The Judicial Crisis Network, a conservative group that has been spearheading an ad campaign supporting his nomination, has spent more than \$3.4 million in Indiana, Missouri, Montana, North Dakota and West Virginia. Each of those states have a Democratic senator up for re-election in 2015.

The network's chief counsel Carrie Severino said Democrats would "lay the groundwork for gridlock" if they block Gorsuch's nomination.

Asked if the outside groups would ramp up pressure on those Democratic senators after the hearings end, Severino said, "We'll have to decide our strategy based on what Democrats decide to do after the hearing."

Democrats are also facing pressure from the more liberal wing of their party to filibuster Gorsuch's nomination. Liberal groups recently launched a campaign dubbed "The People's Defense," warning that Democrats will be held accountable for their votes.

Some Democrats expressed concern that Republicans could invoke the nuclear option, damaging Senate operations. But they also say Republicans would be responsible for the consequences.

"It would be a huge mistake for Republicans to force this nomination through because they can't get consensus," Connecticut Sen. Christopher S. Murphy said. "I don't think we can calculate our strategy based on the potential that they might use the nuclear option. They're going to do that or not do that based on their own politics."

POLITICO: Friedman confirmed as U.S. ambassador to Israel

By NAHAL TOOSI

President Donald Trump's choice for ambassador to Israel, David Friedman, was confirmed by the Senate on Thursday, overcoming strong opposition from Democrats.

Friedman was approved 52-46 in a roll call vote, an unusual step. U.S. ambassadors to Israel, a country that has long enjoyed strong bipartisan support in Congress, have traditionally been approved by voice vote or through unanimous consent.

Friedman, an Orthodox Jew with no diplomatic experience, was previously Trump's bankruptcy lawyer. In the past, he's downplayed the importance of a two-state solution to the Middle East conflict and raised funds for Israeli settlements built on land claimed by the Palestinians.

He's also used extreme language, accusing the State Department of anti-Semitism and comparing left-leaning Jewish activists to "kapos" — a reference to Jews assigned by Nazis to oversee prisoners at concentration camps.

But during his confirmation hearing, Friedman apologized for his past rhetoric and pledged to uphold U. S. policy, whatever that may prove to be under Trump.

While the president has said he'd be comfortable with either a one-state or two-state solution, others in his administration insist the U.S. remains committed to the two-state approach. So far, the Trump administration appears to view continued Israeli settlement construction as detrimental to the Israeli-Palestinian peace process.

Republicans appear willing to accept Friedman's apologies and assurances that he would take his responsibilities as a U.S. ambassador seriously. "David Friedman has the skills and experience to represent the United States in one of the most complex regions in the world," GOP Sen. David Perdue of Georgia said in a statement after Friedman was confirmed.

Several Democrats spoke on the floor against his nomination. "We should not risk confirming him to this important post. We have seen how distracting and destructive hot-headedness is in the seat of power," said Sen. Tom Udall of New Mexico.

One key question Friedman will face upon taking his new position involves the location of the U.S. Embassy in Israel. Conservative pro-Israel groups want the Embassy moved from Tel Aviv to the contested city of Jerusalem. Such a move would anger many in the Arab world. Friedman reportedly has said he would live in Jerusalem as ambassador.

REUTERS: U.S. State Department to approve Keystone pipeline permit on Friday: sources

The U.S. State Department plans to approve on Friday the permit needed to proceed with construction of the Canada-to-United States Keystone XL oil pipeline, a project blocked by former President Barack Obama, according to two government sources familiar with the process.

White House spokesman Sean Spicer said the administration would provide an update on Keystone on Friday but did not offer any details.

Two government sources, who declined to be identified, said on Thursday that the pipeline approval would be announced by the White House.

One of the sources said the State Department was working to get the approval completed before Monday, the end of the 60-day timeline under Trump's January executive order for the construction of Keystone and the Dakota Access pipelines.

The move would mark the beginning of a process that could be lengthy. Approvals are needed from state regulators, and the project could face legal challenges.

But Republican President Donald Trump supports Keystone and, days after he took office in January, ordered its construction. That could mean the project, proposed in 2008, will eventually be completed.

The State Department's undersecretary for political affairs, Tom Shannon, is expected approve the cross-border permit for TransCanada Corp's pipeline since Secretary of State Rex Tillerson, the former CEO of ExxonMobil, recused himself from the matter.

The multi-billion dollar Keystone pipeline would bring more than 800,000 barrels-per-day of heavy crude from Canada's oil sands to U.S. refineries and ports along the Gulf of Mexico, via an existing pipeline network in Nebraska.

Obama had rejected the pipeline saying it would do nothing to reduce fuel prices for U.S. motorists and

would contribute emissions linked to global warming.

TransCanada resubmitted its permit application after Trump's executive order. Spokesman Terry Cunha said the company was working closely with the State Department.

"Monday is the deadline, so that's what we're working towards," Cunha said.

Conservatives said they supported quick approval. Nick Loris, an energy and environment researcher at the Heritage Foundation, said approval would "reestablish some certainty and sanity to a permitting process that was hijacked by political pandering."

Environmental groups said they had been prepared for the approval and vowed Thursday to fight the pipeline at every turn with petitions, political pressure and mass protests.

"The same communities who defeated this pipeline before - indigenous leaders, landowners, farmers and grassroots activists - are ready to fight again," said May Boeve, director of activist group 350.org.

Diana Best, a Greenpeace climate campaign specialist said, "We will resist these projects with our allies across the country and across borders."

#### FURTHER HURDLES

A stretch of Keystone XL also awaits approval from Nebraska regulators. TransCanada has to file its pipeline route plans with the state's Public Service Commission, which is required to hold public hearings on the proposal.

Keystone's construction costs could be higher than the \$7 billion estimated after it was first proposed, said Michael Wojciechowski, vice president of Americas oil and refining markets research at Wood Mackenzie.

"Final costs are still to be determined, but they have done nothing but go up over time," he said.

Still, there could also be some savings on labor given recent layoffs due to the recent oil price drop, he said.

#### REUTERS: U.S.-Israeli teen arrested in Israel for Jewish center bomb threats

A teenager with dual Israeli-U.S. citizenship was arrested in Israel on Thursday on suspicion of making dozens of hoax bomb threats against Jewish community centers in the United States, Australia and New Zealand.

The suspect, whose identity remains sealed pursuant to a court order, is 18, Jewish and a dual U.S.-Israeli national, a police spokesman said.

The teenager's alleged motives were not immediately clear.

At a court hearing near Tel Aviv, the suspect's defense attorney, Galit Bash, said the young man has a growth in his head that causes behavioral problems. She later told Reuters he has a brain tumor, which "may affect his behavior, his ability to understand right and wrong," and said the teen's father had also been held in connection with the case.

U.S. federal authorities have been investigating a surge of threats against Jewish organizations, including more than 100 bomb threats in separate waves over the past three months targeting Jewish community centers (JCCs) in dozens of states.

The threats prompted criticism of U.S. President Donald Trump for what some Jewish groups saw as an inadequate response from his administration. He condemned the incidents in a major speech to Congress in February.

U.S. Attorney General Jeff Sessions on Thursday said the arrest reflected the government's determination to prosecute those who perpetrate hate crimes.

"... we will not tolerate the targeting of any community in this country on the basis of their religious beliefs," Sessions said in a statement.

Israeli police said the teenager is believed to be responsible for most of the threats, though the precise number was not immediately clear.

The suspect, who is accused of targeting centers in Australia and New Zealand as well as the United States, began making the calls in January using advanced masking technologies to hide his identity, police said.

Authorities also said he was responsible for a previous bomb threat against a Delta Airlines flight in January 2015 at New York's John F. Kennedy International Airport.

The Federal Bureau of Investigation, which took part in the probe, confirmed the arrest but declined to offer further details.

The threats forced the evacuation of many JCCs, including some with day care and school facilities for infants and young children. Coupled with other incidents such as the desecration of Jewish cemeteries, they have stoked fears of a resurgence in anti-Semitism in the United States.

In a statement, the president of the JCC Association of North America said JCC leaders were "troubled" the teenager appears to be Jewish.

The Anti-Defamation League, which fights anti-Semitism in the United States, said the alleged perpetrator's actions mattered more than his background.

"While the details of this crime remain unclear, the impact of this individual's actions is crystal clear: these were acts of anti-Semitism," the organization said in a statement.

Bash said her client was home-schooled and incapable of holding down a job. She added he had been found medically unfit for Israel's compulsory military service.

A judge ruled that he be held for at least eight more days.

U.S. authorities previously made one other arrest in connection with the threats. Juan Thompson, a former journalist from St. Louis, is accused of making several threats to Jewish organizations while posing as an ex-girlfriend as part of a revenge plot against her.

REUTERS: U.S. senators set bipartisan bill to tighten sanctions on Iran

Iran would face tighter U.S. sanctions over ballistic missile launches and other non-nuclear activities under a bill announced on Thursday by a bipartisan group of senators, echoing a harder line on Tehran espoused by Republican President Donald Trump.

The bill has seven Republican and seven Democratic sponsors, and aides said it has a good chance of eventually becoming law.

It would set mandatory sanctions for anyone involved with Iran's ballistic missile program. And it would apply sanctions to the Islamic Revolutionary Guard Corps (IRGC), putting into law sanctions imposed via executive order on individuals tied to what the bill's sponsors describe as Iranian support for terrorism.

The IRGC, an elite military body, is powerful in Iranian politics and the economy.

The legislation would also require the U.S. president to block the property of any person or entity involved in specific activities that violate the U.N. arms embargo on Iran.

Iran has suggested about past proposed sanctions bills that they would violate the international nuclear agreement reached during the administration of former President Barack Obama.

Democratic Senator Robert Menendez, a co-author of the measure, told Reuters the new bill had been written not to interfere with that accord.

"We assiduously worked to make sure that no provisions actually affect the agreement as it is," he said in an interview.

Aides said the bill is expected to pass the Senate because of the breadth of its support. Its lead sponsors include Republican Senator Bob Corker, the foreign relations committee chairman, and Ben Cardin, the panel's ranking Democrat.

#### TRUMP WANTS HARD LINE ON IRAN

While the legislation would be expected to have strong Republican support, it would also need Democrats' backing to advance in the Senate. To become law, the measure would also have to get through the House of Representatives and be signed by Trump.

Trump has made clear he wants to take a tough stance against Iran. Aides to Corker did not immediately respond when asked whether the senator had been consulting with the Trump administration.

In February, the Trump administration imposed sanctions on 25 individuals and entities in Iran, which it said were just "initial steps" in its effort to counteract what it sees as provocations.

Tehran has angered Washington by supporting Yemen's rebel Houthi movement, and Syrian President Bashar al-Assad in his country's six-year-long civil war. It has also conducted repeated tests of ballistic missile technology in violation of a U.N. resolution.

Menendez said the bill was intended to take a "regional" strategy because of the breadth of Iran's activities.

"It calls for a regional strategy because Iran is obviously involved in the region in various ways, whether it be in Yemen or Syria and beyond," he told Reuters.

From: Alexa Noruk <anoruk@csg.org> on behalf of  
Alexa Noruk <anoruk@csg.org> <anoruk@csg.org>  
To: Alexa Noruk <anoruk@csg.org>  
Cc:  
Bcc:  
Subject: ALERT: FY18 Budget Blueprint Released  
Date: Thu Mar 16 2017 06:26:09 CDT  
Attachments: 2018\_blueprint.pdf

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All – The President’s FY18 Budget Blueprint (or “skinny budget”) was released by OMB at 7am. You can read the full budget at this link ([https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018\\_blueprint.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf)) but I’ve provided the significant bullets below. This is much less detailed than the leaked version we got two weeks ago but it sounds like they are taking a similar road. The DHS section starts on page 23.

\*\*\*\*\* Eliminates or reduces State and local grant funding by \$667 million for programs administered by the Federal Emergency Management Agency (FEMA) that are either unauthorized by the Congress, such as FEMA’s Pre-Disaster Mitigation Grant Program, or that must provide more measurable results and ensure the Federal Government is not supplanting other stakeholders’ responsibilities, such as the Homeland Security Grant Program. For that reason, the Budget also proposes establishing a 25 percent non-Federal cost match for FEMA preparedness grant awards that currently require no cost match. This is the same cost-sharing approach as FEMA’s disaster recovery grants. The activities and acquisitions funded through these grant programs are primarily State and local functions. \*\*Note: This budget document does not detail the % cuts to specific grant programs. The leaked version recommended 25% cut to SHSGP, CVE and a 20% to EMPG, PDM among others.

\*\*\*\*\* Restructures selected user fees for the Transportation Security Administration (TSA) and the National Flood Insurance Program (NFIP) to ensure that the cost of Government services is not subsidized by taxpayers who do not directly benefit from those programs. The Budget proposes to raise the Passenger Security Fee to recover 75 percent of the cost of TSA aviation security operations. The Budget proposes eliminating the discretionary appropriation for the NFIP’s Flood Hazard Mapping Program, a savings of \$190 million, to instead explore other more effective and fair means of funding flood mapping efforts.

This will obviously be a topic of discussion at the NEMA Forum next week. As the language suggests, while the overall DHS budget sees an increase of 7%, this increase comes at the expense of the critical grant programs utilized by most of your states. We’ll discuss how to communicate NEMA’s recommendations for how to better measure results and illustrate the value these grants provide to communities around the country. Wendy Smith-Reeve will be testifying this morning at 10am on the National Preparedness System and Preparedness Grants. You can watch here: <http://transportation.house.gov/calendar/eventsingle.aspx?EventID=401218>.

Alexa Noruk

Director of Government Relations

National Emergency Management Association

(202) 624-5459 Office

(262) 853-1664 Cell

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<anoruk@csg.org>

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# America First

## A Budget Blueprint to Make America Great Again



Office of Management and Budget



# America First

## A Budget Blueprint to Make America Great Again



Office of Management and Budget



## Table of Contents

	<i>Page</i>
<b>President’s Message .....</b>	<b>1</b>
<b>OMB Director’s Message .....</b>	<b>3</b>
<b>Major Agency Budget Highlights .....</b>	<b>5</b>
<b>Management .....</b>	<b>7</b>
<b>Regulation .....</b>	<b>9</b>
<b>Department of Agriculture .....</b>	<b>11</b>
<b>Department of Commerce .....</b>	<b>13</b>
<b>Department of Defense .....</b>	<b>15</b>
<b>Department of Education .....</b>	<b>17</b>
<b>Department of Energy .....</b>	<b>19</b>
<b>Department of Health and Human Services .....</b>	<b>21</b>
<b>Department of Homeland Security .....</b>	<b>23</b>
<b>Department of Housing and Urban Development .....</b>	<b>25</b>
<b>Department of the Interior .....</b>	<b>27</b>
<b>Department of Justice .....</b>	<b>29</b>
<b>Department of Labor .....</b>	<b>31</b>
<b>Department of State, USAID, and Treasury International Programs .....</b>	<b>33</b>
<b>Department of Transportation .....</b>	<b>35</b>
<b>Department of the Treasury .....</b>	<b>37</b>
<b>Department of Veterans Affairs .....</b>	<b>39</b>
<b>Environmental Protection Agency .....</b>	<b>41</b>
<b>National Aeronautics and Space Administration .....</b>	<b>43</b>
<b>Small Business Administration .....</b>	<b>45</b>
<b>Summary Tables .....</b>	<b>47</b>
Table 1. Proposed Discretionary Caps for 2018 Budget .....	49
Table 2. 2018 Discretionary Overview by Major Agency .....	50
Table 3. Major 2018 Budget Changes from Current Law.....	52
Table 4. Major 2017 Changes from Security Supplemental Request.....	53

#### **GENERAL NOTES**

1. All years referenced for economic data are calendar years unless otherwise noted. All years referenced for budget data are fiscal years unless otherwise noted.
2. At the time of this writing, only one of the annual appropriations bills for 2017 had been enacted (the Military Construction and Veterans Affairs Appropriations Act), as well as the Further Continuing and Security Assistance Appropriations Act, which provided 2017 discretionary funding for certain Department of Defense accounts; therefore, the programs provided for in the remaining 2017 annual appropriations bills were operating under a continuing resolution (Public Law 114-223, division C, as amended). For these programs, references to 2017 spending in the text and tables reflect the levels provided by the continuing resolution.
3. Details in the tables may not add to the totals due to rounding.
4. Web address: <http://www.budget.gov>

# AMERICA FIRST

## Beginning a New Chapter of American Greatness

### A MESSAGE TO THE CONGRESS OF THE UNITED STATES:

The American people elected me to fight for their priorities in Washington, D.C. and deliver on my promise to protect our Nation. I fully intend to keep that promise.

One of the most important ways the Federal Government sets priorities is through the Budget of the United States.

Accordingly, I submit to the Congress this Budget Blueprint to reprioritize Federal spending so that it advances the safety and security of the American people.

Our aim is to meet the simple, but crucial demand of our citizens—a Government that puts the needs of its own people first. When we do that, we will set free the dreams of every American, and we will begin a new chapter of American greatness.

A budget that puts America first must make the safety of our people its number one priority—because without safety, there can be no prosperity.

That is why I have instructed my Budget Director, Mick Mulvaney, to craft a budget that emphasizes national security and public safety. That work is reflected in this Budget Blueprint. To keep Americans safe, we have made tough choices that have been put off for too long. But we have also made necessary investments that are long overdue.

My Budget Blueprint for 2018:

- provides for one of the largest increases in defense spending without increasing the debt;
- significantly increases the budget for immigration enforcement at the Department of Justice and the Department of Homeland Security;
- includes additional resources for a wall on the southern border with Mexico, immigration judges, expanded detention capacity, U.S. Attorneys, U.S. Immigration and Customs Enforcement, and Border Patrol;
- increases funding to address violent crime and reduces opioid abuse; and
- puts America first by keeping more of America's hard-earned tax dollars here at home.

The core of my first Budget Blueprint is the rebuilding of our Nation's military without adding to our Federal deficit. There is a \$54 billion increase in defense spending in 2018 that is offset by targeted reductions elsewhere. This defense funding is vital to rebuilding and preparing our Armed Forces for the future.

We must ensure that our courageous servicemen and women have the tools they need to deter war, and when called upon to fight, do only one thing: Win.

In these dangerous times, this public safety and national security Budget Blueprint is a message to the world—a message of American strength, security, and resolve.

This Budget Blueprint follows through on my promise to focus on keeping Americans safe, keeping terrorists out of our country, and putting violent offenders behind bars.

The defense and public safety spending increases in this Budget Blueprint are offset and paid for by finding greater savings and efficiencies across the Federal Government. Our Budget Blueprint insists on \$54 billion in reductions to non-Defense programs. We are going to do more with less, and make the Government lean and accountable to the people.

This includes deep cuts to foreign aid. It is time to prioritize the security and well-being of Americans, and to ask the rest of the world to step up and pay its fair share.

Many other Government agencies and departments will also experience cuts. These cuts are sensible and rational. Every agency and department will be driven to achieve greater efficiency and to eliminate wasteful spending in carrying out their honorable service to the American people.

I look forward to engaging the Congress and enacting this *America First Budget*.

Donald J. Trump



## **A Message from the Director, Office of Management and Budget**

I am proud to introduce the “America First” Budget.

While recognizing this Blueprint is not the full Federal budget, it does provide lawmakers and the public with a view of the priorities of the President and his Administration.

The Federal budget is a complex document. However, working for a President committed to keeping his promises means my job is as simple as translating his words into numbers.

That is why you will find here a familiar focus on rebuilding and restoring our Nation’s security. Under the Obama Administration, our shrinking military has been stretched far too thin. The military has been forced to make aging ships, planes, and other vehicles last well beyond their intended life spans. The President will reverse this dangerous trend. From rebuilding our Armed Forces to beefing up our border security and safeguarding our Nation’s sovereignty, this Budget makes security priority one.

It does so while meeting another of the President’s core commitments: addressing our Nation’s priorities without sending future generations an even bigger credit card bill.

This 2018 Budget Blueprint will not add to the deficit. It has been crafted much the same way any American family creates its own budget while paying bills around their kitchen table; it makes hard choices.

The President’s commitment to fiscal responsibility is historic. Not since early in President Reagan’s first term have more tax dollars been saved and more Government inefficiency and waste been targeted. Every corner of the Federal budget is scrutinized, every program tested, every penny of taxpayer money watched over.

Our \$20 trillion national debt is a crisis, not just for the Nation, but for every citizen. Each American’s share of this debt is more than \$60,000 and growing. It is a challenge of great stakes, but one the American people can solve. American families make tough decisions every day about their own budgets; it is time Washington does the same.

Mick Mulvaney



## MAJOR AGENCY BUDGET HIGHLIGHTS

The 2018 Budget is being unveiled sequentially in that this Blueprint provides details only on our discretionary funding proposals. The full Budget that will be released later this spring will include our specific mandatory and tax proposals, as well as a full fiscal path.

For instance, the President has emphasized that one of his top priorities is modernizing the outdated infrastructure that the American public depends upon. To spearhead his infrastructure initiative, the President has tapped a group of infrastructure experts to evaluate investment options along with commonsense regulatory, administrative, organizational, and policy changes to encourage investment and speed project delivery. Through this initiative, the President is committed to making sure that taxpayer dollars are expended for the highest return projects and that all levels of government maximize leverage to get the best deals and exercise vigorous oversight. The Administration will provide more budgetary, tax, and legislative details in the coming months.

In the chapters that follow, Budget highlights are presented for major agencies. Consistent

with the President's approach to move the Nation toward fiscal responsibility, the Budget eliminates and reduces hundreds of programs and focuses funding to redefine the proper role of the Federal Government.

The Budget also proposes to eliminate funding for other independent agencies, including: the African Development Foundation; the Appalachian Regional Commission; the Chemical Safety Board; the Corporation for National and Community Service; the Corporation for Public Broadcasting; the Delta Regional Authority; the Denali Commission; the Institute of Museum and Library Services; the Inter-American Foundation; the U.S. Trade and Development Agency; the Legal Services Corporation; the National Endowment for the Arts; the National Endowment for the Humanities; the Neighborhood Reinvestment Corporation; the Northern Border Regional Commission; the Overseas Private Investment Corporation; the United States Institute of Peace; the United States Interagency Council on Homelessness; and the Woodrow Wilson International Center for Scholars.



# MANAGEMENT

## Making Government Work Again

The Federal Government can—and should—operate more effectively, efficiently, and securely. For decades, leaders on both sides of the aisle have talked about the need to make Government work better. The President is taking bold action now to make Government work again for the American people.

As one of his first acts as President, on January 23, 2017, the President issued a memorandum imposing a Federal “Hiring Freeze” and requiring a long-term plan to reduce the size of the Federal Government’s workforce. In addition, on March 13, 2017, the President signed Executive Order 13781 establishing a “Comprehensive Plan for Reorganizing the Executive Branch,” which set in motion the important work of reorganizing executive departments and agencies. These two actions are complementary and plans should reflect both Presidential actions. Legislation will be required before major reorganization of the Executive Branch can take place, but the White House is best situated to review and recommend changes to the Congress. In roughly a year, the Congress will receive from the President and the Director of the Office of Management and Budget (OMB) a comprehensive plan for reorganization proposals. The White House will work closely with congressional committees with jurisdiction over Government organization to ensure the needed reforms actually happen.

Simultaneously, the Administration will develop the President’s Management Agenda focused on achieving significant improvements in the effectiveness of its core management

functions. The President’s Management Agenda will set goals in areas that are critical to improving the Federal Government’s effectiveness, efficiency, cybersecurity, and accountability. The Administration will take action to ensure that by 2020 we will be able to say the following:

1. **Federal agencies are managing programs and delivering critical services more effectively.** The Administration will take an evidence-based approach to improving programs and services—using real, hard data to identify poorly performing organizations and programs. We will hold program managers accountable for improving performance and delivering high-quality and timely services to the American people and businesses. We will use all tools available and create new ones as needed to ensure the workforce is appropriately prepared.
2. **Federal agencies are devoting a greater percentage of taxpayer dollars to mission achievement rather than costly, unproductive compliance activities.** Past management improvement initiatives resulted in the creation of hundreds of guidance documents aimed at improving Government management by adding more requirements to information technology (IT), human capital, acquisition, financial management, and real property. Furthermore, these Government-wide policies often tie agencies’ hands and keep managers from making commonsense decisions.

As a result, costs often increase without corresponding benefits. The Administration will roll back low-value activities and let managers manage, while holding them accountable for finding ways to reduce the cost of agency operations. As part of this effort, OMB will review requirements placed on agencies and identify areas to reduce obsolete, low-value requirements.

- 3. Federal agencies are more effective and efficient in supporting program outcomes.** Delivering high-performing program results and services to citizens and businesses depends on effective and efficient mission support services. However, despite years of efforts to improve these critical management processes, managers remain frustrated with hiring methodologies that do not consistently bring in top talent, acquisition approaches that are too cumbersome, and IT that is outdated by the time it is

deployed. The Administration will use available data to develop targeted solutions to problems Federal managers face, and begin fixing them directly by sharing and adopting leading practices from the private and public sectors. Among the areas that will be addressed are how agencies buy goods and services, hire talent, use their real property, pay their bills, and utilize technology.

- 4. Agencies have been held accountable for improving performance.** All Federal agencies will be responsible for reporting critical performance metrics and showing demonstrable improvement. OMB will also regularly review agency progress in implementing these reforms to ensure there is consistent improvement.

Through this bold agenda, we will improve the effectiveness, efficiency, cybersecurity, and accountability of the Federal Government and make government work again.

# REGULATION

## Cutting Burdensome Regulations

The American people deserve a regulatory system that works for them, not against them—a system that is both effective and efficient.

Each year, however, Federal agencies issue thousands of new regulations that, taken together, impose substantial burdens on American consumers and businesses big and small. These burdens function much like taxes that unnecessarily inhibit growth and employment. Many regulations, though well intentioned, do not achieve their intended outcomes, are not structured in the most cost-effective manner, and often have adverse, unanticipated consequences. Many more regulations that have been on the books for years—even if they made sense at the time—have gone unexamined and may no longer be effective or necessary.

The President is committed to fixing these problems by eliminating unnecessary and wasteful regulations. To that end, the President has already taken three significant steps:

1. **Regulatory freeze.** On January 20, 2017, the President's Chief of Staff issued a memorandum to all agencies, directing them to pull back any regulations that had been sent to, but not yet published by, the Office of the Federal Register; to not publish any new regulations unless approved by an Administration political appointee; and to delay the effective date of any pending regulations for 60 days to provide the Administration time to review and reconsider those regulations. Federal agencies responded by pulling

back, delaying, and not publishing all possible regulations.

2. **Controlling costs and eliminating unnecessary regulations.** On January 30, 2017, the President signed Executive Order 13771, "Reducing Regulation and Controlling Regulatory Costs." This Executive Order represents a fundamental change in the regulatory state. It requires Federal agencies to eliminate at least two existing regulations for each new regulation they issue. It also requires agencies to ensure that for 2017, the total incremental cost of all new regulations be no greater than \$0. For 2018 and beyond, the Order establishes and institutionalizes a disciplined process for imposing regulatory cost caps for each Federal agency.

The significant structural reforms instituted by this Executive Order provide the necessary framework for Federal agencies to carry out the President's bold regulatory reform agenda.

3. **Enforcing the regulatory reform agenda.** As a successful businessman, the President knows that achievement requires accountability. That basic principle is the reason the President signed Executive Order 13777, "Enforcing the Regulatory Reform Agenda," on February 24, 2017. This Order establishes within each agency a Regulatory Reform Officer and a Regulatory Reform Task Force to carry out the President's regulatory reform priorities. These new teams will

work hard to identify regulations that eliminate jobs or inhibit job creation; are outdated, unnecessary, or ineffective; or impose costs that exceed benefits.

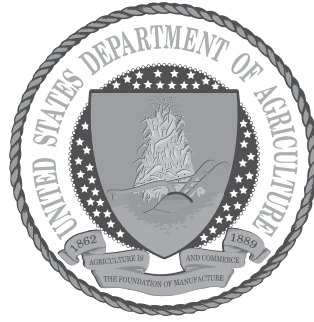
They will also be responsible for ensuring that agencies comply with the President's instruction to eliminate two regulations for each new regulation; impose no new incremental costs through regulation; and undertake efforts to repeal, replace, or modify existing regulations.

This Order builds upon a widely recognized and bi-partisan consensus that many existing regulations are likely to be ineffective and no longer necessary, and explicitly builds upon the retrospective review efforts initiated through Executive Order 13563. The difference, however, is accountability, and these teams will be a critical means by which Federal agencies will identify and cut regulations in a smart and efficient manner.

The President recently told Americans, "The era of empty talk is over." When it comes to regulatory reform, it is abundantly clear that the President means business. The President has put into place truly significant new structural mechanisms that will help to ensure that major regulatory reforms are finally achieved on behalf of the hardworking and forgotten men and women of America.

The Office of Information and Regulatory Affairs within OMB is already working hard to support the implementation of these critical new reforms, and it looks forward to making sure that they are fully and successfully implemented over the coming months and years.





## DEPARTMENT OF AGRICULTURE

The Department of Agriculture (USDA) provides leadership to promote sustainable agricultural production, protect the long-term availability of food through innovative research, and safeguard the health and productivity of the Nation's forests, grasslands, and private working lands based on sound public policy and efficient management. USDA also works to ensure food safety, provide nutrition assistance, and support rural communities. The Budget request supports core Departmental and mission critical activities while streamlining, reducing, or eliminating duplicative, redundant, or lower priority programs where the Federal role competes with the private sector or other levels of government.

The President's 2018 Budget requests \$17.9 billion for USDA, a \$4.7 billion or 21 percent decrease from the 2017 annualized continuing resolution (CR) level (excluding funding for P.L. 480 Title II food aid which is reflected in the Department of State and USAID budget).

### The President's 2018 Budget:

- Safeguards the Nation's supply of meat, poultry, and egg products by fully funding the Food Safety and Inspection Service, which employs more than 8,000 in-plant and other frontline personnel who protect public health in approximately 6,400 federally inspected slaughter and processing establishments nationwide.
- Provides \$6.2 billion to serve all projected participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). WIC provides grants to States for supplemental foods, health care referrals, and nutrition education for low-income pregnant and postpartum women, infants, and children who are at nutritional risk.
- Fully funds wildland fire preparedness and suppression activities at \$2.4 billion, 100 percent of the 10-year average for suppression operations, to ensure the resources necessary to protect life and property.
- Reduces funding for lower priority activities in the National Forest System, such as major new Federal land acquisition; instead, the Budget focuses on maintaining existing forests and grasslands.
- Continues to support farmer-focused research and extension partnerships at land-grant universities and provides about \$350 million for USDA's flagship competitive research program. In addition, the Budget focuses in-house research funding within the Agricultural Research Service to the highest

priority agriculture and food issues such as increasing farming productivity, sustaining natural resources, including those within rural communities, and addressing food safety and nutrition priorities.

- Reduces funding for USDA's statistical capabilities, while maintaining core Departmental analytical functions, such as the funding necessary to complete the Census of Agriculture.
- Eliminates the duplicative Water and Wastewater loan and grant program, a savings of \$498 million from the 2017 annualized CR level. Rural communities can be served by private sector financing or other Federal investments in rural water infrastructure, such as the Environmental Protection Agency's State Revolving Funds.
- Reduces staffing in USDA's Service Center Agencies to streamline county office operations, reflect reduced Rural Development workload, and encourage private sector conservation planning.
- Reduces duplicative and underperforming programs by eliminating discretionary activities of the Rural Business and Cooperative Service, a savings of \$95 million from the 2017 annualized CR level.
- Eliminates the McGovern-Dole International Food for Education program, which lacks evidence that it is being effectively implemented to reduce food insecurity.



## DEPARTMENT OF COMMERCE

The Department of Commerce promotes job creation and economic growth by ensuring fair and secure trade, providing the data necessary to support commerce, and fostering innovation by setting standards and conducting foundational research and development. The Budget prioritizes and protects investments in core Government functions such as preparing for the 2020 Decennial Census, providing the observational infrastructure and staff necessary to produce timely and accurate weather forecasts, supporting the Government's role in managing marine resources and ocean and coastal navigation, and enforcing laws that promote fair and secure trade. The Budget also reduces or eliminates grant programs that have limited impact and reflect an expansion beyond core missions of the bureaus.

The President's 2018 Budget requests \$7.8 billion for the Department of Commerce, a \$1.5 billion or 16 percent decrease from the 2017 annualized CR level.

### The President's 2018 Budget:

- Strengthens the International Trade Administration's trade enforcement and compliance functions, including the anti-dumping and countervailing duty investigations, while rescaling the agency's export promotion and trade analysis activities.
- Provides \$1.5 billion, an increase of more than \$100 million, for the U.S. Census Bureau to continue preparations for the 2020 Decennial Census. This additional funding prioritizes fundamental investments in information technology and field infrastructure, which would allow the bureau to more effectively administer the 2020 Decennial Census.
- Consolidates the mission, policy support, and administrative functions of the Economics and Statistics Administration within the Bureau of Economic Analysis, the U.S. Census Bureau, and the Department of Commerce's Office of the Secretary.
- Eliminates the Economic Development Administration, which provides small grants with limited measurable impacts and duplicates other Federal programs, such as Rural Utilities Service grants at the U.S. Department of Agriculture and formula grants to States from the Department of Transportation. By terminating this agency, the Budget saves \$221 million from the 2017 annualized CR level.

- Eliminates the Minority Business Development Agency, which is duplicative of other Federal, State, local, and private sector efforts that promote minority business entrepreneurship including Small Business Administration District Offices and Small Business Development Centers.
- Saves \$124 million by discontinuing Federal funding for the Manufacturing Extension Partnership (MEP) program, which subsidizes up to half the cost of State centers, which provide consulting services to small- and medium-size manufacturers. By eliminating Federal funding, MEP centers would transition solely to non-Federal revenue sources, as was originally intended when the program was established.
- Zeroes out over \$250 million in targeted National Oceanic and Atmospheric Administration (NOAA) grants and programs supporting coastal and marine management, research, and education including Sea Grant, which primarily benefit industry and State and local stakeholders. These programs are a lower priority than core functions maintained in the Budget such as surveys, charting, and fisheries management.
- Maintains the development of NOAA's current generation of polar orbiting and geostationary weather satellites, allowing the Joint Polar Satellite System and Geostationary Operational Environmental Satellite programs to remain on schedule in order to provide forecasters with critical weather data to help protect life and property.
- Achieves annual savings from NOAA's Polar Follow On satellite program from the current program of record by better reflecting the actual risk of a gap in polar satellite coverage, and provides additional opportunities to improve robustness of the low earth orbit satellite architecture by expanding the utilization of commercially provided data to improve weather models.
- Maintains National Weather Service forecasting capabilities by investing more than \$1 billion while continuing to promote efficient and effective operations.
- Continues to support the National Telecommunications and Information Administration (NTIA) in representing the United States interest at multi-stakeholder forums on internet governance and digital commerce. The Budget supports the commercial sector's development of next generation wireless services by funding NTIA's mission of evaluating and ensuring the efficient use of spectrum by Government users.



## DEPARTMENT OF DEFENSE

The Department of Defense (DOD) provides the military forces needed to deter war and to protect the security of the United States. The budget for DOD ends the depletion of our military and pursues peace through strength, honoring the Federal Government's first responsibility: to protect the Nation. It fully repeals the defense sequestration, while providing the needed resources for accelerating the defeat of the Islamic State of Iraq and Syria (ISIS) and for beginning to rebuild the U.S. Armed Forces.

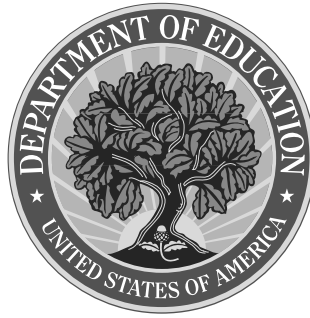
The President's 2018 Budget requests \$639 billion for DOD, a \$52 billion increase from the 2017 annualized CR level. The total includes \$574 billion for the base budget, a 10 percent increase from the 2017 annualized CR level, and \$65 billion for Overseas Contingency Operations.

### **The President's 2018 Budget:**

- Repeals the defense sequestration by restoring \$52 billion to DOD, as well as \$2 billion to other national defense programs outside DOD, for a \$54 billion total increase for national defense discretionary budget authority above the sequestration level budget cap. When the Budget Control Act (BCA) of 2011 was enacted, the defense sequestration was not meant to occur, yet it has never been fully repealed. This has resulted in nearly \$200 billion of national defense cuts since 2013 and over \$200 billion of further projected cuts through 2021, relative to the original BCA caps alone. Reversing this indiscriminate neglect of the last administration is not only a fulfillment of the President's promise, but it is also a requirement if this Nation's security is to be maintained. The military's depletion under President Obama is our foremost challenge. The President's 2018 Budget ends the arbitrary depletion of our strength and security, and begins to rebuild the U.S. Armed Forces.
- Increases DOD's budget authority by \$52 billion above the current 2017 level of \$587 billion. This increase alone exceeds the entire defense budget of most countries, and would be one of the largest one-year DOD increases in American history. It is exceeded only by the peak increases of the Reagan Administration and a few of the largest defense increases during the World Wars and the conflicts in Korea, Vietnam, Iraq, and Afghanistan (in constant dollars, based on GDP chained price index). Unlike spending increases for war, which mostly consume resources in combat, the increases in the President's Budget primarily invest in a stronger military.

- Provides the resources needed to accelerate the defeat of ISIS. The Budget ensures that DOD has the tools to stop ISIS from posing a threat to the United States by funding the Department's critical efforts to strike ISIS targets, support our partners fighting on the ground, disrupt ISIS' external operations, and cut off its financing.
- Addresses urgent warfighting readiness needs. Fifteen years of conflict, accompanied in recent years by budget cuts, have stressed the Armed Forces. The President's Budget would ensure we remain the best led, best equipped, and most ready force in the world.
- Begins to rebuild the U.S. Armed Forces by addressing pressing shortfalls, such as insufficient stocks of critical munitions, personnel gaps, deferred maintenance and modernization, cyber vulnerabilities, and degraded facilities. The military must reset war losses, address recapitalization and maintenance requirements, and recover from years of deferred investment forced by budget cuts. The President's Budget would ensure the Armed Forces have the training, equipment, and infrastructure they need.
- Lays the groundwork for a larger, more capable, and more lethal joint force, driven by a new National Defense Strategy that recognizes the need for American superiority not only on land, at sea, in the air, and in space, but also in cyberspace. As the world has become more dangerous—through the rise of advanced potential adversaries, the spread of destructive technology, and the expansion of terrorism—our military has gotten smaller and its technological edge has eroded. The President's Budget begins to put an end to this trend, reversing force reductions and restoring critical investments.
- Initiates an ambitious reform agenda to build a military that is as effective and efficient as possible, and underscores the President's commitment to reduce the costs of military programs wherever feasible.
- Strengthens the U.S. Army by rebuilding readiness, reversing end strength reductions, and preparing for future challenges. This Budget is an initial step toward restoring an Army that has been stressed by high operational demand and constrained funding levels in recent years.
- Rebuilds the U.S. Navy to better address current and future threats by increasing the total number of ships. This Budget reflects a down payment on the President's commitment to expanding the fleet.
- Ensures a ready and fully equipped Marine Corps. The Budget lays the foundation for a force that meets the challenges of the 21<sup>st</sup> Century.
- Accelerates Air Force efforts to improve tactical air fleet readiness, ensure technical superiority, and repair aging infrastructure. Key investments in maintenance capacity, training systems, and additional F-35 Joint Strike Fighters would enable the Air Force, which is now the smallest it has been in history, to counter the growing number of complex threats from sophisticated state actors and transnational terrorist groups.





## DEPARTMENT OF EDUCATION

The Department of Education promotes improving student achievement and access to opportunity in elementary, secondary, and postsecondary education. The Department would refocus its mission on supporting States and school districts in their efforts to provide high quality education to all our students. Also, it would focus on streamlining and simplifying funding for college, while continuing to help make college education more affordable. The 2018 Budget places power in the hands of parents and families to choose schools that are best for their children by investing an additional \$1.4 billion in school choice programs. It continues support for the Nation's most vulnerable populations, such as students with disabilities. Overall, the Department would support these investments and carry out its core mission while lowering costs to the taxpayer by reducing or eliminating funding for programs that are not effective, that duplicate other efforts, or that do not serve national needs.

The President's 2018 Budget provides \$59 billion in discretionary funding for the Department of Education, a \$9 billion or 13 percent reduction below the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Increases investments in public and private school choice by \$1.4 billion compared to the 2017 annualized CR level, ramping up to an annual total of \$20 billion, and an estimated \$100 billion including matching State and local funds. This additional investment in 2018 includes a \$168 million increase for charter schools, \$250 million for a new private school choice program, and a \$1 billion increase for Title I, dedicated to encouraging districts to adopt a system of student-based budgeting and open enrollment that enables Federal, State, and local funding to follow the student to the public school of his or her choice.
- Maintains approximately \$13 billion in funding for IDEA programs to support students with special education needs. This funding provides States, school districts, and other grantees with the resources needed to provide high quality special education and related services to students and young adults with disabilities.
- Eliminates the \$2.4 billion Supporting Effective Instruction State Grants program, which is poorly targeted and spread thinly across thousands of districts with scant evidence of impact.
- Eliminates the 21st Century Community Learning Centers program, which supports before- and after-school programs as well as summer programs, resulting in savings of \$1.2 billion from the 2017 annualized CR level. The programs lacks strong evidence of meeting its objectives, such as improving student achievement.

- Eliminates the Federal Supplemental Educational Opportunity Grant program, a less well-targeted way to deliver need-based aid than the Pell Grant program, to reduce complexity in financial student aid and save \$732 million from the 2017 annualized CR level.
- Safeguards the Pell Grant program by level funding the discretionary appropriation while proposing a cancellation of \$3.9 billion from unobligated carryover funding, leaving the Pell program on sound footing for the next decade.
- Protects support for Historically Black Colleges and Universities and Minority-Serving Institutions, which provide opportunities for communities that are often underserved, maintaining \$492 million in funding for programs that serve high percentages of minority students.
- Reduces Federal Work-Study significantly and reforms the poorly-targeted allocation to ensure funds go to undergraduate students who would benefit most.
- Provides \$808 million for the Federal TRIO Programs and \$219 million for GEAR UP, resulting in savings of \$193 million from the 2017 annualized CR level. Funding to TRIO programs is reduced in areas that have limited evidence on the overall effectiveness in improving student outcomes. The Budget funds GEAR UP continuation awards only, pending the completion of an upcoming rigorous evaluation of a portion of the program.
- Eliminates or reduces over 20 categorical programs that do not address national needs, duplicate other programs, or are more appropriately supported with State, local, or private funds, including Striving Readers, Teacher Quality Partnership, Impact Aid Support Payments for Federal Property, and International Education programs.





## DEPARTMENT OF ENERGY

The Department of Energy (DOE) is charged with ensuring the Nation's security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions. The Budget for DOE demonstrates the Administration's commitment to reasserting the proper role of what has become a sprawling Federal Government and reducing deficit spending. It reflects an increased reliance on the private sector to fund later-stage research, development, and commercialization of energy technologies and focuses resources toward early-stage research and development. It emphasizes energy technologies best positioned to enable American energy independence and domestic job-growth in the near to mid-term. It also ensures continued progress on cleaning up sites contaminated from nuclear weapons production and energy research and includes a path forward to accelerate progress on the disposition of nuclear waste. At the same time, the Budget demonstrates the Administration's strong support for the United States' nuclear security enterprise and ensures that we have a nuclear force that is second to none.

The President's 2018 Budget requests \$28.0 billion for DOE, a \$1.7 billion or 5.6 percent decrease from the 2017 annualized CR level. The Budget would strengthen the Nation's nuclear capability by providing a \$1.4 billion increase above the 2017 annualized CR level for the National Nuclear Security Administration, an 11 percent increase.

### **The President's 2018 Budget:**

- Provides \$120 million to restart licensing activities for the Yucca Mountain nuclear waste repository and initiate a robust interim storage program. These investments would accelerate progress on fulfilling the Federal Government's obligations to address nuclear waste, enhance national security, and reduce future taxpayer burden.
- Supports the goals of moving toward a responsive nuclear infrastructure and advancing the existing program of record for warhead life extension programs through elimination of defense sequestration for the National Nuclear Security Administration (NNSA).
- Enables NNSA to begin to address its critical infrastructure maintenance backlog.
- Protects human health and the environment by providing \$6.5 billion to advance the Environmental Management program mission of cleaning up the legacy of waste and contamination from energy research and nuclear weapons production, including addressing excess facilities to support modernization of the nuclear security enterprise.
- Eliminates the Advanced Research Projects Agency-Energy, the Title 17 Innovative Technology Loan Guarantee Program, and the Advanced Technology Vehicle Manufacturing Program because

the private sector is better positioned to finance disruptive energy research and development and to commercialize innovative technologies.

- Ensures the Office of Science continues to invest in the highest priority basic science and energy research and development as well as operation and maintenance of existing scientific facilities for the community. This includes a savings of approximately \$900 million compared to the 2017 annualized CR level.
- Focuses funding for the Office of Energy Efficiency and Renewable Energy, the Office of Nuclear Energy, the Office of Electricity Delivery and Energy Reliability, and the Fossil Energy Research and Development program on limited, early-stage applied energy research and development activities where the Federal role is stronger. In addition, the Budget eliminates the Weatherization Assistance Program and the State Energy Program to reduce Federal intervention in State-level energy policy and implementation. Collectively, these changes achieve a savings of approximately \$2 billion from the 2017 annualized CR level.
- Supports the Office of Electricity Delivery and Energy Reliability's capacity to carry out cybersecurity and grid resiliency activities that would help harden and evolve critical grid infrastructure that the American people and the economy rely upon.
- Continues the necessary research, development, and construction to support the Navy's current nuclear fleet and enhance the capabilities of the future fleet.



## DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department of Health and Human Services (HHS) works to enhance the health and well-being of Americans by providing effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services. The Budget supports the core mission of HHS through the most efficient and effective health and human service programs. In 2018, HHS funds the highest priorities, such as: health services through community health centers, Ryan White HIV/AIDS providers, and the Indian Health Service; early care and education; and medical products review and innovation. In addition, it funds urgent public health issues, such as prescription drug overdose, and program integrity for Medicare and Medicaid. The Budget eliminates programs that are duplicative or have limited impact on public health and well-being. The Budget allows HHS to continue to support priority activities that reflect a new and sustainable approach to long-term fiscal stability across the Federal Government.

The President's 2018 Budget requests \$69.0 billion for HHS, a \$15.1 billion or 17.9 percent decrease from the 2017 annualized CR level. This funding level excludes certain mandatory spending changes but includes additional funds for program integrity and implementing the 21st Century CURES Act.

### **The President's 2018 Budget:**

- Supports direct health care services, such as those delivered by community health centers, Ryan White HIV/AIDS providers, and the Indian Health Service. These safety net providers deliver critical health care services to low-income and vulnerable populations.
- Strengthens the integrity and sustainability of Medicare and Medicaid by investing in activities to prevent fraud, waste, and abuse and promote high quality and efficient health care. Additional funding for the Health Care Fraud and Abuse Control (HCFAC) program has allowed the Centers for Medicare & Medicaid Services in recent years to shift away from a “pay-and-chase” model toward identifying and preventing fraudulent or improper payments from being paid in the first place. The return on investment for the HCFAC account was \$5 returned for every \$1 expended from 2014-2016. The Budget proposes HCFAC discretionary funding of \$751 million in 2018, which is \$70 million higher than the 2017 annualized CR level.
- Supports efficient operations for Medicare, Medicaid, and the Children's Health Insurance Program and focuses spending on the highest priority activities necessary to effectively operate these programs.

- Supports substance abuse treatment services for the millions of Americans struggling with substance abuse disorders. The opioid epidemic, which took more than 33,000 lives in calendar year 2015, has a devastating effect on America's families and communities. In addition to funding Substance Abuse and Mental Health Services Administration substance abuse treatment activities, the Budget also includes a \$500 million increase above 2016 enacted levels to expand opioid misuse prevention efforts and to increase access to treatment and recovery services to help Americans who are misusing opioids get the help they need.
- Recalibrates Food and Drug Administration (FDA) medical product user fees to over \$2 billion in 2018, approximately \$1 billion over the 2017 annualized CR level, and replaces the need for new budget authority to cover pre-market review costs. To complement the increase in medical product user fees, the Budget includes a package of administrative actions designed to achieve regulatory efficiency and speed the development of safe and effective medical products. In a constrained budget environment, industries that benefit from FDA's approval can and should pay for their share.
- Reduces the National Institutes of Health's (NIH) spending relative to the 2017 annualized CR level by \$5.8 billion to \$25.9 billion. The Budget includes a major reorganization of NIH's Institutes and Centers to help focus resources on the highest priority research and training activities, including: eliminating the Fogarty International Center; consolidating the Agency for Healthcare Research and Quality within NIH; and other consolidations and structural changes across NIH organizations and activities. The Budget also reduces administrative costs and rebalance Federal contributions to research funding.
- Reforms key public health, emergency preparedness, and prevention programs. For example, the Budget restructures similar HHS preparedness grants to reduce overlap and administrative costs and directs resources to States with the greatest need. The Budget also creates a new Federal Emergency Response Fund to rapidly respond to public health outbreaks, such as Zika Virus Disease. The Budget also reforms the Centers for Disease Control and Prevention through a new \$500 million block grant to increase State flexibility and focus on the leading public health challenges specific to each State.
- Invests in mental health activities that are awarded to high-performing entities and focus on high priority areas, such as suicide prevention, serious mental illness, and children's mental health.
- Eliminates \$403 million in health professions and nursing training programs, which lack evidence that they significantly improve the Nation's health workforce. The Budget continues to fund health workforce activities that provide scholarships and loan repayments in exchange for service in areas of the United States where there is a shortage of health professionals.
- Eliminates the discretionary programs within the Office of Community Services, including the Low Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG), a savings of \$4.2 billion from the 2017 annualized CR level. Compared to other income support programs that serve similar populations, LIHEAP is a lower-impact program and is unable to demonstrate strong performance outcomes. CSBG funds services that are duplicative of other Federal programs, such as emergency food assistance and employment services, and is also a limited-impact program.



## DEPARTMENT OF HOMELAND SECURITY

The Department of Homeland Security (DHS) has a vital mission: to secure the Nation from the many threats it faces. This requires the dedication of more than 240,000 employees in jobs that ensure the security of the U.S. borders, support the integrity of its immigration system, protect air travelers and national leaders, reduce the threat of cyber attacks, and stand prepared for emergency response and disaster recovery. The Budget prioritizes DHS law enforcement operations, proposes critical investments in frontline border security, and funds continued development of strong cybersecurity defenses. The Budget would aggressively implement the President's commitment to construct a physical wall along the southern border as directed by his January 25, 2017 Executive Order, and ensures robust funding for other important DHS missions.

The President's 2018 Budget requests \$44.1 billion in net discretionary budget authority for DHS, a \$2.8 billion or 6.8 percent increase from the 2017 annualized CR level. The Budget would allocate \$4.5 billion in additional funding for programs to strengthen the security of the Nation's borders and enhance the integrity of its immigration system. This increased investment in the Nation's border security and immigration enforcement efforts now would ultimately save Federal resources in the future.

### **The President's 2018 Budget:**

- Secures the borders of the United States by investing \$2.6 billion in high-priority tactical infrastructure and border security technology, including funding to plan, design, and construct a physical wall along the southern border as directed by the President's January 25, 2017 Executive Order. This investment would strengthen border security, helping stem the flow of people and drugs illegally crossing the U.S. borders.
- Advances the President's plan to strengthen border security and immigration enforcement with \$314 million to recruit, hire, and train 500 new Border Patrol Agents and 1,000 new Immigration and Customs Enforcement law enforcement personnel in 2018, plus associated support staff. These new personnel would improve the integrity of the immigration system by adding capacity to interdict those aliens attempting to cross the border illegally, as well as to identify and remove those already in the United States who entered illegally.
- Enhances enforcement of immigration laws by proposing an additional \$1.5 billion above the 2017 annualized CR level for expanded detention, transportation, and removal of illegal immigrants.

These funds would ensure that DHS has sufficient detention capacity to hold prioritized aliens, including violent criminals and other dangerous individuals, as they are processed for removal.

- Invests \$15 million to begin implementation of mandatory nationwide use of the E-Verify Program, an internet-based system that allows businesses to determine the eligibility of their new employees to work in the United States. This investment would strengthen the employment verification process and reduce unauthorized employment across the U.S.
- Safeguards cyberspace with \$1.5 billion for DHS activities that protect Federal networks and critical infrastructure from an attack. Through a suite of advanced cyber security tools and more assertive defense of Government networks, DHS would share more cybersecurity incident information with other Federal agencies and the private sector, leading to faster responses to cybersecurity attacks directed at Federal networks and critical infrastructure.
- Restructures selected user fees for the Transportation Security Administration (TSA) and the National Flood Insurance Program (NFIP) to ensure that the cost of Government services is not subsidized by taxpayers who do not directly benefit from those programs. The Budget proposes to raise the Passenger Security Fee to recover 75 percent of the cost of TSA aviation security operations. The Budget proposes eliminating the discretionary appropriation for the NFIP's Flood Hazard Mapping Program, a savings of \$190 million, to instead explore other more effective and fair means of funding flood mapping efforts.
- Eliminates or reduces State and local grant funding by \$667 million for programs administered by the Federal Emergency Management Agency (FEMA) that are either unauthorized by the Congress, such as FEMA's Pre-Disaster Mitigation Grant Program, or that must provide more measurable results and ensure the Federal Government is not supplanting other stakeholders' responsibilities, such as the Homeland Security Grant Program. For that reason, the Budget also proposes establishing a 25 percent non-Federal cost match for FEMA preparedness grant awards that currently require no cost match. This is the same cost-sharing approach as FEMA's disaster recovery grants. The activities and acquisitions funded through these grant programs are primarily State and local functions.
- Eliminates and reduces unauthorized and underperforming programs administered by TSA in order to strengthen screening at airport security checkpoints, a savings of \$80 million from the 2017 annualized CR level. These savings include reductions to the Visible Intermodal Prevention and Response program, which achieves few Federal law enforcement priorities, and elimination of TSA grants to State and local jurisdictions, a program intended to incentivize local law enforcement patrols that should already be a high priority for State and local partners. In addition, the Budget reflects TSA's decision in the summer of 2016 to eliminate the Behavior Detection Officer program, reassigning all of those personnel to front line airport security operations. Such efforts refocus TSA on its core mission of protecting travelers and ensuring Federal security standards are enforced throughout the transportation system.





## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) promotes decent, safe, and affordable housing for Americans and provides access to homeownership opportunities. This Budget reflects the President's commitment to fiscal responsibility while supporting critical functions that provide rental assistance to low-income and vulnerable households and help work-eligible families achieve self-sufficiency. The Budget also recognizes a greater role for State and local governments and the private sector to address community and economic development needs.

The President's 2018 Budget requests \$40.7 billion in gross discretionary funding for HUD, a \$6.2 billion or 13.2 percent decrease from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Provides over \$35 billion for HUD's rental assistance programs and proposes reforms that reduce costs while continuing to assist 4.5 million low-income households.
- Eliminates funding for the Community Development Block Grant program, a savings of \$3 billion from the 2017 annualized CR level. The Federal Government has spent over \$150 billion on this block grant since its inception in 1974, but the program is not well-targeted to the poorest populations and has not demonstrated results. The Budget devolves community and economic development activities to the State and local level, and redirects Federal resources to other activities.
- Promotes fiscal responsibility by eliminating funding for a number of lower priority programs, including the HOME Investment Partnerships Program, Choice Neighborhoods, and the Self-help Homeownership Opportunity Program, a savings of over \$1.1 billion from the 2017 annualized CR level. State and local governments are better positioned to serve their communities based on local needs and priorities.
- Promotes healthy and lead-safe homes by providing \$130 million, an increase of \$20 million over the 2017 annualized CR level, for the mitigation of lead-based paint and other hazards in low-income homes, especially those in which children reside. This also funds enforcement, education, and research activities to further support this goal, all of which contributes to lower healthcare costs and increased productivity.

- Eliminates funding for Section 4 Capacity Building for Community Development and Affordable Housing, a savings of \$35 million from the 2017 annualized CR level. This program is duplicative of efforts funded by philanthropy and other more flexible private sector investments.
- Supports homeownership through provision of Federal Housing Administration mortgage insurance programs.





## DEPARTMENT OF THE INTERIOR

The Department of the Interior (DOI) is responsible for protecting and managing vast areas of U.S. lands and waters, providing scientific and other information about its natural resources, and meeting the Nation's trust responsibilities and other commitments to American Indians, Alaska Natives, and U.S.-affiliated island communities. The Budget requests an increase in funding for core energy development programs while supporting DOI's priority agency mission and trust responsibilities, including public safety, land conservation and revenue management. It eliminates funding for unnecessary or duplicative programs while reducing funds for lower priority activities, such as acquiring new lands.

The President's 2018 Budget requests \$11.6 billion for DOI, a \$1.5 billion or 12 percent decrease from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Strengthens the Nation's energy security by increasing funding for DOI programs that support environmentally responsible development of energy on public lands and offshore waters. Combined with administrative reforms already in progress, this would allow DOI to streamline permitting processes and provide industry with access to the energy resources America needs, while ensuring taxpayers receive a fair return from the development of these public resources.
- Sustains funding for DOI's Office of Natural Resources Revenue, which manages the collection and disbursement of roughly \$10 billion annually from mineral development, an important source of revenue to the Federal Treasury, States, and Indian mineral owners.
- Eliminates unnecessary, lower priority, or duplicative programs, including discretionary Abandoned Mine Land grants that overlap with existing mandatory grants, National Heritage Areas that are more appropriately funded locally, and National Wildlife Refuge fund payments to local governments that are duplicative of other payment programs.
- Supports stewardship capacity for land management operations of the National Park Service, Fish and Wildlife Service and Bureau of Land Management. The Budget streamlines operations while providing the necessary resources for DOI to continue to protect and conserve America's public lands and beautiful natural resources, provide access to public lands for the next generation of outdoor enthusiasts, and ensure visitor safety.

- Supports tribal sovereignty and self-determination across Indian Country by focusing on core funding and services to support ongoing tribal government operations. The Budget reduces funding for more recent demonstration projects and initiatives that only serve a few Tribes.
- Reduces funding for lower priority activities, such as new major acquisitions of Federal land. The Budget reduces land acquisition funding by more than \$120 million from the 2017 annualized CR level and would instead focus available discretionary funds on investing in, and maintaining, existing national parks, refuges and public lands.
- Ensures that the National Park Service assets are preserved for future generations by increasing investment in deferred maintenance projects. Reduces funds for other DOI construction and major maintenance programs, which can rely on existing resources for 2018.
- Provides more than \$900 million for DOI's U.S. Geological Survey to focus investments in essential science programs. This includes funding for the Landsat 9 ground system, as well as research and data collection that informs sustainable energy development, responsible resource management, and natural hazard risk reduction.
- Leverages taxpayer investment with public and private resources through wildlife conservation, historic preservation, and recreation grants. These voluntary programs encourage partnerships by providing matching funds that produce greater benefits to taxpayers for the Federal dollars invested.
- Budgets responsibly for wildland fire suppression expenses. The Budget would directly provide the full 10-year rolling average of suppression expenditures.
- Invests over \$1 billion in safe, reliable, and efficient management of water resources throughout the western United States.
- Supports counties through discretionary funding for the Payments in Lieu of Taxes (PILT) program at a reduced level, but in line with average funding for PILT over the past decade.



## DEPARTMENT OF JUSTICE

The Department of Justice is charged with enforcing the laws and defending the interests of the United States, ensuring public safety against foreign and domestic threats, providing Federal leadership in preventing and controlling crime, seeking just punishment for those guilty of unlawful behavior, and ensuring the fair and impartial administration of justice for all Americans. The budget for the Department of Justice saves taxpayer dollars by consolidating, reducing, streamlining, and making its programs and operations more efficient. The Budget also makes critical investments to confront terrorism, reduce violent crime, tackle the Nation's opioid epidemic, and combat illegal immigration.

The President's 2018 Budget requests \$27.7 billion for the Department of Justice, a \$1.1 billion or 3.8 percent decrease from the 2017 annualized CR level. This program level excludes mandatory spending changes involving the Crime Victims Fund and the Assets Forfeiture Fund. However, significant targeted increases would enhance the ability to address key issues, including public safety, law enforcement, and national security. Further, the Administration is concerned about so-called sanctuary jurisdictions and will be taking steps to mitigate the risk their actions pose to public safety.

### The President's 2018 Budget:

- Strengthens counterterrorism, counterintelligence, and Federal law enforcement activities by providing an increase of \$249 million, or 3 percent, above the 2017 annualized CR level for the Federal Bureau of Investigation (FBI). The FBI would devote resources toward its world-class cadre of special agents and intelligence analysts, as well as invest \$61 million more to fight terrorism and combat foreign intelligence and cyber threats and address public safety and national security risks that result from malicious actors' use of encrypted products and services. In addition, the FBI would dedicate \$35 million to gather and share intelligence data with partners and together with the Department of Defense (DOD) lead Federal efforts in biometric identity resolution, research, and development. The FBI would also spend an additional \$9 million to provide accurate and timely response for firearms purchase background checks, and develop and refine evidence and data to target violent crime in some cities and communities.
- Supports efforts at the Department's law enforcement components by providing a combined increase of \$175 million above the 2017 annualized CR level to target the worst of the worst criminal organizations and drug traffickers in order to address violent crime, gun-related deaths, and the opioid epidemic.

- Enhances national security and counterterrorism efforts by linking skilled prosecutors and intelligence attorneys with law enforcement investigations and the intelligence community to stay ahead of threats.
- Combats illegal entry and unlawful presence in the United States by providing an increase of nearly \$80 million, or 19 percent, above the 2017 annualized CR level to hire 75 additional immigration judge teams to bolster and more efficiently adjudicate removal proceedings—bringing the total number of funded immigration judge teams to 449.
- Enhances border security and immigration enforcement by providing 60 additional border enforcement prosecutors and 40 deputy U.S. Marshals for the apprehension, transportation, and prosecution of criminal aliens.
- Supports the addition of 20 attorneys to pursue Federal efforts to obtain the land and holdings necessary to secure the Southwest border and another 20 attorneys and support staff for immigration litigation assistance.
- Assures the safety of the public and law enforcement officers by providing \$171 million above the 2017 annualized CR level for additional short-term detention space to hold Federal detainees, including criminal aliens, parole violators, and other offenders awaiting trial or sentencing.
- Safeguards Federal grants to State, local, and tribal law enforcement and victims of crime to ensure greater safety for law enforcement personnel and the people they serve. Critical programs aimed at protecting the life and safety of State and local law enforcement personnel, including Preventing Violence Against Law Enforcement Officer Resilience and Survivability and the Bulletproof Vest Partnership, are protected.
- Eliminates approximately \$700 million in unnecessary spending on outdated programs that either have met their goal or have exceeded their usefulness, including \$210 million for the poorly targeted State Criminal Alien Assistance Program, in which two-thirds of the funding primarily reimburses four States for the cost of incarcerating certain illegal criminal aliens.
- Achieves savings of almost a billion dollars from the 2017 annualized CR level in Federal prison construction spending due to excess capacity resulting from an approximate 14 percent decrease in the prison population since 2013. However, the Budget provides \$80 million above the 2017 annualized CR level for the activation of an existing facility to reduce high security Federal inmate overcrowding and a total of \$113 million to repair and modernize outdated prisons.
- Increases bankruptcy-filing fees to produce an additional \$150 million over the 2017 annualized CR level to ensure that those that use the bankruptcy court system pay for its oversight. By increasing quarterly filing fees, the total estimated United States Trustee Program offsetting receipts would reach \$289 million in 2018.



## DEPARTMENT OF LABOR

The Department of Labor fosters the welfare of wage earners, job seekers, and retirees by safeguarding their working conditions, benefits, and wages. With the need to rebuild the Nation's military without increasing the deficit, this Budget focuses the Department of Labor on its highest priority functions and disinvests in activities that are duplicative, unnecessary, unproven, or ineffective.

The President's 2018 Budget requests \$9.6 billion for the Department of Labor, a \$2.5 billion or 21 percent decrease from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Expands Reemployment and Eligibility Assessments, an evidence-based activity that saves an average of \$536 per claimant in unemployment insurance benefit costs by reducing improper payments and getting claimants back to work more quickly and at higher wages.
- Reduces funding for ineffective, duplicative, and peripheral job training grants. As part of this, eliminates the Senior Community Service Employment Program (SCSEP), for a savings of \$434 million from the 2017 annualized CR level. SCSEP is ineffective in meeting its purpose of transitioning low-income unemployed seniors into unsubsidized jobs. As many as one-third of participants fail to complete the program and of those who do, only half successfully transition to unsubsidized employment.
- Focuses the Bureau of International Labor Affairs on ensuring that U.S. trade agreements are fair for American workers. The Budget eliminates the Bureau's largely noncompetitive and unproven grant funding, which would save at least \$60 million from the 2017 annualized CR level.
- Improves Job Corps for the disadvantaged youth it serves by closing centers that do a poor job educating and preparing students for jobs.
- Decreases Federal support for job training and employment service formula grants, shifting more responsibility for funding these services to States, localities, and employers.
- Helps States expand apprenticeship, an evidence-based approach to preparing workers for jobs.

- Refocuses the Office of Disability Employment Policy, eliminating less critical technical assistance grants and launching an early intervention demonstration project to allow States to test and evaluate methods that help individuals with disabilities remain attached to or reconnect to the labor market.
- Eliminates the Occupational Safety and Health Administration's unproven training grants, yielding savings of almost \$11 million from the 2017 annualized CR level and focusing the agency on its central work of keeping workers safe on the job.



## DEPARTMENT OF STATE, USAID, AND TREASURY INTERNATIONAL PROGRAMS

The Department of State, the U.S. Agency for International Development (USAID), and the Department of the Treasury's International Programs help to advance the national security interests of the United States by building a more democratic, secure, and prosperous world. The Budget for the Department of State and USAID diplomatic and development activities is being refocused on priority strategic objectives and renewed attention is being placed on the appropriate U.S. share of international spending. In addition, the Budget seeks to reduce or end direct funding for international organizations whose missions do not substantially advance U.S. foreign policy interests, are duplicative, or are not well-managed. Additional steps will be taken to make the Department and USAID leaner, more efficient, and more effective. These steps to reduce foreign assistance free up funding for critical priorities here at home and put America first.

The President's 2018 Budget requests \$25.6 billion in base funding for the Department of State and USAID, a \$10.1 billion or 28 percent reduction from the 2017 annualized CR level. The Budget also requests \$12.0 billion as Overseas Contingency Operations funding for extraordinary costs, primarily in war areas like Syria, Iraq, and Afghanistan, for an agency total of \$37.6 billion. The 2018 Budget also requests \$1.5 billion for Treasury International Programs, an \$803 million or 35 percent reduction from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Maintains robust funding levels for embassy security and other core diplomatic activities while implementing efficiencies. Consistent with the Benghazi Accountability Review Board recommendation, the Budget applies \$2.2 billion toward new embassy construction and maintenance in 2018. Maintaining adequate embassy security levels requires the efficient and effective use of available resources to keep embassy employees safe.
- Provides \$3.1 billion to meet the security assistance commitment to Israel, currently at an all-time high; ensuring that Israel has the ability to defend itself from threats and maintain its Qualitative Military Edge.
- Eliminates the Global Climate Change Initiative and fulfills the President's pledge to cease payments to the United Nations' (UN) climate change programs by eliminating U.S. funding related to the Green Climate Fund and its two precursor Climate Investment Funds.
- Provides sufficient resources on a path to fulfill the \$1 billion U.S. pledge to Gavi, the Vaccine Alliance. This commitment helps support Gavi to vaccinate hundreds of millions of children in low-resource countries and save millions of lives.



- Provides sufficient resources to maintain current commitments and all current patient levels on HIV/AIDS treatment under the President's Emergency Plan for AIDS Relief (PEPFAR) and maintains funding for malaria programs. The Budget also meets U.S. commitments to the Global Fund for AIDS, Tuberculosis, and Malaria by providing 33 percent of projected contributions from all donors, consistent with the limit currently in law.
- Shifts some foreign military assistance from grants to loans in order to reduce costs for the U.S. taxpayer, while potentially allowing recipients to purchase more American-made weaponry with U.S. assistance, but on a repayable basis.
- Reduces funding to the UN and affiliated agencies, including UN peacekeeping and other international organizations, by setting the expectation that these organizations rein in costs and that the funding burden be shared more fairly among members. The amount the U.S. would contribute to the UN budget would be reduced and the U.S. would not contribute more than 25 percent for UN peacekeeping costs.
- Refocuses economic and development assistance to countries of greatest strategic importance to the U.S. and ensures the effectiveness of U.S. taxpayer investments by rightsizing funding across countries and sectors.
- Allows for significant funding of humanitarian assistance, including food aid, disaster, and refugee program funding. This would focus funding on the highest priority areas while asking the rest of the world to pay their fair share. The Budget eliminates the Emergency Refugee and Migration Assistance account, a duplicative and stovepiped account, and challenges international and non-governmental relief organizations to become more efficient and effective.
- Reduces funding for the Department of State's Educational and Cultural Exchange (ECE) Programs. ECE resources would focus on sustaining the flagship Fulbright Program, which forges lasting connections between Americans and emerging leaders around the globe.
- Improves efficiency by eliminating overlapping peacekeeping and security capacity building efforts and duplicative contingency programs, such as the Complex Crises Fund. The Budget also eliminates direct appropriations to small organizations that receive funding from other sources and can continue to operate without direct Federal funds, such as the East-West Center.
- Recognizes the need for State and USAID to pursue greater efficiencies through reorganization and consolidation in order to enable effective diplomacy and development.
- Reduces funding for multilateral development banks, including the World Bank, by approximately \$650 million over three years compared to commitments made by the previous administration. Even with the proposed decreases, the U.S. would retain its current status as a top donor while saving taxpayer dollars.





## DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) is responsible for ensuring a fast, safe, efficient, accessible, and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people today, and into the future. The Budget request reflects a streamlined DOT that is focused on performing vital Federal safety oversight functions and investing in nationally and regionally significant transportation infrastructure projects. The Budget reduces or eliminates programs that are either inefficient, duplicative of other Federal efforts, or that involve activities that are better delivered by States, localities, or the private sector.

The President's 2018 Budget requests \$16.2 billion for DOT's discretionary budget, a \$2.4 billion or 13 percent decrease from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Initiates a multi-year reauthorization proposal to shift the air traffic control function of the Federal Aviation Administration to an independent, non-governmental organization, making the system more efficient and innovative while maintaining safety. This would benefit the flying public and taxpayers overall.
- Restructures and reduces Federal subsidies to Amtrak to focus resources on the parts of the passenger rail system that provide meaningful transportation options within regions. The Budget terminates Federal support for Amtrak's long distance train services, which have long been inefficient and incur the vast majority of Amtrak's operating losses. This would allow Amtrak to focus on better managing its State-supported and Northeast Corridor train services.
- Limits funding for the Federal Transit Administration's Capital Investment Program (New Starts) to projects with existing full funding grant agreements only. Future investments in new transit projects would be funded by the localities that use and benefit from these localized projects.
- Eliminates funding for the Essential Air Service (EAS) program, which was originally conceived of as a temporary program nearly 40 years ago to provide subsidized commercial air service to rural airports. EAS flights are not full and have high subsidy costs per passenger. Several EAS-eligible communities are relatively close to major airports, and communities that have EAS could be served by other existing modes of transportation. This proposal would result in a discretionary savings of \$175 million from the 2017 annualized CR level.

- Eliminates funding for the unauthorized TIGER discretionary grant program, which awards grants to projects that are generally eligible for funding under existing surface transportation formula programs, saving \$499 million from the 2017 annualized CR level. Further, DOT's Nationally Significant Freight and Highway Projects grant program, authorized by the FAST Act of 2015, supports larger highway and multimodal freight projects with demonstrable national or regional benefits. This grant program is authorized at an annual average of \$900 million through 2020.



## DEPARTMENT OF THE TREASURY

The Department of the Treasury is charged with maintaining a strong economy, promoting conditions that enable economic growth and stability, protecting the integrity of the financial system, and managing the U.S. Government's finances and resources effectively. The Budget will bring renewed discipline to the Department by focusing resources on collecting revenue, managing the Nation's debt, protecting the financial system from threats, and combating financial crime and terrorism financing.

The President's 2018 Budget requests \$12.1 billion in discretionary resources for the Department of the Treasury's domestic programs, a \$519 million or 4.1 percent decrease from the 2017 annualized CR level. This program level excludes mandatory spending changes involving the Treasury Forfeiture Fund.

### The President's 2018 Budget:

- Preserves key operations of the Internal Revenue Service (IRS) to ensure that the IRS could continue to combat identity theft, prevent fraud, and reduce the deficit through the effective enforcement and administration of tax laws. Diverting resources from antiquated operations that are still reliant on paper-based review in the era of electronic tax filing would achieve significant savings, a funding reduction of \$239 million from the 2017 annualized CR level.
- Strengthens cybersecurity by investing in a Department-wide plan to strategically enhance existing security systems and preempt fragmentation of information technology management across the bureaus, positioning Treasury to anticipate and nimbly respond in the event of a cyberattack.
- Prioritizes funding for Treasury's array of economic enforcement tools. Key Treasury programs that freeze the accounts of terrorists and proliferators, implement sanctions on rogue nations, and link law enforcement agencies with financial institutions are critical to the continued safety and financial stability of the Nation.
- Eliminates funding for Community Development Financial Institutions (CDFI) Fund grants, a savings of \$210 million from the 2017 annualized CR level. The CDFI Fund was created more than 20 years ago to jump-start a now mature industry where private institutions have ready access to the capital needed to extend credit and provide financial services to underserved communities.

- Empowers the Treasury Secretary, as Chairperson of the Financial Stability Oversight Council, to end taxpayer bailouts and foster economic growth by advancing financial regulatory reforms that promote market discipline and ensure the accountability of financial regulators.
- Shrinks the Federal workforce and increases its efficiency by redirecting resources away from duplicative policy offices to staff that manage the Nation's finances.



## DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs (VA) provides health care and a wide variety of benefits to military veterans and their survivors. The 2018 Budget fulfills the President's commitment to the Nation's veterans by requesting the resources necessary to provide the support our veterans have earned through sacrifice and service to our Nation. The Budget significantly increases funding for VA Medical Care so that VA can continue to meet the ever-growing demand for health care services while building an integrated system of care that strengthens services within VA and makes effective use of community services. The Budget request includes increased funding for and extension of the Veterans Choice Program, making it easier for eligible veterans to access the medical care they need, close to home.

The President's 2018 Budget requests \$78.9 billion in discretionary funding for VA, a \$4.4 billion or 6 percent increase from the 2017 enacted level. The Budget also requests legislative authority and \$3.5 billion in mandatory budget authority in 2018 to continue the Veterans Choice Program.

### **The President's 2018 Budget:**

- Ensures the Nation's veterans receive high-quality health care and timely access to benefits and services. An estimated 11 million veterans participate in VA programs. This Budget provides the resources necessary to ensure veterans receive the care and support earned through their service to the Nation.
- Provides a \$4.6 billion increase in discretionary funding for VA health care to improve patient access and timeliness of medical care services for over nine million enrolled veterans. This funding would enable the Department to provide a broad range of primary care, specialized care, and related medical and social support services to enrolled veterans, including services that are uniquely related to veterans' health and special needs.
- Extends and funds the Veterans Choice Program to ensure that every eligible veteran continues to have the choice to seek care at VA or through a private provider. Without action, this critical program will expire in August 2017, which would result in veterans having fewer choices of where to receive care.
- Supports VA programs that provide services to homeless and at-risk veterans and their families to help keep them safe and sheltered.
- Provides access to education benefits, enhanced services, and other programs to assist veterans' transition to civilian life. VA partners with other agencies to provide critical training, support services, and counseling throughout a veteran's transition and their post-military career.

- Continues critical investments aimed at optimizing productivity and transforming VA's claims processes. Provides resources to reduce the time required to process and adjudicate veterans' disability compensation claims.
- Invests in information technology to improve the efficiency and efficacy of VA services. Provides sufficient funding for sustainment, development, and modernization initiatives that would improve the quality of services provided to veterans and avoid the costs of maintaining outdated, inefficient systems.



## ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency (EPA) is responsible for protecting human health and the environment. The budget for EPA reflects the success of environmental protection efforts, a focus on core legal requirements, the important role of the States in implementing the Nation's environmental laws, and the President's priority to ease the burden of unnecessary Federal regulations that impose significant costs for workers and consumers without justifiable environmental benefits. This would result in approximately 3,200 fewer positions at the agency. EPA would primarily support States and Tribes in their important role protecting air, land, and water in the 21<sup>st</sup> Century.

The President's 2018 Budget requests \$5.7 billion for the Environmental Protection Agency, a savings of \$2.6 billion, or 31 percent, from the 2017 annualized CR level.

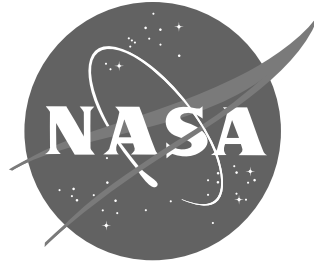
### The President's 2018 Budget:

- Provides robust funding for critical drinking and wastewater infrastructure. These funding levels further the President's ongoing commitment to infrastructure repair and replacement and would allow States, municipalities, and private entities to continue to finance high priority infrastructure investments that protect human health. The Budget includes \$2.3 billion for the State Revolving Funds, a \$4 million increase over the 2017 annualized CR level. The Budget also provides \$20 million for the Water Infrastructure Finance and Innovation Act program, equal to the funding provided in the 2017 annualized CR. This credit subsidy could potentially support \$1 billion in direct Federal loans.
- Discontinues funding for the Clean Power Plan, international climate change programs, climate change research and partnership programs, and related efforts—saving over \$100 million for the American taxpayer compared to 2017 annualized CR levels. Consistent with the President's America First Energy Plan, the Budget reorients EPA's air program to protect the air we breathe without unduly burdening the American economy.
- Reins in Superfund administrative costs and emphasizes efficiency efforts by funding the Hazardous Substance Superfund Account at \$762 million, \$330 million below the 2017 annualized CR level. The agency would prioritize the use of existing settlement funds to clean up hazardous waste sites and look for ways to remove some of the barriers that have delayed the program's ability to return sites to the community.
- Avoids duplication by concentrating EPA's enforcement of environmental protection violations on programs that are not delegated to States, while providing oversight to maintain consistency and assistance across State, local, and tribal programs. This reduces EPA's Office of Enforcement

and Compliance Assurance budget to \$419 million, which is \$129 million below the 2017 annualized CR level.

- Better targets EPA's Office of Research and Development (ORD) at a level of approximately \$250 million, which would result in a savings of \$233 million from the 2017 annualized CR level. ORD would prioritize activities that support decision-making related to core environmental statutory requirements, as opposed to extramural activities, such as providing STAR grants.
- Supports Categorical Grants with \$597 million, a \$482 million reduction below 2017 annualized CR levels. These lower levels are in line with the broader strategy of streamlining environmental protection. This funding level eliminates or substantially reduces Federal investment in State environmental activities that go beyond EPA's statutory requirements.
- Eliminates funding for specific regional efforts such as the Great Lakes Restoration Initiative, the Chesapeake Bay, and other geographic programs. These geographic program eliminations are \$427 million lower than the 2017 annualized CR levels. The Budget returns the responsibility for funding local environmental efforts and programs to State and local entities, allowing EPA to focus on its highest national priorities.
- Eliminates more than 50 EPA programs, saving an additional \$347 million compared to the 2017 annualized CR level. Lower priority and poorly performing programs and grants are not funded, nor are duplicative functions that can be absorbed into other programs or that are State and local responsibilities. Examples of eliminations in addition to those previously mentioned include: Energy Star; Targeted Airshed Grants; the Endocrine Disruptor Screening Program; and infrastructure assistance to Alaska Native Villages and the Mexico Border.





## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The National Aeronautics and Space Administration (NASA) is responsible for increasing understanding of the universe and our place in it, advancing America's world-leading aerospace technology, inspiring the Nation, and opening the space frontier. The Budget increases cooperation with industry through the use of public-private partnerships, focuses the Nation's efforts on deep space exploration rather than Earth-centric research, and develops technologies that would help achieve U.S. space goals and benefit the economy.

The President's 2018 Budget requests \$19.1 billion for NASA, a 0.8 percent decrease from the 2017 annualized CR level, with targeted increases consistent with the President's priorities.

### **The President's 2018 Budget:**

- Supports and expands public-private partnerships as the foundation of future U.S. civilian space efforts. The Budget creates new opportunities for collaboration with industry on space station operations, supports public-private partnerships for deep-space habitation and exploration systems, funds data buys from companies operating small satellite constellations, and supports work with industry to develop and commercialize new space technologies.
- Paves the way for eventual over-land commercial supersonic flights and safer, more efficient air travel with a strong program of aeronautics research. The Budget provides \$624 million for aeronautics research and development.
- Reinvigorates robotic exploration of the Solar System by providing \$1.9 billion for the Planetary Science program, including funding for a mission to repeatedly fly by Jupiter's icy ocean moon Europa and a Mars rover that would launch in 2020. To preserve the balance of NASA's science portfolio and maintain flexibility to conduct missions that were determined to be more important by the science community, the Budget provides no funding for a multi-billion-dollar mission to land on Europa. The Budget also supports initiatives that use smaller, less expensive satellites to advance science in a cost-effective manner.
- Provides \$3.7 billion for continued development of the Orion crew vehicle, Space Launch System, and associated ground system, to send American astronauts on deep-space missions. To accommodate increasing development costs, the Budget cancels the multi-billion-dollar Asteroid Redirect Mission. NASA will investigate approaches for reducing the costs of exploration missions to enable a more expansive exploration program.
- Provides \$1.8 billion for a focused, balanced Earth science portfolio that supports the priorities of the science and applications communities, a savings of \$102 million from the 2017 annualized CR level. The Budget terminates four Earth science missions (PACE, OCO-3, DSCOVR

Earth-viewing instruments, and CLARREO Pathfinder) and reduces funding for Earth science research grants.

- Eliminates the \$115 million Office of Education, resulting in a more focused education effort through NASA's Science Mission Directorate. The Office of Education has experienced significant challenges in implementing a NASA-wide education strategy and is performing functions that are duplicative of other parts of the agency.
- Restructures a duplicative robotic satellite refueling demonstration mission to reduce its cost and better position it to support a nascent commercial satellite servicing industry, resulting in a savings of \$88 million from the 2017 annualized CR level.
- Strengthens NASA's cybersecurity capabilities, safeguarding critical systems and data.



## SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) ensures that small businesses have the tools and resources needed to start and develop their operations, drive U.S. competitiveness, and help grow the economy. The President is committed to assisting small businesses succeed through reducing the regulatory and tax burdens that can impede the development of small firms. The Budget increases efficiency through responsible reductions to redundant programs and by eliminating programs that deliver services better provided by the private sector.

The President's 2018 Budget requests \$826.5 million for SBA, a \$43.2 million or 5.0 percent decrease from the 2017 annualized CR level.

### **The President's 2018 Budget:**

- Supports more than \$45 billion in loan guarantees to assist America's small business owners with access to affordable capital to start or expand their businesses.
- Strengthens SBA's outreach center programs by reducing duplicative services, coordinating best practices, and investing in communities that would benefit from SBA's business center support. As a result, SBA would be better positioned to strengthen local partnerships and more efficiently serve program participants while achieving savings over the 2017 annualized CR level.
- Supports over \$1 billion in disaster relief lending to businesses, homeowners, renters, and property owners to help American communities recover quickly in the wake of declared disasters. Through the disaster loan program, SBA is able to provide affordable, accessible, and immediate direct assistance to those hardest hit when disaster strikes.
- Achieves \$12 million in cost savings from the 2017 annualized CR level through identifying and eliminating those SBA grant programs where the private sector provides effective mechanisms to foster local business development and investment. Eliminations include PRIME technical assistance grants, Regional Innovation Clusters, and Growth Accelerators.
- Provides training and support services for transitioning service members and veterans to promote entrepreneurship and business ownership. These programs help to fulfill the President's commitment to support the Nation's veterans by providing business counseling, lending, and contracting assistance.
- Maintains \$28 million in microloan financing and technical assistance to help serve, strengthen, and sustain the smallest of small businesses and startups.
- Allows SBA to advocate and assist small businesses in accessing Federal contracts and small business research opportunities Government-wide.



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## Summary Tables

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**Table 1. Proposed Discretionary Caps for 2018 Budget**

(Budget authority in billions of dollars)

	Caps	
	2017	2018
<b>Current Law Base Caps: <sup>1</sup></b>		
Defense .....	551	549
Non-Defense .....	519	516
<b>Total, Current Law Base Caps .....</b>	<b>1,070</b>	<b>1,065</b>
<b>Proposed Base Cap Changes: <sup>2</sup></b>		
Defense .....	+25	+54
Non-Defense .....	-15	-54
<b>Total, Proposed Changes .....</b>	<b>+10</b>	.....
<b>Proposed Base Caps:</b>		
Defense .....	576	603
Non-Defense .....	504	462
<b>Total, Proposed Base Caps .....</b>	<b>1,080</b>	<b>1,065</b>
<b>Enacted and Proposed Cap Adjustments:</b>		
Overseas Contingency Operations (OCO) <sup>2</sup> .....	89	77
Emergency Funding .....	3	.....
Program Integrity .....	2	2
Disaster Relief .....	8	7
<b>Total, Cap Adjustments .....</b>	<b>102</b>	<b>86</b>
<b>Total, Discretionary Budget Authority .....</b>	<b>1,181</b>	<b>1,151</b>
<i>21st Century CURES appropriations</i> <sup>3</sup> .....	<i>1</i>	<i>1</i>

<sup>1</sup> The caps presented here are equal to the levels specified for 2017 and 2018 in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBED-CA). The 2017 caps were revised in the Bipartisan Budget Act of 2015 and the 2018 caps include OMB estimates of Joint Committee enforcement (also known as “sequestration”).

<sup>2</sup> The Administration proposes an increase in the existing defense caps for 2017 and 2018 that is offset with decreases to the non-defense caps. About 60 percent of the 2017 defense increase is offset by non-defense decreases in 2017 while the entire defense increase in 2018 is offset by non-defense decreases. An additional \$5 billion in defense funding is proposed as OCO in 2017.

<sup>3</sup> The 21st Century CURES Act permitted funds to be appropriated each year for certain activities outside of the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside of the discretionary totals for this reason.

**Table 2. 2018 Discretionary Overview by Major Agency**

(Net discretionary BA in billions of dollars)

	2017 CR/Enacted <sup>1,2</sup>	2018 Request <sup>2</sup>	2018 Request Less 2017 CR/Enacted	
			Dollar	Percent
<b>Base Discretionary Funding:</b>				
<b>Cabinet Departments:</b>				
Agriculture <sup>3</sup> .....	22.6	17.9	-4.7	-20.7%
Commerce .....	9.2	7.8	-1.5	-15.7%
Defense .....	521.7	574.0	+52.3	+10.0%
Education .....	68.2	59.0	-9.2	-13.5%
Energy .....	29.7	28.0	-1.7	-5.6%
<i>National Nuclear Security Administration</i> .....	12.5	13.9	+1.4	+11.3%
<i>Other Energy</i> .....	17.2	14.1	-3.1	-17.9%
Health and Human Services <sup>4</sup> .....	77.7	65.1	-12.6	-16.2%
Homeland Security .....	41.3	44.1	+2.8	+6.8%
Housing and Urban Development (HUD):				
<i>HUD gross total (excluding receipts)</i> .....	46.9	40.7	-6.2	-13.2%
<i>HUD receipts</i> <sup>5</sup> .....	-10.9	-9.0	+1.9	N/A
Interior .....	13.2	11.6	-1.5	-11.7%
Justice (DOJ):				
<i>DOJ program level (excluding offsets)</i> .....	28.8	27.7	-1.1	-3.8%
<i>DOJ mandatory spending changes (CHIMPs)</i> .....	-8.5	-11.5	-2.9	N/A
Labor .....	12.2	9.6	-2.5	-20.7%
State, U.S. Agency for International Development (USAID), and Treasury International Programs <sup>3</sup> .....	38.0	27.1	-10.9	-28.7%
Transportation .....	18.6	16.2	-2.4	-12.7%
Treasury .....	11.7	11.2	-0.5	-4.4%
Veterans Affairs .....	74.5	78.9	+4.4	+5.9%
<b>Major Agencies:</b>				
Corps of Engineers .....	6.0	5.0	-1.0	-16.3%
Environmental Protection Agency .....	8.2	5.7	-2.6	-31.4%
General Services Administration .....	0.3	0.5	+0.3	N/A
National Aeronautics and Space Administration .....	19.2	19.1	-0.2	-0.8%
Small Business Administration .....	0.9	0.8	-.*	-5.0%
Social Security Administration <sup>4</sup> .....	9.3	9.3	+*	+0.2%
Other Agencies .....	29.4	26.5	-2.9	-9.8%
<b>Subtotal, Discretionary Base Budget Authority .....</b>	<b>1,068.1</b>	<b>1,065.4</b>	<b>-2.7</b>	<b>-0.3%</b>
<b>Cap Adjustment Funding:</b>				
Overseas Contingency Operations:				
Defense .....	65.0	64.6	-0.4	-0.6%
State and USAID .....	19.2	12.0	-7.2	-37.4%
Other Agencies .....	0.2	.....	-0.2	-100.0%
Subtotal, Overseas Contingency Operations .....	84.3	76.6	-7.8	-9.2%
Emergency Requirements:				
Transportation .....	1.0	.....	-1.0	-100.0%
Corps of Engineers .....	1.0	.....	-1.0	-100.0%
Other Agencies .....	0.7	.....	-0.7	-100.0%
Subtotal, Emergency Requirements .....	2.7	.....	-2.7	-100.0%
Program Integrity:				
Health and Human Services .....	0.4	0.4	+0.1	+17.3%
Social Security Administration .....	1.2	1.5	+0.3	+26.8%
Subtotal, Program Integrity .....	1.5	1.9	+0.4	+24.5%



**Table 2. 2018 Discretionary Overview by Major Agency—Continued**

(Net discretionary BA in billions of dollars)

	2017 CR/Enacted <sup>1,2</sup>	2018 Request <sup>2</sup>	2018 Request Less 2017 CR/Enacted	
			Dollar	Percent
Disaster Relief: <sup>6</sup>				
Homeland Security and Other Agencies .....	6.7	7.4	+0.7	+9.7%
Housing and Urban Development .....	1.4	.....	-1.4	-100.0%
Subtotal, Disaster Relief .....	8.1	7.4	-0.8	-9.4%
<b>Subtotal, Cap Adjustment Funding .....</b>	<b>96.7</b>	<b>85.9</b>	<b>-10.8</b>	<b>-11.2%</b>
<b>Total, Discretionary Budget Authority .....</b>	<b>1,164.8</b>	<b>1,151.2</b>	<b>-13.6</b>	<b>-1.2%</b>
<i>Memorandum: 21st Century CURES appropriations <sup>7</sup></i>				
<i>Health and Human Services .....</i>	<i>0.9</i>	<i>1.1</i>	<i>+0.2</i>	<i>+21.1%</i>

\* \$50 million or less.

<sup>1</sup> The 2017 CR/Enacted column reflects enacted appropriations and levels of continuing appropriations provided under the Continuing Appropriations Act, 2017 (Division C of Public Law 114–223, as amended by Division A of Public Law 114–254) that are due to expire on April 28. The levels presented here are the amounts OMB scores under the caps; therefore, the levels for 2017 may differ in total from those on Table 1.

<sup>2</sup> Enacted, continuing, and proposed changes in mandatory programs (CHIMPs) are included in both 2017 and 2018. Some agency presentations in this volume where noted reflect a program level that excludes these amounts.

<sup>3</sup> Funding for Food for Peace Title II Grants is included in the State, USAID, and Treasury International programs total. Although the funds are appropriated to the Department of Agriculture, the funds are administered by USAID.

<sup>4</sup> Funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for administrative expenses incurred by the Social Security Administration that support the Medicare program are included in the Health and Human Services total and not in the Social Security Administration total.

<sup>5</sup> HUD receipt levels for 2018 are a placeholder and subject to change as detailed estimates under the Administration's economic and technical assumptions for the full Budget are finalized.

<sup>6</sup> The Balanced Budget and Emergency Deficit Control Act of 1985 authorizes an adjustment to the discretionary spending caps for appropriations that are designated by the Congress as being for "disaster relief" provided those appropriations are for activities carried out pursuant to a determination under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Currently, based on enacted and continuing appropriations, OMB estimates the total adjustment available for disaster funding for 2018 at \$7,366 million. Further details, including any revisions necessary to account for final 2017 appropriations and the specific amounts of disaster relief funding requested for individual agencies in 2018 authorized to administer disaster relief programs, will be provided in subsequent Administration proposals.

<sup>7</sup> The 21st Century CURES Act permitted funds to be appropriated each year for certain activities outside of the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside of the discretionary totals for this reason.

**Table 3. Major 2018 Budget Changes from Current Law**

(Budget authority in billions of dollars)

	2018 Caps <sup>1</sup>		Change:	
	Current Law <sup>2</sup>	Proposed	Dollars	Percent
<b>Discretionary Categories:</b>				
Defense .....	549	603	+54	+10%
Non-Defense .....	516	462	-54	-10%
<b>Total, 2018 Base Caps .....</b>	<b>1,065</b>	<b>1,065</b>	<b>.....</b>	<b>.....</b>

\* \$500 million or less.

<sup>1</sup> Only base funding caps are represented on this table and cap adjustments permitted by the Balanced Budget and Emergency Deficit Control Act of 1985 for overseas contingency operations, disaster relief, program integrity, and emergency requirements are excluded.<sup>2</sup> The current law caps are equal to the levels specified for 2018 in the Balanced Budget and Emergency Deficit Control Act of 1985, including OMB estimates for Joint Committee enforcement (also known as "sequestration").

**Table 4. Major 2017 Changes from Security Supplemental Request**

(Budget authority in billions of dollars)

	2017 Caps		Change:	
	Current Law	Proposed <sup>1</sup>	Dollars	Percent
<b>Discretionary Categories:</b>				
Defense .....	551	576	+25	+5%
Non-Defense .....	519	504	-15	-3%
<i>Major Changes:</i>				
<i>Border Wall and implementation of Executive Orders ..</i>	.....	3	+3	N/A
<i>Other Non-Defense programs .....</i>	519	501	-18	-3%
Total, 2018 Base Caps .....	1,070	1,080	+10	+1%
<b>Cap Adjustments:</b>				
Defense Overseas Contingency Operations (OCO) .....	65	70	+5	+8%

<sup>1</sup> The Administration proposes an increase in the existing defense cap for 2017 that is partially offset with a decrease to the non-defense cap while an additional \$5 billion defense request in 2017 is requested as OCO.







# Executive Office of the President

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: igovpio@iowa.gov <igovpio@iowa.gov>  
Subject: MORNING/WEEKEND CLIPS 3.6.17  
Date: Mon Mar 06 2017 06:57:55 CST  
Attachments:

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## Contents

DMR: Iowans can lend voices to 3 bills. 1

DMR Iowa View: Attacks on UI are unfair and wrong. 2

DMR: Magellan's spills amass in Iowa. 3

DMR: Dakota Access safety measures. 8

DMR: Scores of GOP-sponsored bills survive funnel deadline. 9

DMR: Trump's supporters stand by their man at D.M. rally. 14

DMR: 4 men accused of using false documents to get jobs in Iowa. 16

DMR Editorial: UI MADE MISTAKE IN RENEGING ON SCHOLARSHIPS. 17

DMR: Do special interests control the GOP agenda in Iowa?. 19

DMR: Fighting to help you gain access to public records. 21

DMR Iowa View: Abuse shows why Iowa needs 'stand your ground' 22

DMR Iowa View: THE REAL REASONS lawmakers want to ban handheld devices while driving. 23

DMR: END OF THE ROAD FOR MANY BILLS. 25

DMR: Branstad's China envoy confirmation hearings could take place next month. 29

DMR: Violation of open meetings law alleged. 30

DMR: Senate's Boulton: Workers' compensation bill 'disturbing' 31

DMR: Biofuel grains rally on news of deal about rules. 33

DMR Iowa View: CIVILITY WILL GET IOWANS FURTHER THAN DISRUPTIVE PROTESTS. 34

LEE: Statehouse Republicans making mark with 2017 session. 35

LEE: Vignettes from the 2017 Iowa Legislature. 38

---

LEE: Murphy: Medical marijuana's long, strange trip. 40

WeArelowa: Timeline for Branstad's ambassadorship still fuzzy, says staff. 42

The Gazette: Bill updating definition of stalking passes subcommittee. 42

The Gazette: The downside of a strong dollar for Eastern Iowa manufacturers. 43

The Gazette: Libertarians gain official party status in Iowa. 46

The Gazette: Iowa lawmakers clash with local representatives over home rule authority. 46

The Gazette: Home rule legislation pushed for local school districts in Iowa. 48

The Gazette: Branstad sees confirmation as ambassador coming as soon as May. 49

The Gazette Editorial: Too many tax breaks?. 50

The Gazette: An indie in the middle at the Statehouse. 56

The Gazette Editorial: Lawmakers showed welcome restraint. 58

QC Times Guest Opinion: Guest view: Trump offered a path forward. 59

RI: ISU study: Nitrogen fertilizer, in proper doses, is good for soil health. 60

RI: Trump supporters held four rallies in Iowa Saturday. 61

RI: Branstad still pushing to cut number of regulated professions in Iowa. 61

RI: Study: Iowa sees 61% boost in the number of solar jobs. 62

RI: Pitched battle over more for-profit operations in health care industry. 63

Bloomberg: Turmoil breaks out in ethanol industry. 64

AP: Trump Accuses Obama of Tapping His Phones During Election. 65

Washington Post: FBI Director Comey asked Justice officials to refute Trump's unproved wiretapping claim 67

South China Morning Post: From tea to soybeans, trade ensures China and the US are inextricably linked 71

Washington Post: Pentagon plan to seize Raqqa calls for significant increase in U.S. participation. 74

DMR: Iowans can lend voices to 3 bills

Public hearings will focus on water utility, minimum wage, voter ID proposals



MOLLY LONGMAN

MLONGMAN@DMREG.COM

Iowans get to tell lawmakers what they think about three contentious bills on Monday.

Legislators will hold three public hearings on Monday in the Supreme Court Chamber, Room 103 at the Capitol, where they'll hear comments from the public about three Iowa bills that have proven to be controversial.

Here's a rundown of what the three bills could do if passed, what's at stake and how to get involved:

Water utility bill hearing

When: 10–11 a.m.

What it is: House File 484, formerly

House File 316, would dismantle the Des Moines Water Works and other independent water utilities, making them city departments controlled by their respective city councils.

Changes made last month to the original bill would give Des Moines and other cities the authority to decide the fate of a federal lawsuit filed by Des Moines Water Works against three northwest Iowa counties, and some opponents of the bill say legislators are using it to coerce Des Moines Water Works into dropping the suit.

Proponents of the bill, sponsored by state Rep. Jarad Klein, R-Keota, are in favor of spreading out costs of water utility improvements.

The bill will prohibit water utilities from designating money or staff to planning, designing and constructing new water treatment facilities in the metro area.

As of Sunday afternoon, 136 people were signed up to speak about the

bill, most of them against the bill.

Minimum wage hearing

When: 5–6:30 p.m.

In early January, Iowa unions held rallies across the state to celebrate minimum wage increases in Johnson, Linn, Polk and Wapello counties.

But if House File 295 is signed into law, it could override the local minimum wage ordinances those folks were celebrating.

The legislation would prohibit counties and cities from straying from federal or state requirements for minimum wage, employment leave and other conditions of employment.

Critics of a uniform minimum wage say it curtails local government, taking power away from counties and cities, while some supporters say it would simplify paying workers for employers.

The current federal and state minimum wage has been \$7.25 since 2008, according to the U.S. Department of Labor.

As of Sunday afternoon, 104 people were signed up to speak out about the bill.

Voter ID

When: 7–8:30 p.m.

House File 516 would require Iowans to show identification at the polls. The legislation would make election-related changes in the state, including voter registration, absentee voting, voter identity verification, signature verification and more.

Proponents believe that the legislation would decrease election fraud. According to an Associated Press report, Iowa Secretary of State Paul Pate's office received reports of 10 potentially improper votes cast out of 1.6 million counted statewide in recent elections.

Opponents of the bill believe that it would restrict access to voting in Iowa.

A February Des Moines Register/ Mediacom Iowa Poll found 69 percent of Iowans say they think voters should have to present a government-issued identification card in order to cast their ballot.

One hundred and thirty-eight people were signed up to speak about the bill as of Sunday afternoon. Speakers at each hearing will have the floor for three minutes each.

Iowans can sign up to speak at a hearing on the Iowa Legislature's website at [www.legis.iowa.gov](http://www.legis.iowa.gov).

DMR Iowa View: Attacks on UI are unfair and wrong

PATRICK SCHLIEVERT is professor and chair of microbiology at the University of Iowa.

I wonder if Sen. Brad Zaun and letter writers Stu Bassman and Thalia Sutton know each other and compare notes before writing serious attacks on the University of Iowa. It is obvious that none of them know how the university operates. By definition, there is a difference between colleges and universities, where universities offer graduate degrees not offered by colleges. Thus, research is a requirement for universities, and indeed these centers of education provide for the major advancement of new knowledge in the United States. This is an important difference between colleges and universities.

All lecture courses in my department, microbiology, and as far as I know in the Carver College of Medicine as a whole, are taught by Ph.D and M.D. professors, and have been for a long time, and not by graduate students. We do not have any teaching assistant graduate students. We do, however, have undergraduate microbiology majors, and we do teach undergraduates who want to become nurses, pharmacists and other professionals. In those courses, graduate students help in the laboratories as part of graduate student education, but they are not paid to teach.

It is also mentioned that faculty do not do enough teaching. That is not the case in my department, and not the case in other Carver departments. As an example, I personally teach medical bacteriology and mycology to medical students, immunology to dental students, immunology to undergraduates (pre-nursing), and a graduate level microbiology course. At the same time, I administer the department and have research grant responsibilities. I have also trained 27 graduate students who have gone on to have terrific careers in university (for example Northwestern University, Chicago) and industrial (for example 3M and Pillsbury) settings. Each graduate student's training is a 4-5 year time commitment by me.

There has been a complaint that faculty should spend more time teaching, less time "slacking," and separating government research from university activities. This latter can only be done if you want UI to become a teaching college, and if you want a highly significant increase in tuition. As of now,

undergraduate tuition at UI is the lowest in the Big Ten. At the same time the Iowa Legislature has become even stingier in providing state funding. All government studies indicate that the No. 1 reason why tuition has increased from \$300 a year when I was an undergraduate at the UI (1967-1971) to its current \$8,300 is that the Legislature no longer provides funding to subsidize education as it once did. I am surprised that the Legislature thinks this is OK, given some of them likely attended the university.

A final point: My laboratory and graduate students, and clinical colleagues identified: 1) the cause of staphylococcal toxic shock syndrome (TSS), why tampons are associated with TSS, and how to manage TSS clinically to keep people alive; 2) the flesh-eating streptococcal disease, its cause, and how to manage the disease clinically to keep people alive; and 3) 17 other serious infections, their causes, and clinical management. My clinical colleagues, graduate students, and I have been estimated to have saved the U.S. healthcare system more than \$500 billion by these research studies, which could only have been done at a major university like the University of Iowa.

DMR: Magellan's spills amass in Iowa

January leak is 28th since 2000, fueling Dakota Access foes' fears

KEVIN HARDY

KMHARDY@DMREG.COM © COPYRIGHT 2017, DES MOINES REGISTER AND TRIBUNE COMPANY

The company whose pipeline dumped more than 46,000 gallons of diesel on northern Iowa farmland in January has had more spills than any other pipeline operator in the state over the past 16 years, according to a Des Moines Register analysis.

Magellan Midstream Partners pipelines have spilled 27 times in Iowa from 2000 to 2016, spewing tens of thousands of gallons of hazardous products, according to Iowa Department of Natural Resources data. Magellan's spills are nearly double the 14 of Enterprise Products Operating, the second most frequent offender.

Magellan reported its 28th spill Jan. 25 near Hanlontown, Ia., where a rupture dumped thousands of gallons of diesel onto snow-covered crop fields.

The spill immediately stoked foes of the Dakota Access pipeline, whose builders plan to start pumping oil through the 1,772-mile line within weeks. Once completed, it will carry more than a half a million barrels of oil each day from the Bakken formation in North Dakota to a distribution hub in Patoka, Ill., crossing 18 Iowa counties along the route.

Dakota Access opponents say accidents involving Magellan and other operators demonstrate the risks associated with the Dakota Access pipeline, the largest ever to cross Iowa.

"There have been so many spills that we feel a spill from this pipeline is almost inevitable," said Wally Taylor, the legal chair of Iowa's chapter of the Sierra Club.

But industry experts argue that the failings of older pipelines can't predict the performance of newer lines.

The spills data show that from 2010 to 2016, Iowa authorities were notified of 79 pipeline breaches from more than 25 pipeline operators in the state, including Magellan. Those incidents resulted in anhydrous ammonia, propane, natural gas and diesel fuel spilled onto Iowa land and in its waterways.

The exact amount of the hazardous materials spilled is impossible to calculate because of different

units of measurement depending on the spilled material, DNR officials said. In addition, initial reports often are revised by investigators, but those changes are not always reflected in the DNR database.

Magellan, based in Tulsa, Okla., said the 12-inch diesel pipeline that ruptured near Hanlontown was built in the early 1950s. It is aging, like much of Iowa's 12,775-mile network of oil, natural gas and hazardous liquid pipelines, said Adam Boughton, an environmental specialist with Iowa Department of Natural Resources.

"Most of the pipelines here in Iowa are going to be older pipelines, probably put in in the '70s, '80s and '90s," he said. "We haven't had any real significant pipeline construction in a few years."

Since then, pipeline construction and monitoring have greatly improved, said Tom Seng, an applied assistant professor of energy business and assistant director of the School of Energy at the University of Tulsa.

Seng said the technology embedded in the Dakota Access project looks nothing like that of a 50-year-old pipeline.

"We're talking about new pipes. The new pipelines are literally that — brand new steel, brand new monitoring systems," Seng said. "I don't foresee any kind of leak happening with that pipeline."

#### Magellan's record in Iowa

On Jan. 25, Magellan initially reported a pipeline rupture and spill of nearly 140,000 gallons of diesel, which would have been the nation's largest diesel spill since 2010.

The spill resulted in the dispatch of more than 70 Magellan employees, local emergency responders, state and federal regulators and cleanup contractors. Crews quickly vacuumed up diesel and hauled out contaminated soil. Magellan replaced the failed section of the pipeline and had it back in operation three days later. It also significantly revised downward the size of the spill to 46,830 gallons.

Magellan has promised to reimburse state and local agencies for their response efforts. Worth County auditor Jacki Backhaus said she would present supervisors with her calculations of the response costs on Monday. Magellan said the cause of the spill is unknown, and the incident is under investigation by federal authorities. In addition to the most recent spill in Worth County, DNR data show that over the last 16 years Magellan has documented 27 pipeline spills, 18 spills at pipeline facilities and two while performing pipeline maintenance.

Magellan is Iowa's largest pipeline operator, overseeing 932 miles of refined petroleum pipeline, 363 miles of highly volatile liquid pipelines and 222 miles of anhydrous ammonia lines, according to the Pipeline and Hazardous Materials Safety Administration.

Iowa's second and third biggest operators are Enterprise Products Operating LLC with 750 miles of highly volatile liquid pipelines and Nustar Pipeline Operating Partnership, which oversees 440 miles of highly volatile liquid lines. Magellan spokesman Bruce Heine said the company complies with all federal and state laws and regulations surrounding pipelines. The vast majority of releases are contained within Magellan properties, Heine said, and do not pose a threat to the public. "It is a top priority for Magellan to maintain and operate our assets in a safe, efficient and environmentally responsible manner," he said in a statement to the Register.

Pipeline spills often are caused by third parties, such as a farmer or contractor digging near a line. But DNR data show several recent spills in Iowa attributed to issues with Magellan's pipelines:

» In 2013, a Magellan propane pipeline spilled 250 barrels of propane in Jasper County after a contractor noticed an anomaly on the 8-inch pipe.

» In 2010, 4,830 gallons of fuel oil No. 2 spilled from a Dickinson County pipeline because a valve ruptured from corrosion, regulators say.

» In 2003, a failed gasket resulted in 1,650 gallons of diesel pouring from a 10-inch Magellan pipeline onto Pottawatomie County soil.

Magellan's national record

Magellan's problems don't end in Iowa. The federal Pipeline and Hazardous Materials Safety Administration, which regulates interstate pipelines, would not comment on the company's record.

But officials pointed to data that show Magellan's companies were involved in nearly 300 pipeline incidents from 2006 to 2016. Administration records show those incidents caused more than \$62 million in property damage, with a collective 25,389 barrels of hazardous liquids lost.

By comparison, Energy Transfer Partners, the parent company behind the Dakota Access pipeline, was involved in 33 pipeline incidents over that time span. Federal data show those incidents caused nearly \$10 million in property damage and resulted in nearly 10,000 barrels of hazardous liquids spilled.

Magellan operates 12,273 miles of hazardous liquid and gas pipelines nationwide, data show, while Energy Transfer Partners oversees 10,821 miles of pipelines.

Magellan's website says it operates the largest pipeline system in the country, carrying refined products and liquefied petroleum gas. Its 9,700 miles of refined pipeline crisscross 15 states in middle America.

Magellan also oversees a 1,100-mile ammonia pipeline system and 2,200 miles of crude oil pipelines and storage facilities, which collectively hold about 26 million barrels.

In 2010, Magellan paid a \$46,200 civil penalty for federal Clean Water Act violations related to a 5,000-gallon oil spill at its pipeline terminal in Milford, and an unrelated issue involving a May 2009 emergency response drill at its bulk oil storage facility near Wichita, Kan.

The company made headlines last year when a leak in its anhydrous ammonia pipeline killed a 59-year-old Nebraska farmer who was investigating the fumes. And in January of this year, the Environmental Protection Agency and the Department of Justice announced a settlement with Magellan over alleged violations of the Clean Water Act related to gasoline, diesel and jet fuel spills in Texas, Nebraska and Kansas.

In its agreement with the federal government, Magellan agreed to pay a \$2 million civil penalty and \$16 million in injunctive relief toward cleanup, training and other improvement efforts, according to an EPA news release. Magellan's spokesman said the company has designed integrity management plans for each of its pipelines, taking into account the unique materials, construction methods and characteristics of each line. The company uses an inspection tool called a "smart pig" on "the vast majority of its pipeline system, significantly more than what is required by regulations," Heine said. "The age of a pipeline by itself does not pose a risk," Heine said. "Instead, the issues we carefully monitor regardless of the age of the pipeline include: potential corrosion, damage from thirdparty excavation damage and welding failures.

'It's unbelievable the difference in quality now'

David Barnett, a special representative with the United Association of Plumbers and Pipefitters, said new pipelines are "much safer" than those built decades ago. Most leaky pipelines were built before 1973, when federal regulations began tightening construction measures, he said. Those pipelines don't compare to ones built with modern safety measures. Since the 1970s, builders have added special coating to pipelines. They've eliminated less reliable hydrogen from the welding process and implemented hydrostatic testing to judge the acceptable operating pressure level for each line, Barnett

said. And waterways are better protected with horizontal directional drilling. Now, rather than burying the pipe directly under a river or creek bed, pipelines are buried as much as 90 feet under the waterline. Many pipelines now incorporate pipeline pigs that run up and down an operating line to clean it and test for possible weaknesses. "I know what's out there. I know what we used to do," Barnett said. "And it's unbelievable the difference in quality now." He acknowledges environmental critics' arguments that regulation of existing pipelines has traditionally lagged the scrutiny surrounding newly proposed lines.

"But I'll be honest with you: The spills we've had in Kalamazoo, Mich., and other places were eye-openers to our industry," Barnett said.

In 2010, a portion of an Enbridge pipeline ruptured and leaked oil into a tributary of the Kalamazoo River. The EPA estimated more than 1 million gallons of oil poured out, and the multiyear cleanup tab topped \$1 billion.

In recent years, the administration has pushed operators to retrofit older lines with updated technology. Barnett serves on that agency's oil and hazardous liquid advisory committee.

"And believe it or not, we've got some companies out there that always step up and push for the right thing," he said, "because they're tired of their industry getting a bad rap."

Barnett said he wouldn't support Dakota Access if he didn't think it was safe. The 41-year veteran of pipeline welding represents the union welders who pieced together Dakota Access.

If it does leak, which he believes is unlikely, Barnett thinks modern monitoring systems will keep spills to a minimum. Technology allows operators to remotely shut down portions of a pipeline any time they detect a loss in pressure.

"I can't say there's not going to be a spill," he said. "I would be crazy to say that. But I really don't think there's going to be a spill."

Are pipelines safer?

Pipeline proponents often point to research that shows the lines are a safer method of transporting energy than railroads or trucks. While there are many instances of rail and road spills in the DNR's database, it includes reported spills of as little as 1 gallon, Boughton says. "You are comparing apples to oranges a little bit, but the way I like to think about it is there are fewer pipeline releases than there are train derailments and truck accidents," he said. "But the pipeline spills tend to be bigger." Loren Scott, a consultant and professor emeritus of economics at Louisiana State University, said looking at pipeline spill data can be misleading. Regulators require even minuscule spills to be counted. Oftentimes, remediation efforts recover a large share of the oil that's spilled. While spills are often high profile, they remain relatively rare, he said.

Scott studied the safety record of Louisiana's 4,300 miles of regulated pipelines from 1986 to 2016. "At least 15 billion barrels of oil flowed through those pipelines during that 30-year time frame," Scott said. "We had 85,000 barrels spilled. ... That's nothing."

He supports the Dakota Access project but said he has no formal ties to the project. "I personally would prefer to have a pipeline transferring oil through what is basically rural areas of our state, versus a 100-car tanker train coming through the middle of Baton Rouge, a major metropolitan area," Scott said. "I just think it's obvious that it's safer."

'I will be surprised if it doesn't break'

Environmentalists don't buy such arguments.

"A nuclear power plant could argue we produce so much energy over so many years, and we've only

had one meltdown,” said Ed Fallon, director of Bold Iowa and a longtime pipeline opponent. “It’s an energy structure that comes with a very, very high risk. One spill, one meltdown, one explosion, that’s all it takes to cause great problems.” Conversely, he said news reports never detail catastrophes from wind or solar energy projects. Fallon worries that Dakota Access contractors, working to make up for regulatory delays, might have done sub-par work as they sought to complete the controversial project on time.

“What corners did they cut to get it done so fast? We saw them working at incredible speed,” Fallon said.

Fallon has little confidence in the pipeline’s safety.

“It’s impossible to say what’s going to happen,” Fallon said. “But let’s put it this way: I will be surprised if it doesn’t break in Iowa.”

Wally Taylor, with the Sierra Club, doesn’t agree with arguments that distinguish between older and newer pipelines, because he said even new ones leak. And he has little faith in state and federal regulators monitoring pipeline performance.

“All of these pipeline spills that occurred in the last few years occurred in spite of the federal agency,” he said. “So I don’t have much confidence that the federal agency is doing its job.”

DMR: Dakota Access safety measures

Dakota Access pipeline builder Energy Transfer Partners says its 1,172-mile pipeline will meet and often exceed federal safety regulations.

“Most importantly, safety is the company’s top priority — safety of our people and our assets, the safety of all those who live and work in the communities through which we pass, and the safety of the environment,” Energy Transfer spokeswoman Lisa Dillinger said in a statement. Sensors along the pipe will automatically track pressure, temperature, density and flow. Operators will monitor the pipeline’s performance 24 hours a day, 365 days a year, Dillinger said. Valves will automatically close when problems

are sensed. During construction, crews examined 100 percent of pipeline welds through what the industry calls nondestructive testing, “which is well above the 10 percent required by federal regulation,” she said. That includes visual and X-ray inspections.

The project is buried deeper than required, officials said, and the company exceeded regulations regarding pipeline materials. Energy Transfer crews inspected pipe mills for quality as pipe was being manufactured.

The entire length of the pipeline will be inspected internally with a tool known as a caliper pig, and crews will use hydrostatic testing to ensure the pipe can maintain its integrity up to 125 percent of its maximum operating pressure.

Federal regulations require 26 inspections per year, but Dillinger says the company will perform routine ground and aerial leak inspections every 10 days. Energy Transfer will also post signs along the pipeline route with warnings about digging in those areas.

DMR: Scores of GOP-sponsored bills survive funnel deadline

Rewrite of gun laws, abortion restrictions among those on table at Capitol

WILLIAM PETROSKI AND BRIANNE PFANNENSTIEL

BPETROSK@DMREG.COM

The Iowa Legislature is heading into the ninth week of the 2017 session with Republicans who control the House and Senate unwavering en route to approving a conservative agenda that's been sharply at odds with Democrats.

The session's first major deadline, the so-called funnel, has been eclipsed, sending a host of bills to the Iowa Capitol's recycling bins. The dead bills include proposals requiring motorcycle riders to wear helmets, term limits for the state's elected leaders, and reinstating the death penalty.

What's left are scores of Republican-sponsored bills, including a major rewrite of Iowa's gun laws, restrictions on abortion, a move to block public funding of Planned Parenthood, a contentious voter identification plan, limits on lawsuit damages against Iowa livestock producers, and measures to more strictly enforce immigration laws.

House Speaker Linda Upmeyer, R-Clear Lake, said Republicans are focused on creating more jobs and making Iowa a better place to live. Senate Majority Leader Bill Dix, R-Shell Rock, agreed, saying the GOP's agenda reflects a view that Iowans are tired of bipartisan gridlock at the state Capitol and are ready for significant changes. This includes: a predictable, sustainable state budget; rules and regulations that keep Iowa businesses competitive; a tax code that rewards hard work and investment; and providing better government services at a lower cost, he said.

"The truth of the matter is that we are listening carefully to Iowans and we are moving forward with changes, and change to some people is difficult," Dix said. "We have promised Iowans that if you give us an opportunity to lead we are not going to let you down."

Lawmakers have already passed several major pieces of legislation that have been signed by Gov. Terry Branstad, including a bill that dramatically weakens collective bargaining for 184,000 public employees; a 1.1 percent increase in school aid for K-12 education for the 2017-2018 academic year; and a reduction of \$117.8 million in state spending to cover a revenue shortfall for the budget year ending June 30.

Democratic leaders have been harshly critical of the Republicans' agenda, calling it an assault on working people on behalf of wealthy corporate interests and national conservative advocacy groups.

"We've not seen legislation yet that puts more jobs into our state, helps people get ahead in our economy and improves the overall economy," said House Minority Leader Mark Smith, D-Marshalltown.

Other Democrats say there hasn't been enough attention on Iowa's water quality problems and that Republicans are ignoring serious problems with private management of Iowa's Medicaid health insurance program. They also complain Republicans have been wasting time on polarizing issues, like recognizing "personhood" for fetuses and legalizing some machine guns.

"Some people are describing this session as the Wild Wild West, and I believe that is what it is starting to look like," said Sen. Liz Mathis, D-Cedar Rapids.

The session began Jan. 9 and is expected to wrap up around late April to early May.

Here is a look at some of the bills still alive in the Iowa Legislature:

DEFUNDING PLANNED PARENTHOOD:



The Iowa Senate has already passed Senate File 2, which would block public funding to Planned Parenthood and other abortion providers. The bill has cleared a House subcommittee and is pending in the House. The legislation establishes a new state family services program. Republicans say women will have access to 221 clinics statewide that will expand coverage to rural women who must now make long drives to urban areas for family planning services. Democrats disagree, contending the bill will cause Iowa women to have more difficulty obtaining birth control, cancer screenings and other health care.

**20-WEEK BAN ON ABORTIONS:** Most abortions would be banned 20 weeks after fertilization under Senate File 53, which cleared a Senate committee. A matching bill, House File 298, did not advance out of a House committee. Similar laws have been enacted in at least 18 states.

**DES MOINES WATER WORKS:** Legislation sponsored by state Rep. Jarad Klein, R-Keota, would make water utilities in Des Moines, Urbandale and West Des Moines city departments controlled by their respective city councils. It directs the cities to work toward creating a regional water authority. The changes also would give Des Moines and other cities the authority to decide the fate of a federal lawsuit filed by the Des Moines Water Works against three northwest Iowa counties. Critics say the legislation, House File 484 and Senate Study Bill 1146, is clearly retaliation for a federal lawsuit filed by the Des Moines Water Works against drainage districts in three northwestern Iowa counties. The legislation has cleared committees in the House and Senate.

**MINIMUM WAGE PREEMPTION:** House File 295 would block cities and counties from setting their own minimum wages, effectively rolling back wage increases approved in four Iowa counties. Iowa's minimum wage has remained at \$7.25 since 2008. The bill also includes broader pre-emption language that would prevent cities and counties from implementing policies like requiring paid family leave, implementing a soda tax and banning the use of plastic bags. A provision that would have rescinded local governments' ability to pass stricter protections than detailed in the Iowa Civil Rights Act was removed from the bill. But lawmakers added language that protects landlords who don't want to rent to those who use federal housing vouchers, such as participants in the federal Section 8 program that helps the poor.

**WORKERS' COMPENSATION:** Matching bills introduced in both the House and Senate would significantly scale back workers' compensation benefits for injured workers. House Study Bill 169 and Senate Study Bill 1170 would end worker benefits at age 67, reduce benefits for injuries tied to pre-existing conditions, minimize late fees for employers who fail to pay benefits on time, and limit how much attorneys can receive for legal fees. The bills also would allow employers to deny benefits if an injured worker tests positive for drugs or alcohol.

#### VOTER IDENTIFICATION:

House Study Bill 93 would implement new voter identification requirements — a controversial measure that Democrats argue would suppress voters. The bill would make numerous changes to the state's election laws that Secretary of State Paul Pate, a Republican, says are needed to ensure the integrity of the process. Among them is a provision that would require every voter present valid government-issued identification, such as a driver's license, passport or military ID. Other provisions would eliminate an option for voters to check a single box for straightparty voting, provide money to purchase digital poll books for precincts, and establish post-election audits. A separate version, Senate Study Bill 1163, has cleared the Senate State Government

Committee.

#### CRACKDOWN ON

#### HIGHWAY PROTESTS:

Political activists who block traffic on Iowa's roads are now cited with a simple misdemeanor offense

and fined \$35, but Senate Study Bill 1135 would stiffen the penalties by classifying a first offense as a serious misdemeanor with punishment of up to a year in prison and fine of up to \$1,875. Secondtime offenders would be charged with an aggravated misdemeanor and third-time violators would face a Class D felony charge. A similar bill filed in the House, House File 226, would make it a serious misdemeanor to block highways and it would be an aggravated misdemeanor to organize protests that block highways. The measures were drafted in response in response to an incident in November when more than 100 protesters blocked Interstate Highway 80 in Iowa City. The activists shut down eastbound traffic for about 30 minutes, protesting Donald Trump's presidential election.

#### BAN ON HAND-HELD PHONES WHILE DRIVING:

Lawmakers have advanced bills in both chambers, Senate File 407 and House Study Bill 139, that would prohibit drivers from using hand-held mobile phones, but would allow motorists to use hands-free devices. The legislation, supported by Gov. Branstad and the Iowa Department of Public Safety, was drafted in response to a sharp spike in Iowa traffic deaths last year and concerns about an increase in distracted driving.

#### BOTTLE DEPOSIT PROGRAM REPEAL:

Consumers now pay a 5-cent deposit when they purchase certain beverages, and they can receive a 5-cent refund when they return the container to a redemption center. House Study Bill 163 would repeal that program, begun in 1978, and replace it with a broader recycling and litter reduction program. It was approved by the House Environmental Protection Committee, although the bill's sponsor said it is not expected to reach the governor's desk this session.

**FIREARMS:** House Study Bill 133 represents a broad rewrite of Iowa's weapons laws and includes provisions enhancing "stand your ground" laws, allowing children to use handguns while under adult supervision and changing some permitting processes. An amended version cleared the House Judiciary Committee.

#### WATER QUALITY:

House Study Bill 135 builds off of legislation that passed the Iowa House in 2016. Like last year's bill, it would fund projects by shifting money currently spent on infrastructure projects and using sales tax dollars Iowans already pay on their water bills. One new concept this year is a revolving loan fund that would provide loans and grants to organizations formed for the purpose addressing water quality on a regional watershed basis. The bill adds incentives to encourage farmers, landowners, business owners and other private groups to work jointly on solutions. The measure has cleared the House Agriculture Committee. Meanwhile, the Senate is considering its own version of a water quality funding bill, Senate Study Bill 1034, which was proposed by Gov. Terry Branstad and is largely based on last year's House legislation.

#### BIKE SAFETY:

Senate File 265 and House File 513 define safe passing of bicycles, allows for passing bicycles in no passing zones, and requires bikes to have front-facing and rear-facing lights at night. The passing provision would require motorists to change lanes to pass bicyclists, and bike lanes and paved shoulders would be considered adjacent travel lanes if the bicyclist was using them. Motorists would be allowed

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to pass bicyclists in no passing zones if there is no oncoming traffic, and the pass does not occur near the crest of a hill, bridge, viaduct, tunnel, intersection, or railroad crossing.

## FANTASY SPORTS:

Thousands of Iowans play Internet fantasy sports. But Iowa is one of only a handful of states where cash payouts are either illegal or subject to ambiguous laws. House Study Bill 52 would authorize fantasy sports contests and provide for regulation by the Iowa Racing and Gaming Commission. The proposal would impose a 7.5 percent tax on Internet fantasy sports contests' revenue after prizes were paid out.

**FIREWORKS:** A Senate committee has approved Senate File 236, which would authorize the retail sale of consumer fireworks such as firecrackers, bottle rockets and Roman candles. The bill would allow the use of consumer fireworks between June 1 through July 8 and from Dec. 10 through Jan. 3. However, city councils and county boards of supervisors could adopt ordinances or resolutions to ban fireworks in their jurisdictions.

## SANCTUARY CITIES:

Legislation aiming to prevent local "sanctuary" policies for undocumented immigrants has been approved by House and Senate committees. Senate Study Bill 1172 would require law enforcement agencies to comply with federal immigration detainer requests for people in their custody. In addition, the legislation would prohibit local governments or campus police from discouraging local law enforcement officers or others from activities related to enforcing immigration laws. House File 265 says the state, cities, counties and public universities cannot enact policies that prohibit law enforcement officials from gathering information regarding the citizenship or immigration status of individuals, direct law enforcement agencies not to gather that information, or prohibit the communication of that information to federal law enforcement.

## CANNABIS OIL:

Iowans are currently allowed to possess cannabis oil for the treatment of epilepsy. But it's illegal to manufacture or distribute that oil in the state, and federal law prohibits its transportation across state lines. In practice, that makes it illegal for Iowans to obtain the product. The law was enacted in 2014 but is scheduled to expire in July, leaving no state law in its place. House Study Bill 164 and Senate File 282 have advanced through the House and Senate, and would allow the program to continue indefinitely. The legislation also says the state would immediately recognize the legality of a pharmaceutical version of the oil if the federal Food and Drug Administration does so. Broader bills that would establish state manufacturers and distributors for medical marijuana have failed to advance this session, but the issue is likely to receive further debate before adjournment this year.

**HONEYBEES:** House Joint Resolution 10 would designate the honeybee as Iowa's official state insect. About one-third of the food produced in the United States depends upon insect pollination, 80 percent of which is due to honeybees. The bill directs the Department of Cultural Affairs to display pictures and information about honeybees in the state historical museum.

**AGING SEX OFFENDERS:** Iowa has hundreds of sex offenders confined behind bars, raising concerns where they will reside after they are freed from prison and ready for nursing homes. The Senate Human Resources Committee has approved Senate Resolution 7, which asks the Iowa Legislative Council to create an interim committee to study the establishment of a facility to care for geriatric patients who are sex offenders or are sexually aggressive.

**CONSTITUTIONAL CONVENTION:** Senate Study Bill 1110 and House Joint Resolution 11 call for a convention of states. Under the proposal, Iowa could join other states in a national convention of states to amend the U.S. Constitution to impose fiscal restraints and limit federal government jurisdiction.

**LIVESTOCK LAWSUITS:** House Study Bill 134 and Senate Study Bill 1144 would allow for an affirmative defense to be raised when an animal feeding operation is alleged to be a public or private

nuisance or otherwise interfere with a person's enjoyment of life or property. The legislation suggests the public interest is served by preserving and encouraging responsible animal agricultural production. The affirmative defense limits compensatory damages, as opposed to punitive damages, and specifies three categories of awards. In addition, a party that files suit and fails to prove that an animal feeding operation is a public or private nuisance is liable to pay the defendant for all costs and expenses, including attorney fees

**RESTRICTIONS ON PROJECT LABOR AGREEMENTS:** Legislation that would prevent state and local governments from mandating the use of project labor agreements for public construction projects has been sent to the Senate floor. Senate Study Bill 1145 addresses concerns raised by nonunion contractors about project labor agreements, which are a collective bargaining arrangement with one or more labor unions for a construction project. Supporters of project labor agreements say they ensure that workers are paid fair wages and that construction work is completed on time and on budget. Nonunion contractors contend project labor agreements impede open, fair and competitive bidding in taxpayer-funded construction projects by requiring union construction workers.

DMR: Trump's supporters stand by their man at D.M. rally

MOLLY LONGMAN

MLONGMAN@DMREG.COM

Gina McClelland has supported President Donald Trump since he rode down a Trump Tower escalator in June 2015 and announced he was running for president.

"I always thought he would win," McClelland said. "He is fighting for your average, working American, and it's been a long time since we felt like anybody worked for us."

McClelland, 46, of Carlisle, has been a truck driver for 22 years, and the open road has shown her many nooks, crannies and hidden gems in what she calls "the greatest country in the world."

McClelland said that if her travels have taught her anything, it's that there are multiple ways, numerous routes citizens can take to make America great.

"I think that we all want the same thing ... We just have different ways of getting to the same place."

And on Saturday, the road lead McClelland to the Iowa Capitol, where she raised a poster reading "We Support Our President" in a sea of red, white, and blue hoodies, hats and campaign signs. McClelland was one of a few hundred people, as estimated by Iowa State Patrol, who gathered to show their support for Trump at a "Spirit of America Rally" hosted by the Main Street Patriots, a conservative group organizing pro-Trump rallies and marches across America. Organizer Michelle Kritenbrink said she wanted to organize a positive and patriotic rally to bring people together and show support for President Donald Trump.

"The intent is to energize people — to pump them up," Kritenbrink said. "With all the negative media out there, we are trying to put out a positive message and get people to get involved and stay involved."

And according to Gary Leffler, Trump's election was a step in the right direction when it comes to getting more lowans involved in politics.

Leffler, of West Des Moines, emceed the rally and said he believes Trump's victory in November gave lowans a reason to come to the Capitol and celebrate.

"He's given hope back to the people," Leffler said.

“People have a hop in their step again.” Speakers addressed the crowd, touching on topics such as showing respect for the president, the media’s message and the role of Congress, as anthems like “I’m Proud To Be an American” played. Supporters chanted “U-S-A” and the president’s name while they bolstered homemade posters stating “Trump Works for Me” and “America First.” The Main Street Patriots hosted “Spirit of America” and “March 4 Trump” rallies in support of the president across America on Saturday, from Simi Valley, Calif., to Hartford, Conn. Four rallies took place in Iowa, in Council Bluffs, Davenport, Des Moines and Ottumwa.

Though rallies were disrupted by counter-protesters in cities such as Columbus, Ohio and New York, the Des Moines rally went unchallenged.

Iowa Democratic Party Chair Derek Eadon issued a statement in response to the pro-Trump rallies, condemning a rumored executive order that could shift the burden for blending ethanol and biodiesel into the nation’s fuel supply from oil refiners to fuel retailers.

“President Donald Trump turned his back on Iowa and the entire farming community this week with an executive order that guts the Renewable Fuel Standard and threatens the livelihood of thousands of Iowa farmers,” Eadon said in the email statement. “Iowa Democrats believe that ‘The Spirit of America’ includes the hardworking farmers who help feed America and fuel our engines. When Iowa farmers start to see a decrease in profits and less money in their bank accounts, they’ll have President Trump to thank and the Iowa Republicans who defended him to blame.”

The White House denied that Trump has plans to issue the executive order Tuesday.

Standing in front of a 1957 Ford tractor, decorated with the names of veterans and Trump signs, Tana Goertz, a motivational speaker and senior adviser for Trump’s presidential campaign, told demonstrators to look towards the future, noting that reelection efforts for Trump could begin in Iowa within months.

“Folks, saddle up,” Goertz said. “We’re back at this.”

DMR: 4 men accused of using false documents to get jobs in Iowa

CHARLY HALEY

CHALEY@DMREG.COM

Federal authorities arrested four men on suspicion of being undocumented residents in eastern Iowa last month, court records show. However, federal and local authorities say there are no unusually intense immigration-enforcement operations in progress. A U.S. Department of Homeland Security investigation prompted allegations Feb. 16 that four men had used false documents for employment at Mills Manufacturing in Earlville in northeast Iowa, according to federal court records. Ipolito Rodriguez, Lucio Perez, Leonardo Vega and David Moncada were arrested and charged with unlawful use of identification documents.

These arrests come at a time when many Latinos in Iowa are concerned about their safety because of promises by politicians to more aggressively enforce immigration rules, said Dawn Martinez Oropeza, executive director of Al Exito Iowa, a statewide Latino youth and family organization. “The climate for them right now is affecting their emotional health,” she said. Al Exito has been posting warnings about potential U.S. Immigration and Customs Enforcement, or ICE, detentions in the Des Moines metro area, reported to the group by community members.

Local law enforcement officials were unable to substantiate these reports. Polk County Sheriff’s Lt. Rich

Blaylock said the Polk County Jail has not received any communication from ICE about immigration-related arrests or inmates. But he said ICE is not required to inform the jail about its activity.

An ICE spokesman said in a phone call that rumors about increased arrests are false.

But federal court records confirm the arrests in Earlville last month.

Criminal complaints filed with the U.S. District Court for Northern Iowa show all four men submitted I-9 employment eligibility forms at different times during 2013 to the human resources department at Mills Manufacturing, where they were employed. Those forms included falsified identification information, including, in at least one of the cases, a Social Security number that did not match the suspect's name, according to the complaints.

ICE spokesman Shawn Neudauer previously told KCRG-TV that the arrests were part of an "ongoing criminal investigation." But he declined to comment further to The Des Moines Register in an email on Friday. The Register had asked what crimes were suspected as part of the ongoing investigation.

National media have reported that President Donald Trump's comments on immigration have ignited concern and fear among many immigrant and racial minority groups across the country. However, a New York Times report shows the 680 undocumented immigrants reportedly arrested in 12 states during a week in February was not unusual compared with the average of 675 immigrants per week arrested in 2009.

Still, Oropeza said, she knows many young people who are having trouble focusing on school because they are worried about friends or family members being deported or accused of entering the country without permission. Al Exito offers support and has advised the youth and family that it serves to stay informed and to know their rights, she said.

"The people we serve, they're families," Oropeza said. "They're not criminals. They're going to school. They're going to church. They're trying to make a better life for themselves."

#### DMR Editorial: UI MADE MISTAKE IN RENEGING ON SCHOLARSHIPS

Both Legislature and foundation should step up to support students

Iowa's elected officials say they value higher education, but that sentiment is rarely reflected in state appropriations. Year after year, lawmakers and the governor fail to adequately fund the three public universities overseen by the Iowa Board of Regents. Resulting tuition increases squeeze families and force students to borrow more money.

And when leaders are looking for ways to cut the state budget, the schools are frequently among the first on the chopping block. The Iowa Legislature's mid-year budget cut in January slashed \$18 million from the universities. Cuts to the University of Iowa, which now total \$9.2 million, need to be implemented within the next four months.

UI President Bruce Harreld wants Iowans to consider whether universities should be an "expense to be minimized, or assets to be leveraged." He's also warning of significant tuition increases so UI can keep up with peer institutions, and he's making a strong case that the university needs more support.

Harreld's initial response to budget cuts was troubling, however. He announced the school would slash student scholarships, including those already offered to incoming freshmen, high-achieving students transferring from community colleges and presidential scholars for the 2017-18 school year. UI officials said the cuts would have affected more than 3,000 students, including 2,440 resident undergraduates, and save the school about \$4.3 million.

The decision to yank money “in no way diminishes your admirable academic accomplishments,” Harreld wrote in a letter to students. Then he went on to blame lawmakers.

Legislators are certainly guilty of making numerous bad budget decisions, including those related to higher education. Voters can hold them accountable. But how will Harreld be held accountable for his bad decision?

That apparently requires the threat of legal action. Shortly after Harreld’s announcement, a class-action lawsuit was filed against the university challenging the constitutionality of revoking money already offered to students. Attorney Steve Wandro, representing a student plaintiff, called the move “blatantly illegal” and “wrong on so many levels.”

So last week the school changed course and reinstated at least some of them. Perhaps the school expected it was going to get its backside handed to it in court. Original notifications of the multi-year scholarships to students said nothing about them being contingent on the university’s financial situation — or a sudden decision made by the school president. (The UI’s attempt to protect itself came in the form of an update to its website in January — after students received notices — to add a stipulation about reduced state funding possibly affecting scholarships).

And the point Republican legislative leaders have made amid all this is still relevant: The school should not renege on scholarships when its foundation is sitting on a fortune. Lawmakers called for the foundation to fund the \$4.3 million in aid. That is pocket change to this entity.

The foundation, registered with the Internal Revenue Service as a charity, reported earning \$8.6 million in “investment income” in 2015, according to the most recent 990 tax form available online. Half that amount would cover the cost of the scholarships. It paid its president, Lynette Marshall, nearly \$430,000 and its vice president, Tiffani Shaw, nearly \$270,000.

According to a 2016 annual report, the UI Foundation and university endowments exceed a combined total of \$1.269 billion. Yes, that’s billion with a “b.” An eight-year, historic fundraising campaign concluded by exceeding its goal and collecting \$1.975 billion.

What do the nearly 275,000 donors who participated think about the university president reneging on a commitment to Iowa students while the foundation sits on more than a billion dollars? How much money does this charity need in its coffers? Is it more focused on building wealth than helping students?

In fact, Harreld should have been the one originally asking the foundation to cough up the dough. Yet he has said donors give for specific purposes and officials cannot just “slosh money around.”

The foundation must respect its donors’ wishes, but to say it has no latitude defies past practice. A few years ago, the Register reported the foundation chose to slosh \$72,000 in “salary support” to Ken Mason, husband of the former UI president Sally Mason. It is still not clear in what “special assignment” he was engaged.

There is no doubt the Iowa Legislature should allocate more public dollars to higher education to reduce tuition for all students. But a foundation that has raised so much money on behalf of the school should step up in a budget crisis, too. And the new UI president should refrain from using students as political pawns.

DMR: Do special interests control the GOP agenda in Iowa?

A recurring theme at the Iowa Legislature this year has been the power and influence attributed to wealthy outside forces who want to bend Iowa to their will regardless of what’s best for its citizens.

Last week, for example, Rep. Mary Mascher warned Iowans during a subcommittee meeting about the influence of Americans for Prosperity, which is funded in part by billionaires Charles and David Koch.

“You need to be watching very carefully, because they’re controlling a whole lot of what goes in our state right now,” the Iowa City Democrat said, according to a report by The Des Moines Register’s Tony Leys. “It should put the fear of God into all of us, because they’ve got the governor’s ear.”

That was shortly before Rep. Bobby Kaufmann, R-Wilton, the subcommittee chairman, dramatically ripped up the professional licensing bill that the allpowerful AFP, not to mention the governor, was supporting. The special interests apparently weren’t so powerful in that particular case.

Democrats have also attributed Republican-backed legislation to a national organization for legislators, the American Legislative Exchange Council. House Speaker Linda Upmeyer, R-Garner, is on the national board of directors for ALEC and Gov. Terry Branstad has been called a founding member.

“First of all, clearly we’ve seen the influence of dark money and corporate interests over the interests of everyday Iowans, and the list of bills could probably take the rest of the morning to show that,” House Minority Leader Mark Smith, D-Marshalltown, said Friday.

Democrats point to the collective bargaining rewrite, workers’ compensation, voter identification, education savings accounts and a host of other highly partisan initiatives.

Upmeyer on Thursday dismissed the idea that outside groups are controlling Iowa Republicans’ agenda. “This idea that something’s being driven in an unusual way by any one of the organizations is simply not true,” she said.

She acknowledged, however, that lawmakers share ideas through organizations such as ALEC, the National Conference of State Legislatures and the Council of State Governments.

“Legislators talk all the time and I want us to, for heaven’s sake. We want to work with other states, learn from other states, because we are the laboratory where we test ideas and so we want us to do that,” she said.

This “laboratory” that Upmeyer talks about turns Iowans into the guinea pigs for experiments that are largely funded by corporate interests. In the case of the collective bargaining rewrite, roughly 180,000 public workers have lost the right to bargain over benefits and working conditions.

That “sharing” that Upmeyer talks about is sometimes pretty obvious.

Sen. Liz Mathis pointed out recently on her Facebook page that a bill calling for a constitutional convention, introduced by Sen. Robby Smith, is identical to proposed policy on ALEC’s website. Americans for Prosperity Iowa included collective bargaining reform as one of its five legislative priorities, along with tax cuts, regulatory reform, state spending cuts and school choice.

“We need to re-examine the relationship between government workers in our state and the taxpayers they serve. We need greater equity between the public and private sectors of our economy,” the AFP Iowa website states.

Upmeyer, however, said “almost every component” of the collective bargaining bill had been included in Republican-sponsored legislation or amendments in past years.

Democrats also found it suspicious that AFP Iowa representative Drew Klein was one of the few people who attended Gov. Terry Branstad’s private bill signing for the collective bargaining bill. He was also one of the few who spoke in favor of it at committee meetings and public hearings. A notable lack of local elected officials or private citizens came to the Capitol to advocate for the bill, which drew



thousands of union-affiliated opponents.

I asked Upmeyer and Senate Majority Leader Bill Dix about the public perception that special interests are the only ones who want certain legislation, based on the fact that only special-interest representatives were speaking for the bills.

Upmeyer said she and other Republicans heard from Iowans while knocking doors during the campaign. "I would argue that (Democrats) weren't listening very closely if they didn't hear any Iowans asking."

Dix, R-Shell Rock, had this to say: "The only outside interests that I feel like we're listening and responding to is Iowa voters," he said.

If Iowa voters are "outside interests," that's worrisome. The people should be the ones on the inside.

Iowa lawmakers have long borrowed ideas from national organizations and interest groups, but they should be focused on solutions to concerns Iowans are facing today. Too often, lawmakers propose remedies in Iowa for problems we don't have. We have enough serious issues in our own state, such as water quality, that we can't afford to spend so much time borrowing trouble from other places.

Interest groups may influence Iowa legislators through money and chummy relationships, but they can't control them. Kaufmann ripping up AFP-backed legislation and noting the public opposition shows that some lawmakers sometimes still listen to constituents.

Ultimately, we must hold responsible our elected officials for the legislation they approve. If they're representing someone other than the people in their district, voters should give them the opportunity to find work elsewhere.

DMR: Fighting to help you gain access to public records

Casino gambling is not just any business. Last year, gamblers plunked \$13.7 billion into slot machines in Iowa, and casinos kept \$1.3 billion of that.

Iowans know that because the Iowa Racing and Gaming Commission maintains detailed public records about casino operations.

Casinos must obtain licenses from the commission, whose mission is "to protect the public and to assure the integrity of licensed facilities." There's so much money at stake that the state requires precautions to ward off potential infiltration by organized crime or other swindlers.

But two bills moving forward in the Legislature would keep secret some audit information now available to the public. Although basic information such as the amount wagered would still be available, the industry is pushing confidentiality for other information for competitive reasons, saying it amounts to trade secrets. Trade secrets are typically exempt from Iowa's open records law, but again, casinos aren't a typical industry.

As a recent Register editorial put it: "Gambling has the potential to wreak havoc on lives and communities, which is why we require them to operate in the light."

The Register is dedicated to protecting the public's right to know, through news coverage of attempts to keep information secret, through the bully pulpit of our editorial page and when necessary through litigation.

This work isn't about making reporters' and editors' jobs easier. It's about upholding the principle that

the public should have access to records that the government maintains on the public's behalf.

State law at first glance appears straightforward in protecting public access: "Every person shall have the right to examine and copy a public record and to publish or otherwise disseminate a public record or the information contained in a public record."

But through the years, special interests have piled on a list of exceptions, now numbering 69.

"In spite of government officials' pronouncements about supporting transparency, they are constantly looking for ways to shut the public out," said Randy Evans, executive director of the Iowa Freedom of Information Council and a former Register opinion editor. The Register and other open-records advocates wage a never-ending battle to ward off more exceptions and to enforce existing provisions. For example, state law clearly bars government agencies from keeping lawsuit settlements secret. Yet for months, Crawford County Memorial Hospital, a public hospital owned by the county's taxpayers, refused to release how much it paid a widower of a patient whose death was blamed on a botched colonoscopy.

It took legal action by the Carroll Daily Times Herald and the Freedom of Information Council to force the hospital to disclose the \$500,000 settlement.

Another ongoing dispute involves the names of passengers on university planes piloted by Iowa State University President Steven Leath. A special state audit was conducted into his use of the planes, and he has admitted he flew them more than necessary, but the university refuses to release passenger names.

The Register is pursuing their release in a complaint with the Iowa Public Information Board.

Also of concern:

» A bill is working its way through the Legislature that would make confidential the names of government volunteers. That could conceivably include volunteer firefighters, EMTs and people who do volunteer work with children. Such volunteer work is laudable, but the public should know volunteers' identities and critical information such as criminal history.

» The University of Iowa is citing federal copyright law to block release of video its employees shot during the 2008 floods.

» Police departments across Iowa are now using body cameras to record video of officers' interactions with the public, a welcome step toward greater transparency and accountability, which I believe in most instances will show officers have acted responsibly. But individual agencies are developing a patchwork of policies on when video will be released. With narrow exceptions to protect the identity of crime victims and informants, state law should require that bodycamera video be made public. Otherwise, its potential value to help determine the truth and to build trust in police agencies will be lost.

"Government entities do not belong to the people who work for government," Evans said. "The universities and state and local government belong to the people of Iowa."

And the people of Iowa deserve access to the records produced by their government.

DMR Iowa View: Abuse shows why Iowa needs 'stand your ground'

Aaron Dorr, Iowa Gun Owners

Editorial failed to mention West Des Moines man's story

In its editorial published on Feb. 25, the Des Moines Register's editorial board proved again how out of touch it is with the tens of thousands of Iowans who are pushing for "stand-your-ground" legislation.

While hyping numerous and absurd examples of possible abuse of this law, the editorial very conveniently left out any mention of the real-world abuses that Iowans have suffered because we don't have this law.

After being attacked by multiple assailants on his way home from work in West Des Moines in 2012, Jay Rodney Lewis was forced to shoot his closest attacker after telling him 11 times to "get back!"

Lewis, a permit holder, did everything right.

After the initial encounter, he drove away from the suspects some 200 yards and called 911 right away to ask for help — meaning that the 11 times he said "get back" were captured on 911 audio.

He informed dispatch after he used his firearm, and he secured it before the police arrived.

But when the police arrived, it wasn't the intoxicated, twotime felon that attacked Mr. Lewis who was arrested, but rather Mr. Lewis himself!

After spending 112 days in jail, during which time he lost his apartment, his job, and almost all of his belongings, Mr. Lewis was found not guilty by a jury of his peers.

But he emerged from jail a broken man.

He never should have been treated that way in the first place. But because Iowa doesn't have "stand-your-ground" law, Polk County Attorney John Sarcone was able to punish the victim in this case, instead of the violent criminal who attacked him.

But the editorial board didn't mention that story.

Iowa voters spoke on this issue, loudly, when they threw out former Senate Majority Leader Mike Gronstal and five of his colleagues last fall for blocking this legislation, flipping the Senate and giving us a pro-gun majority in the legislature.

More than that, the Register's own Iowa Poll, conducted early last month, shows this issue has overwhelming support among Iowans. The poll found that 54 percent of Iowans back this legislation while just 36 percent oppose it.

For the Register's editorial board to continue painting doomsday scenarios as this bill progresses is so predictable to gun owners that it's become boring.

After all, when Iowans enacted "shall issue" legislation some years back, the same silly predictions about "blood in the street" were made.

The media was wrong then, and they're wrong now.

Iowans understand this. The dozens of legislators who've been removed from office because they opposed these bills over the last couple of election cycles now understand this, too.

Out-of-touch editorial boards in Iowa should try to keep up.

DMR Iowa View: THE REAL REASONS lawmakers want to ban handheld devices while driving

By: Joel Kurtinitis

## BANS ARE ABOUT MONEY AND CONTROL, NOT SAFETY

The other morning I hopped in the car for my hourlong commute down a mostly deserted four-lane highway with a Thermos full of coffee, using my phone's YouTube app and my car's Bluetooth stereo to listen to an audiobook.

Per usual, about 15 minutes from home, I hit a dead spot and the audio stopped. Without a second thought I picked up my phone and reloaded the page and the audio resumed without incident.

Next year, that simple action could subject me to a \$30 fine and — worse — an extra half-hour tacked on my commute.

Bills in the Iowa Legislature are the latest attempts by Republicans to try their hand at nanny-state liberalism, and they're drawing surprisingly little attention for the gigantic headache they're about to cause drivers all over the state.

One bill purports to limit "distracted driving" by banning the use of handheld devices while driving, and another would make texting while driving a primary offense — meaning that if you're doing nothing wrong at all, an officer can pull you over and ticket you just for glancing at your phone.

At this point there's no word on whether the Legislature intends to ban other distractions — like fast food, CD players, makeup, fountain drinks and children — but it's safe to assume that as soon as automakers find a way to make those things hands-free, those bans will be introduced, too. As a libertarian-leaning federalist, I generally disagree with the premise that lawmakers and bureaucrats know how to run my life — or my commute — better than I do.

In fact, the same legislators trying to micromanage our driving habits are still trying to dismantle their last traffic safety debacle: Iowa's dangerous and unpopular traffic cameras.

I know we're going to hear a lot of stories about people who used phones and got into terrible accidents, so before the rhetoric heats up and the emotional appeals begin, let's get the facts straight and find out whether this ban is really about safety or revenue.

First of all, most of the groups supporting this bill stand to gain something from it.

If you want to know why a bill is getting pushed, just follow the lobbyist declarations. This ban is supported by cell phone companies, insurance companies, lawyers, and law enforcement (you know, the guys who drive around with a laptop sticking out of a dash console with more buttons than the Millennium Falcon).

Mike Triplett, a lobbyist for the Alliance of Automobile Manufacturers, wasn't even coy about his group's stake in the bill, noting that automakers have spent millions of dollars on research and development making it possible for motorists to send a voice text using a hands-free device, as well as to place a phone call — all for the price of a new car from one of the companies he represents, of course.

Government agencies stand to gain revenue from fines and fees, an incredibly tempting way to replace the \$40 million generated by the soon-departing scamcams.

Cellular companies benefit from selling additional products and services — anyone who wants to make calls or stream music while driving will have to add new devices and/or data to their plan.

Lawyers and insurance companies stand to benefit from a lot of instant criminality and court challenges.

I'm sure they're all just worried about your safety, though.

Second, the ban is incredibly regressive. Wealthy Iowans have nothing to fear from such bans, since they can afford new features, devices and cars if necessary.

But those of us driving 15-year-old rustbuckets often can't afford a new car, or a hands-free retrofit, or an additional line on our cell plans.

Additionally, as the ACLU pointed out in opposition, the ability to pull people over for glancing at their phone could easily be leveraged against low-income minorities who have exhibited no other cause for suspicion.

Third, there's little evidence that cellphone use is causing a spike in accidents when compared with other forms of distracted driving, and there's even less evidence that cellphone bans result in safer roads.

Fourteen states (along with the District of Columbia) have already banned cellphone use while driving, but data from those states finds no reduction in crashes after implementation of the ban. There is also no statistical distinction between drivers using their phones and drivers using hands-free technology, leading some to conclude that hands-free features could actually make driving more dangerous.

Finally, the ban is a prime example of preventative law run amok. The Iowa code is packed with useless laws, all of which were, at some point, justified by some ill-defined greater good.

Preventative law criminalizes responsible people for the actions of the irresponsible, resulting in laws that aren't fair and don't benefit anyone but the lobbyists who helped pass them, and the government that collects the money from their enforcement.

Iowa's Legislature needs to focus on protecting the liberty of everyday Iowans, not adding more revenue streams under the pretense of public safety.

DMR: END OF THE ROAD FOR MANY BILLS

Deadline expires to pass muster, and plenty failed to make the cut

WILLIAM PETROSKI AND BRIANNE PFANNENSTIEL

BPETROSK@DMREG.COM

It's funnel week at the Iowa Capitol, and scores of legislative bills are history for this year.

What does it mean for Iowans? Daylight saving time will still arrive after legislators failed to advance a proposal to keep Central Standard Time year-round. Faculty at Iowa's state universities will still be able to earn tenure after a proposal to end it died. And the University of Iowa and Iowa State University won't be forced to subsidize money-losing athletic programs at the University of Northern Iowa, as one legislator suggested.

One high-profile bill to meet its end would have declared that life begins at conception, in an effort to halt abortions. The measure would likely have faced legal challenges and appeared to lack enough Republican votes to pass. A separate bill aimed at blocking most abortions after 20 weeks of pregnancy remains alive in the Senate. Meanwhile, a debate over the death penalty is over before it even had time to gain traction.

The so-called funnel is a key procedural hurdle

in the Iowa Legislature's session timetable, declaring bills dead that fail to win approval by committees in either the House or Senate. It's aimed at winnowing the plethora of bills introduced every year, allowing legislators to focus on those that have gained early buyin. The deadline was officially Friday, but legislators wrapped up their work for the week Thursday night.

House Speaker Linda Upmeyer, R-Clear Lake, remarked that lawmakers like to think in twoyear terms and many Republican priorities may still surface this session or next.

"I would think there are things we'll do next year that matter very much to people," she said. "But I think we're getting a good start on things that lowans raised as priorities."

Senate Majority Leader Bill Dix, R-Shell Rock, said he is confident legislators are making progress toward providing better government services at a lower cost. "It seems to me that a sensible path to further debate has been achieved," he added.

Democratic legislative leaders said they have been glad to see some "bad" bills killed off in recent days, but they aren't planning any celebrations.

"When you've got this long list of true nonsense come at you – it's pretty hard to declare victory when you say, 'Well, at least we got to leave with a little less nonsense,'" said Senate Minority Leader Robert Hogg, D-Cedar Rapids. "Obviously we're hoping lowans continue to speak up and we can stop as many of these bad things from happening as we can."

Certain bills, including measures for state spending and taxes, are exempt from funnel deadlines. In addition, legislative leaders have authority to bring bills up for floor debate under chamber rules. This year's session is expected to end around late April or early May.

Here are some of this session's dead bills:

#### CAPITAL PUNISHMENT:

Seven Senate Republicans backed bills that would have reinstated Iowa's death penalty, pointing to the 2005 death of 10-yearold Jetseta Gage of Cedar Rapids, who was kidnapped, sexually abused and murdered. Senate File 335 would have reinstated the death penalty, but only for multiple offenses in which a minor was kidnapped, raped and murdered. A second bill, Senate File 336, sponsored by Sen. Rick Bertrand, R-Sioux City, would have applied to the multiple offense of sexual abuse and first-degree murder of the same person.

#### MEDICAL CANNABIS:

House Study Bill 132 and Senate Study Bill 1176 would have allowed cannabis plants to be grown in Iowa, manufactured into oil and dispensed to patients with epilepsy, but failed to gain traction in either chamber. Iowa's current medical cannabis oil program allows patients with epilepsy to possess the drug, but there is no legal way for them to obtain it. The program is scheduled to end in July. Bills approved by House and Senate committees would extend that deadline.

#### LIFE AT CONCEPTION:

Legislation filed in both the House and Senate aimed to declare that life begins at conception and that each life is accorded the same rights under the state and federal constitutions and state law. It would have blocked all abortions in the state and likely would have prompted legal challenges. Senate File 253 advanced out of a subcommittee meeting that drew hundreds of protesters and supporters, but it was not brought up for debate in a full committee. House File 297 was filed but was not assigned to a subcommittee.

LICENSURE REQUIREMENTS: Rep. Bobby Kaufmann, R-Wilton, drew applause from dozens of citizens for literally tearing up a bill from Gov. Terry Branstad that would have cancelled licensure requirements for social workers, mental health therapists, barbers and several other professions. Kaufmann said he received about 3,600 emails about House Study Bill 138, nearly all in opposition. Professionals told legislators the licensure requirements ensure proper training and oversight. The licenses also are required by many public and private insurance plans that pay for health care services, they said.

POLITICAL DIVERSITY FOR PROFESSORS: Sen. Mark Chelgren, R-Ottumwa, offered a bill to achieve greater political diversity among professors at the Iowa Board of Regents' three universities. Senate File 288 would have instituted a hiring freeze until the number of registered Republicans and Democrats on the university faculty fall within 10 percent of each other. The proposed was never debated, but it generated statewide and national news coverage.

#### BAN ON FRIDAY NIGHT UNIVERSITY FOOTBALL:

Rep. Peter Cownie, R-West Des Moines, proposed House File 86, a ban on allowing Iowa's three state universities from scheduling football games on Fridays. Cownie said he was concerned about plans by the Big 10 conference to schedule Friday night games because the University of Iowa would compete for fans with Iowa's high school football teams.

POST-ABORTION LAWSUITS: Iowa women who have had an abortion could have sued their doctor for emotional distress they suffered from the procedure, even if that distress

occur years later, under Senate File 26 authored by Chelgren. The measure faced strong opposition from Planned Parenthood of the Heartland, the state's largest abortion provider, which said studies show only a small percentage of women regret their abortions. Anti-abortion activists countered with research that showed many women do suffer abortion-related emotional distress, sometimes years after.

PARENTAL CONSENT FOR BODY PIERCINGS: A bill sponsored by Rep. Kevin Koester, R-Ankeny, would have made it a crime for young people to come home and surprise Mom and Dad with a nose ring. House File 33 would have required parental consent for those younger than 18 seeking any non-earlobe body piercing. The violation would have been a simple misdemeanor for both the piercing specialist and the person receiving the piercing.

DISRUPTIVE STUDENTS: Senate File 323, authored by Chelgren, proposed authorizing a licensed teacher to temporarily or permanently remove a student from an assigned classroom when a student is "continuously or extremely disruptive." The measure would have provided teachers with protections from administrative discipline and immunity from criminal prosecution or civil lawsuits. But educators who opposed the bill said it could violate federal laws regarding special education students and could raise questions about racial bias towards minority students.

LT. GOVERNOR CONFIRMATIONS: A bill introduced by Sen. Tony Bisignano, D-Des Moines, would have required the House and Senate to confirm an appointment to a vacant lieutenant governor position. Senate File 50 would have given legislators a say about who will fill the lieutenant governor position after Gov. Terry Branstad departs for China to become the U.S. ambassador. The bill would have required a majority vote of both chambers.

CASINO SMOKING BAN: Casinos are one of the few public places where Iowans can still openly smoke cigarettes. Senate File 249 proposed to ban smoking on gambling floors went nowhere, as it has in past years. Casinos argue they would lose too much revenues if patrons couldn't light up tobacco and that the change could cost the jobs of Iowa workers, although critics say casino employees shouldn't have to work amid cigarette haze.

#### ENGLISH LANGUAGE:

A state law that declares English is Iowa's official language would have been repealed under this proposal, House File 81, by eight House Democrats.

#### EX-OFFENDER HIRING:

Some lawmakers wanted to prohibit employers from seeking the criminal records of job applicants with this bill, House File 192.

#### 75 MPH SPEED LIMIT:

Iowa motorists could have driven at 75 mph on interstate highways under a bill, Senate File 289, by Sen. Brad Zaun, R-Urbandale.

**MANDATORY MOTORCYCLE HELMETS:** Iowans operating a motorcycle or riding as a passenger would have been required to wear motorcycle helmets under a bill, House File 286, proposed by Democratic Reps. Mary Mascher and Vicki Lensing, both of Iowa City.

**BAN ON UNDERAGE TANNING:** Iowans younger than 18 would have been banned from tanning facilities under House File 11. Legislators have attempted bans on youth tanning for years but without success.

**TERM LIMITS:** The governor and other state elected officials generally would have been limited to 12 consecutive years in office under a measure, Senate Joint Resolution 3, that failed.

**ASSAULT WEAPON SALES:** Iowa would have banned the sale or transfer of semi-automatic assault weapons under a proposal, House File 157, by Rep. Ako Abdul-Samad, D-Des Moines, that was not debated.

**VIDEO CAMERAS REQUIRED IN SCHOOLS:** Iowa schools would have been required to install video cameras and audio monitoring devices in certain areas before July 1, 2019, under a bill, Senate File 294, that failed to gain approval.

**DMR:** Branstad's China envoy confirmation hearings could take place next month

JASON NOBLE

JNOBLE2@DMREG.COM

Confirmation hearings on Gov. Terry Branstad's nomination as ambassador to China could take place as early as next month, a spokesman confirmed Friday.

Nothing has been officially scheduled, but Branstad said publicly on Thursday that he may face the U.S. Senate Foreign Relations Committee in the first week of April. The hearings represent the major set piece in the nomination process, after which the full Senate could confirm his appointment and clear his path to Beijing.

The timeline developments were first reported by Radio Iowa's O. Kay Henderson.

Branstad met with State Department officials regarding his nomination during a visit to Washington, D. C., for National Governors Association meetings, spokesman Ben Hammes said Friday. The governor also attended a dinner in which he and Iowa first lady Chris Branstad sat side-by-side with President Donald Trump and first lady Melania Trump.



Return trips to Washington are expected in the coming weeks, when Branstad will meet individually with senators on the Foreign

Relations Committee and undergo a "murder board," a mock confirmation hearing conducted by State Department officials.

Branstad predicted on Thursday that the confirmation could be finalized by late April or early May, after which he would resign as governor and head to Beijing.

"I'm thinking it's going to be late April, maybe early May," Branstad told Radio Iowa. "But as soon as I am confirmed, then shortly thereafter it would be my intention to resign and be sworn in as the ambassador and then the lieutenant governor would, of course, become the governor."

DMR: Violation of open meetings law alleged

Complaint: Vote taken on Water Works proposal

KIM NORVELL

KNORVELL@DMREG.COM

The Iowa Public Information Board has received two complaints alleging the Des Moines City Council violated the state open meetings law last month when it met to discuss pending legislation.

It was during this meeting that City Council members voted to support a bill that would dismantle Des Moines Water Works and transfer the utility's assets to the city of Des Moines, according to a complaint filed Friday by Water Works trustee Susan Huppert.

"I have been told by Mayor (Frank) Cownie and (Councilman) Skip Moore that a meeting took place and a vote was taken to support legislation to dissolve the DMWW," she wrote in the complaint.

That's not the case, according to City Manager Scott Sanders.

There was a meeting Feb. 15 to update the council on legislative priorities, but there was no vote on the water utility bill, he said.

Sanders said he reviewed

25 bills with the council, including the water utility bill, which was introduced in the Iowa House the same day as the City Council meeting.

A one-line agenda posted before the meeting lists "2017 Legislative Issues" as the only topic. Minutes from the more-than-hourlong gathering total three sentences: "The attached bill lists with highlighted bills were reviewed and discussion ensued. The City Manager presented his positions on bills of interest. No Council Members spoke in opposition to the Manager's positions."

The lack of details on the agenda was a "deliberate attempt to not allow input from the public on this important issue for our community," Huppert wrote in her complaint.

"Had any information been available something this dramatic regarding DMWW would have been discussed, I would have attended," she wrote.

Councilman Chris Coleman said the city manager holds a meeting to discuss legislative issues with the council at least once during every Statehouse session. The city manager typically discusses the bills

that affect the city and how its lobbyists will register — unless he hears opposition from the council, Coleman said.

“We put the (city) manager and (city) attorney in position of directing lobbyists, with input from us individually. In this case, this was a discussion, not a vote,” Coleman said. “The manager takes the temperature, doesn’t take a vote.”

When asked whether council members were individually questioned about their support for the Water Works bill, City Attorney Jeff Lester said “absolutely not.”

Randy Evans, executive director of the Iowa Freedom of Information Council, said the city’s bare-bones agenda and limited minutes do not follow the spirit of Iowa’s open meetings law.

The purpose of posting agendas is to provide enough information so stakeholders can decide whether they have an interest in attending or participating, he said. And “the minutes need to be a meaningful summary of what occurs. And simply to say these bills were discussed, to me is not a meaningful

summation of what went on in that meeting.”

“It may well be an innocent oversight on the part of city staff, but there certainly will be people out there who see a deliberate motive on the City Council’s part by not alerting anybody,” Evans said.

Margaret Johnson, interim executive director of the Iowa Public Information Board, said having a bare-bones agenda on legislative issues is not rare. She uses the same approach when meeting with information board members about legislation, she said.

The city’s lobbyists registered in support of the House water utility bill after the Feb. 15 meeting with city council members. The legislation would strip Des Moines Water Works and other public water utilities of their independence, making them city departments subject to the control of their local city councils. It would transfer the utilities’ assets to cities. Bills were approved this week by House and Senate Agriculture Committees and are now eligible for floor debate. Opponents of the bill say farming interests are pushing the legislative effort in an attempt to kill Water Works’ lawsuit challenging whether Iowa farmers should be responsible for fertilizer and other nutrients seeping from their fields. Leslie Gearhart, chairwoman of the Des Moines Water Works Board of Trustees, said she was “stunned” when she learned Des Moines had signed on in support of the legislation. “I feel completely betrayed,” she said. “If you’re going to say you’re going against the Des Moines Water Works, that’s a pretty damn big decision. That should be a formal vote.” Johnson, of the Iowa Public Information Board, said she has reached out to Des Moines for more information about the Feb. 15 meeting following the complaints.

DMR: Senate’s Boulton: Workers’ compensation bill ‘disturbing’

Labor advocates voice concerns; business groups say change is needed to cut costs

KEVIN HARDY AND BRIANNE PFANNENSTIEL

KMHARDY@DMREG.COM

Legislation aimed at scaling back workers’ compensation benefits made it past a procedural deadline this week, setting up floor votes in the House of Representatives and the Senate.

Labor advocates say the Republican-backed bill will cut away benefits for some of the most vulnerable in Iowa’s workforce: those injured on the job.

But business groups say the change is needed to keep costs down and reel in an out-of-control workers

compensation system that has grown to unfairly favor employees over employers.

House Study Bill 169 and Senate Study Bill 1170 moved through the commerce committees of each respective chamber Thursday afternoon on party- line votes.

Iowa Workforce Development officials said they could not provide statistics Thursday that show whether workers' compensation claims and costs have increased in recent years.

That agency's 2016 annual report shows that more than 20,000 injuries are reported annually but in fiscal year 2016, only 5,008 petitions for workers' compensation were filed.

During the previous fiscal year, 5,094 petitions were filed, according to the 2015 annual report.

Iowa's Workers' Compensation Commissioner Joseph Cortese II said his job was to administer state laws on workers' compensation, but he wouldn't weigh in on the current state of the system.

"My position as to the need for change in this area is neutral," he said in a statement to the Register.

The bill is backed by Iowa businesses, including Tyson Foods, Winnebago Industries and the Iowa Association of Business and Industries, which represents manufacturers across the state. Labor unions and plaintiffs' attorneys lobbied against the measure, saying the system is already unfairly rigged in favor of businesses.

Rep. Peter Cownie, R-West Des Moines and chairman of the House Commerce Committee, said he's concerned about abuses in the workers' compensation system. "When I learn that there's a settlement with a certain workers' comp claim that asked for \$50,000 but went through the system, ended up at \$700,000 —

that tells me there's an abuse of the system," he said.

Rep. Jo Oldson, D-Des Moines, criticized the speed with which the legislation is advancing, saying that Democrats had less than 48 hours to consider the 20-page bill. More time is needed, she said, to give the bill a thorough vetting.

"If I went around this table and started picking at questions about what this section actually does and what it means, there aren't many of us — including me — that could really tell," she told Republicans. "It is very technical law."

Later in the Senate's commerce committee meeting, Sen. Nate Boulton, D-Des Moines, said the legislation's cutback of workers' rights was "simply wrong."

"If you're gonna get injured, you better hope you get injured this week and not next week," Boulton said. "That's disturbing."

DMR: Biofuel grains rally on news of deal about rules

WALT AND ALEX BREITINGER

PARAGON INVESTMENTS

A look at futures prices on commodities that impact the Des Moines metro area and greater Iowa.

Corn and soybean prices exploded on Tuesday on rumors of a new deal to change regulations surrounding biofuels.

The plan was submitted to the White House by the Renewable Fuels Association and Carl Icahn, a billionaire investor and Trump adviser.

The deal would curb foreign imports and boost demand for domestically-produced biofuels like soy-based biodiesel and corn-based ethanol.

At the Chicago Board of Trade, the biggest gainer was soybean oil, which is used to produce biodiesel; that market gained nearly 6 percent on the news, trading near 34.5 cents per pound.

The early rumors were that the plan was going to be implemented soon, but a White House denial of immediate action cut the legs out from the rally; by Friday, the markets had given up almost half of their gain, with May corn and soybean worth \$3.80 and \$10.32 per bushel, respectively.

Petroleum plummets on concerns of oversupply

Oil and gasoline prices dropped this week, led lower by concerns of oversupply. Crude oil inventories in the U.S. are at a record-high 520 million barrels, a factor of strong imports and more aggressive domestic drilling.

Meanwhile, domestic demand for gasoline has dropped 6 percent over the last year, and could drop further if the recent renewable fuels plan is enacted. Under the deal, fuel at the pump would be 15 percent ethanol, up from the current level of 10 percent, a move that would significantly reduce gasoline consumption.

As a result, April gasoline futures hit the lowest level since last November, trading for \$1.65 per gallon, a price that excludes taxes, transportation, or other expenses.

However, even if U.S. consumption of gasoline stays lower, prices could still rise, as refiners are exporting a record amount of the fuel, especially to Mexico.

U.S. dollar leads the pack as other currencies fall

The U.S. dollar gained on further prospects of interest rate hikes, while most of our major trading partners' currencies fell.

Commodity exporters like Australia and Canada were hurt by weak commodity prices this week, while a deteriorating political climate throughout Europe hurt the eurocurrency and British pound.

The Chicago Mercantile Exchange also offers trading in the Russian ruble and Mexican peso, broadening the menu of investments available to those who keep an eye on politics as well as economic news.

Exchange rates are important to businesses, as a strong U.S. dollar makes foreign goods cheaper while making it harder for us to export to our trading partners.

DMR Iowa View: CIVILITY WILL GET IOWANS FURTHER THAN DISRUPTIVE PROTESTS

By: Mike Carver, Urbandale City Council

After monitoring numerous news reports of political activities throughout our country, I am prompted to share in a very public way my deep concern that we desperately need more civility in Washington, D.C., Iowa and throughout our country.

One clear example of the need for more civility has been demonstrated by the disruptive behavior at recent Iowa town hall meetings like the meeting Sen. Chuck Grassley held in Iowa Falls. I applaud Grassley for his willingness to keep his cool, but it is very unfortunate that people feel a need to resort to this type of behavior.

To focus on what civility should look like, I want to focus on two outstanding examples of civility set by former Iowa political leaders. The first is congressman Neal Smith, a Democrat who represented central Iowa from 1959 to 1995. The second is Gov. Robert D. Ray, a Republican who served as governor of Iowa from 1969 to 1983.

Here's how these two political leaders always modeled civility in discharging their responsibilities as elected political leaders: » They were respectful of people with different political positions relating to key governmental issues. In fact, both Ray and Smith had many friends who were members of the other political party.

» They recognized the importance of reaching out to those in need by showing sensitivity and providing leadership to make a difference. This was done especially well by Ray when he helped bring many displaced refugees to Iowa in the 1970s.

» Both men always showed a willingness to compliment their adversaries when they made a contribution to improve the welfare of the people of Iowa.

» They both recognized that any political protest needs to use the standards set by the Rev. Martin Luther King Jr. by conducting the protests in a peaceful and lawful manner.

» One common personal attribute of each of these great leaders was their willingness to listen. They did this in many ways, but the bottom line is the people they represented knew they cared about the issues of concern. This attribute ensured that meaningful action was taken by each of these leaders to make a difference for our state and our country.

» My final point is that both of these outstanding political leaders recognized the need to communicate, cooperate and work together to address and respond to the major challenges facing us at the local, state and federal levels.

We are very fortunate to have two political leaders like Gov. Robert Ray and congressman Neal Smith who have provided incredible examples of what civility should look like. Their years of service should provide a model to emulate as well as an incentive to begin a public conversation on how we can have more civility in our country.

LEE: Statehouse Republicans making mark with 2017 session

ERIN MURPHY

Significant changes are coming to Iowa's laws.

Whether those changes will be for the better remains to be seen and could depend greatly on the eye — or political leaning — of the beholder.

More certain is the fact one sweeping change to state law already has been made, and many more are in the works.

For the first time since 2010, the Iowa Capitol is controlled by one political party. From 1997 to 2010,

Democrats held the governor's office and had majorities in both the Iowa House and Iowa Senate.

Starting this year, Republicans have complete lawmaking control for the first time in two decades, for at least this year and next.

Thus far, they have not squandered the opportunity.

Although the chambers have so far sent just six bills to the governor's desk — four of which have been signed into law — one of those bills brought dramatic changes to the way the state's public employees collectively bargain for wages and benefits.

More big changes, with Republicans at the helm, are in store.

"I am very optimistic that we have a lot of really good things going for us in this state," said Sen. Bill Dix, the new Senate majority leader from Shell Rock. "The promise that I made to my caucus, the promise I've made to my voters and supporters in my district is that we're going to focus on policies that create a new legacy of opportunity here in Iowa, and we're not going to let them down."

Democrats said they do not think the new Republican-led policy changes will accomplish Republicans' stated goals.

"We see what has happened so far by Republicans as being broken promises," said Rep. Mark Smith, the House minority leader from Marshalltown. "They talked a good game about improving the lives of Iowans, and we've not seen legislation yet that puts more jobs into our state, helps people get ahead in our economy and the overall economy improving."

Friday was a key deadline in the 2017 legislative session. In order to remain eligible for consideration, bills had to achieve a prescribed level of support: passage through at least the committee level. The deadline winnows the field of eligible bills and provides a glimpse at the majority party's agenda.

With that deadline past, here is a look at what bills already have been passed and sent to the governor, what bills are working through the legislative process and what is yet to come:

#### What's done

Branstad initially proposed a de-appropriation of about \$110 million, but lawmakers actually de-appropriated and transferred nearly \$118 million. Lawmakers did cut the universities by \$18 million total, but also directed the Department of Management to find specific ways of cutting \$11.5 million of the nearly \$118 million they approved. So the regent universities got another round of budget cuts under that. It's now up to more than \$20 million.

Republicans also early in the session determined a funding level for K-12 public education for the 2017-2018 school year, a 1.11 percent increase in general aid over the previous year. Democrats and public education advocates expressed concern that funding level will be insufficient.

The collective bargaining changes were significant and drew much attention to the Capitol. The new law, which went into effect immediately upon its Feb. 17 signing by Gov. Terry Branstad, dramatically reduced the elements — health insurance, for one prominent example — over which public workers can collectively bargain. The law also added stronger benchmarks for those public employee unions to recertify.

Republicans said the changes were needed to balance a system that they said had grown to favor employees and to give public employers more flexibility in creating wage and benefits packages.

Democrats, public employees and their unions decried the law as an assault on public workers.

## What's in the works

Many more pieces of legislation that would bring significant changes to state law are proceeding.

One would halt all public funding to women's health care clinics that perform abortions, the most prominent example being Planned Parenthood of the Heartland.

Public funds may not be used to fund abortions, but conservatives have long sought to stop all funding to providers that perform abortions. That would be achieved with legislation passed by the Iowa Senate and an Iowa House subcommittee. The bill creates a new state family planning program that sends no state money to Planned Parenthood.

Critics say the bill would leave women who use Planned Parenthood without options for not only abortions but also disease screenings and prenatal services, and that the state will lose out on \$3 million in federal match funds.

GOP lawmakers also considered abortion policy proposals. A bill that would have recognized life at birth — a so-called personhood bill — did not garner enough support ahead of last week's deadline and is ineligible for the rest of the session. Lawmakers were still debating a separate measure that would ban abortions after the 20th week of pregnancy.

Another bill moving through the Iowa House would bring sweeping changes to the state's gun laws.

The bill has many elements, including a so-called "stand your ground" provision that would lessen the burden for an individual to prove he or she felt threatened before using deadly force with a gun. Proponents say the bill expands Iowans' constitutional rights, while opponents fear the changes would increase gun violence and make the state a more dangerous place.

And at the request of Secretary of State Paul Pate, lawmakers in both chambers are considering legislation that would require voters to present some form of identification at the polls. The bill would require photo identification, such as a driver's license, or a state-issued voter ID card with a signature and bar code that poll workers could scan.

## Bottom of Form

Supporters say the proposal would strengthen Iowa's election system, which Pate says already is one of the cleanest and fairest in the nation. Critics say the bill could dissuade potential voters who do not possess one of the required forms of identification.

## What's yet to come

Because this first deadline impacts policy bills, legislators typically wait until later in the session to start work on funding bills.

Republicans have not yet introduced legislation on school choice programs and tax reform, but GOP leaders said both issues will be addressed.

Republicans want to establish programs that help families send their children to non-public K-12 schools. While legislation is not yet drafted, such programs typically include state funding that could be used toward tuition and other costs at private schools.

Dix also said Senate Republicans want to address tax policy; he talked specifically about the state's income tax, which is one of the highest in the nation, according to the national nonprofit Tax Foundation.

The hurdle Republicans face is both school choice programs and tax cuts come with a price tag in what

figures to be another tight budget year.

“Whatever we do, it’s going to be well-thought out, it’s going to be utilizing the evidence we’ve witnessed in other states and also in our own state,” Dix said, pointing to income tax reductions made in Iowa in the late 1990s.

#### Republicans' agenda

House Speaker Linda Upmeyer, R-Clear Lake, said she thinks Republicans are making good progress on issues “that Iowans raised as priorities.”

“We said when we were elected to the majority once again that we were going to focus on making this a great place to live, work and raise a family, and that’s where we’re going,” Upmeyer said.

Democrats and other opponents of some of these GOP proposals disagree with Republicans’ suggestions that these new policies will be good for Iowans.

“The legislative session so far has been a complete contradiction of everything Republicans said during their campaigns,” said Danny Homan, president of the state’s largest public employee union. “In the months leading up to the election, we saw flashy ads about job creation and prioritizing Iowa schools and we’ve seen the complete opposite.

“They balanced their budget problems on the backs of public employees, gave schools a measly 1.1 percent (increase to K-12 school funding), stripped workers of their seat at the table, which is already negatively affecting contract negotiations, and taken every opportunity to restrict health care access for low-income women. This legislative session has been an all-out attack on working men and women in the state of Iowa.”

#### LEE: Vignettes from the 2017 Iowa Legislature

ROD BOSHART and JAMES Q. LYNCH

Top of Form

Bottom of Form

Here is a look at some of the topics getting attention from lawmakers at the Iowa Statehouse this year and how they have fared:

#### EDUCATION SAVINGS ACCOUNTS

While clearing the legislative “funnel” hurdles is a course most issues must follow, no topic is truly dead until the Legislature adjourns sine die given that language can appear in budget bills, tax measures or House-Senate leadership proposals later in the process. Case in point is an education savings program that is a favorite among GOP legislators who favor school choice but are thwarted by a hefty price tag, a tight state budget and strong opposition from public education advocates.

While no viable proposal has surfaced this session, Senate Majority Leader Bill Dix, R-Shell Rock, staked out a never-say-never position last week, saying, “I anticipate that we’re going to continue to look for those opportunities” to provide more choice to students and parents. “I believe it’s a topic the Legislature is going to continue to discuss” with Republicans in control through 2018.

#### REGENT UNIVERSITIES



Lobbyists for the state's regent universities were earning their keep again this session.

Legislators were seeking to end tenure for faculty members, who also would be balanced according to their political affiliations. Other ideas that surfaced but then died for this session would have halted Friday night football games at state university campuses, allowed individuals with gun permits to carry weapons on campus and would have required 30 straight months of living in Iowa to qualify for in-state tuition. One break college students did get was a measure adopted in the Senate Judiciary Committee that would grant immunity for calling in a 911 emergency that occurred at a venue where alcohol was being consumed by individuals not of legal drinking age.

## STATE ICONS

This year was another bad session for efforts to expand the list of Iowa symbols. Iowa currently has a state banner/flag, a state seal, a state rock (geode), a state flower (wild rose), a state bird (Eastern goldfinch), a state tree (oak) and "The Song of Iowa" is the state song. In the past, legislators have attempted to change the state song and designate the catfish as the state fish, among other ideas. The 2017 session produced proposals to designate the regal fritillary as Iowa's state butterfly and the honey bee as the state insect, but neither idea advanced. In fact, the honey bee got stung twice when legislators nixed exempting their sale from state taxation.

## MINORITY PARTY

As is usually the case, legislative sessions generally are not kind to members of the political party not in power, and this year was no exception for the 41 House Democrats, 20 Senate Democrats and one independent senator.

Bills that sought to expand the powers of labor unions, restrict access to guns or toughen anti-tobacco efforts ended up in the Statehouse recycling bin. Efforts to raise the statewide minimum wage, create end-of-life options for terminally ill Iowans, require motorcycle/motorized bike operators to wear safety helmets and to repeal the declaration that English is the official language of Iowa all were non-starters offered by legislators currently not with the GOP majorities.

## TRANSPORTATION

Lawmakers are looking at a pileup of bills that would affect drivers. A bill to ban traffic enforcement cameras and another that would regulate them are alive in the Senate.

It's the same situation with cellphones. One bill would ban hand-held communication devices and another would allow law enforcement to stop driver who are texting while driving as a primary offense. Still another bill would make it a felony if a driver was using a cellphone at the time of a fatal crash.

Drunken driving could result in 24/7 alcohol monitoring and mandate the use of an ignition interlock device.

## GUNS

Bills to advance Iowans' gun use rights are moving forward, including one with stand-your-ground provisions that would allow Iowans to use deadly force most anywhere — not just their house or car — if they perceive a threat.

## Bottom of Form

However, it would be a crime to use a simulated firearm. A bill to eliminate prohibition on machine guns and short-barrel guns has died.

## LOCAL CONTROL

School boards could have more authority thanks to a school home-rule plan and bills to give them more flexibility in making spending decisions.

But cities and county boards would have less local control if measures to pre-empt minimum wage decisions is approved, and another that would force local law enforcement to comply with federal immigration enforcement agencies are adopted.

## ENVIRONMENT

A plan to repeal the nickel deposit on beverage containers and replace it with a statewide recycling and litter control program would result in less waste going into landfills, according to grocers and convenience store owners.

The change would enhance the financial viability of recycling. The idea is not as popular with redemption center operators who have built their business on the 39-year-old bottle bill.

The measure narrowly passed a committee in time to stay alive for this session, but its House sponsor quickly said the legislation would go no further this session.

LEE: Murphy: Medical marijuana's long, strange trip

Top of Form

Bottom of Form

The birth of Iowa's medical marijuana program in the Iowa Legislature was remarkable and dramatic, and the issue has ever since remained one of much legislative intrigue.

That continues this year as lawmakers face a critical deadline that, if not changed, will end the program.

Iowa's medical marijuana program was approved in the waning days of 2014's legislative session. Advocates had pressed lawmakers all session to create the program, seemingly to no avail. But just when the issue appeared to be dead, suddenly, a bill was introduced, debated, approved, and sent to the governor, who signed it into law.

It was quite the dramatic entrance for a program that allows Iowa residents to, with a physician's prescription, possess cannabidiol, an oil byproduct of the marijuana plant that has medicinal qualities, to treat themselves or their children who suffer from epileptic seizures.

The program's creation was welcomed and celebrated by advocates. But it also is narrow and restrictive; the program does not allow cannabidiol to be grown or sold in Iowa, and many other states that have a program do not sell outside their borders, which can make it difficult for Iowans to obtain the product.

And the program only allows for cannabidiol to be used to treat epileptic seizures. Advocates say more forms of medical cannabis should be legalized, and more ailments — cancer and post-traumatic stress disorder, for example — should be eligible for treatment.

Advocates' push to expand the state program kept the issue in lawmakers' focus and the news. Dozens, maybe hundreds of people came to the Iowa Capitol in 2015 and 2016 to plead with lawmakers and tell their tales of pain, suffering — and for some who have used cannabidiol, remarkable success.

Last year, an effort was made to expand the program. But the original bill, which would have permitted the growth and sale of medical cannabis, was stripped to its bare bones almost immediately after introduction. The amended version only attempted to create a partnership with one or more of the 28 states that have expansive medical cannabis laws.

The final version of the bill was deemed insufficient by advocates, and it was voted down by the Iowa House.

With the program set to expire July 1, lawmakers this session have been attempting to craft legislation that would extend — and in some cases — expand it. Already there have been ups and downs.

A bill introduced in the Iowa House achieved many of advocates' goals: It would have extended the program, permitted the growth and sale of medical cannabis, and created a process by which more ailments could be added.

The bill appeared to have at least some measure of support when it was introduced and approved by a three-member subcommittee. More often than not, legislators do not hold subcommittee hearings unless they are confident the bill has at least enough support to pass the next step, the full committee.

There appeared to be optimism around that House bill when all three members of the subcommittee — two Republicans and one Democrat — approved it.

However, the very next day, the bill died when it was revealed there was not sufficient support from the full committee.

Bottom of Form

Back to the drawing board.

Legislators appear to be intent on, at the very least, extending the existing program. I have not yet heard any concern that nothing will get done and the program will expire. Whether any measure of expansion will occur remains in doubt.

The House has started over with a bill that extends the program and provides that if the federal government approves medical cannabis for medicinal use, so too shall the state.

The Senate has drafted an expansion bill that is much more like the original House bill, in that it permits the growth and sale of medical cannabis and expands the ailments covered.

It has been a long journey for medical cannabis advocates, with triumph and heartbreak along the way. Already this session, there have been twists and turns in the road and more are likely to come before legislators adjourn for the year.

The question that remains is, once they do, what kind of medical cannabis program will be in place.

WeAreIowa: Timeline for Branstad's ambassadorship still fuzzy, says staff

By: Sarah Beckman

The timeline for when Gov. Terry Branstad (R-Iowa) will become the next U.S. Ambassador to China remains fuzzy, according to his staff.

Branstad gave an informal interview to Radio Iowa on Thursday, saying he would be most likely meeting with the U.S. Senate Foreign Relations committee in a few weeks, and that would mean if

confirmed, he'd be leaving the governor's mansion by as early as the end of April.

But according to Branstad's staff, the timeline for confirmation is fuzzier than that. Ben Hammes told Local 5 that Branstad has been speaking with members of the State Department as to when his confirmation hearing will take place, and the timeline is not set in stone. He could be confirmed as early as April, or May, or June.

Hammes went on to say that if confirmed, Branstad has a period to resign from his post as governor. When that happens, Lieutenant Governor Kim Reynolds would assume the governorship.

The Gazette: Bill updating definition of stalking passes subcommittee

Amendment would prohibit use of technology to repeatedly locate an individual

A bill to update the definition of stalking in Iowa Code, and add criminal penalties for offenders, is to be taken up for debate by state lawmakers in the coming weeks.

Sen. Kevin Kinney, D-Oxford, first introduced the bill last year, but it did not pass. He's hoping the bill has more success this year. The Judiciary subcommittee unanimously voted Senate File 209 through Thursday and various law enforcement officials and the Iowa Attorney General's Office have shown support for the bill, Kinney said.

"With a lot of the domestic homicides in Iowa, a lot of times there's stalking that goes on well before the actual homicide has occurred," Kinney said. "We could stop this at the level of stalking, instead."

About 3.4 million people over the age of 18 are stalked each year in the United States, according to the Iowa Coalition Against Domestic Violence.

The bill would change section 708.11 of the Iowa Code to include "repeatedly utilizing a technological device to locate, listen to or watch a person without legitimate purpose" as stalking conduct.

Kinney, retired from the Johnson County Sheriff's Office, said law enforcement officials are well aware that cellphones and GPS tracking devices are used by stalkers.

"With all the advancing technology, (Iowa Code) needed to be updated," Kinney said.

Kinney's bill would also expand the definition of a stalker to include when their actions "cause a reasonable person to feel terrorized, frightened intimidated, or threatened."

Current code only requires the victim of stalking to fear bodily injury or death to themselves or an immediate family member.

Lastly, the bill would add clear criminal penalty guidelines for those found guilty of stalking.

Criminal penalties would range from an aggravated misdemeanor — which includes confinement for no more than two years and a fine between \$625 and \$6,250 — to a class "C" felony — confinement for no more than 10 years and a fine between \$1,000 and \$10,000.

"In the next few weeks, I hope it is called up to the floor and allowed to go forward," Kinney said.

The Gazette: The downside of a strong dollar for Eastern Iowa manufacturers

Its effect depends on what you sell overseas

Quick question: Strong U.S. dollar — good or bad?

The answer is, it depends.

If you're a consumer, you're delighted by the lower prices on products made overseas. Investors can buy more — because they're cheaper — bonds in foreign currency, and a vigorous dollar generally keeps inflation at bay.

But if you are a manufacturer who sells your products in other countries, the playing field is more complicated. Simply put, with the dollar worth more, your stuff costs more to sell to overseas companies that use their own currencies.

Here is a snapshot of how some manufacturers in the Corridor are affected by the challenges.

The U.S. dollar has been on a relentless upward trajectory since May 2011. The trade-weighted dollar index against major currencies, such as the pound, the yen and the euro, has gained close to 40 percent over the half decade.

Iowa exports have declined each of the past three years, and the strong dollar is one of the major factors, affecting export sales for large and small Eastern Iowa companies.

For Apache, Europe is one of its largest markets.

"The strength of the dollar compared with the euro has made it more challenging for us to be able to compete in Europe, especially against competitors that are European-based," said Tom Pientok, president of Apache, the Cedar Rapids-based manufacturer of fabricated belting and hose products, cut and molded rubber, and industrial consumer products. "They have a clear price advantage over U.S. dollar-based companies."

And a robust dollar has more of an impact on the sales of some products than others, noted Walt Corey, president of Pickwick Manufacturing Services in Cedar Rapids.

"The strong dollar makes it very difficult for it to sell overseas," Corey said. "There's no question about it and that really hurts us when the dollar is strong ... ."

"We make a turf roller that is a relatively low-dollar item for golf courses. They are going to put off a purchase like that when the value of the dollar is high. There's no sense in buying it through us when they can get it directly from a local company."

"The big product for us is sensors that one of our customers ships overseas. Eighty percent of its products are shipped all over the world."

'Significant adjustment'

Rockwell Collins sells its avionics and communications equipment as well as information management services to many international customers. The Cedar Rapids company made "a fairly significant adjustment" in terms of currency rates about two years ago, according to Chief Financial Officer Patrick Allen.

"We saw a fairly meaningful impact on our sales because our international sales are translated at current exchange rates," Allen said. "It probably impacted \$30 million to \$40 million worth of sales in that year."

"The dollar at its current rate is not really affecting our competitiveness on the world stage very much."

The aerospace business is very much a U.S. dollar-based industry.

“Ninety percent of our aerospace sales are denominated in U.S. dollars,” he explained. “The 10 percent of export sales denominated in other than U.S. dollars are to foreign ministries through our defense business.

“We have an active currency hedging program to hedge that risk.”

Jeff Hamilton, president and CEO of ESP International, said the strong dollar has both a direct and indirect impact on his company.

ESP International specializes in seals, rubber products and plastics for original-equipment manufacturers. Cedar Rapids-based, it has offices in China, India and Taiwan.

“Although exports are a fairly small percentage of our overall sales, the strong dollar makes it much more challenging when we are shipping seals and products overseas,” Hamilton said. “We also do business with companies like AGCO, Case IH, John Deere, Baker Hughes and Halliburton.

“A lot of the smaller companies in Eastern Iowa are seeing an indirect impact of the strong dollar on export sales by large customers.”

That is, if bigger companies selling products in other nations are challenged, that in turn hinders parts and services they buy from the smaller manufacturers.

Overall, the value of Iowa exports — agricultural commodities and manufactured products — has fallen over the last three years, according to the U.S. Census Bureau:

I \$15.1 billion in 2014

I \$13.2 billion in 2015

I \$12.1 billion in 2016.

“We can tie a large portion of that decline to the high value of the dollar,” confirmed Creighton University economist Ernie Goss. “Of course, there were other factors, such as the drop in the value and sales of farm commodities.”

Goss, who tracks economic conditions monthly in a 12-state region that includes Iowa, has consistently cited the strong dollar’s impact on exports and resulting reduced manufacturing employment by the agricultural and energy sectors.

Government data show the region’s manufacturing sector lost more than 22,000 jobs between September 2015 and September 2016. In Eastern Iowa, John Deere has reduced its payroll by more than 10,000 jobs to align production with worldwide demand for its tractors, combines and other equipment.

AGCO and Case IH have made similar workforce adjustments as low commodity prices have reduced sales of new agricultural equipment.

While the strong dollar is a concern in terms of export sales, Eastern Iowa businesses also cite uncertainty with regard to the future of U.S. tax policy and the potential for trade disputes with China and Mexico.

President Donald Trump has called for renegotiation of the North American Free Trade Agreement, changes in trade agreements with China and repatriation of overseas earnings by U.S. companies.

“Without more clarity, it’s really difficult to make long-term business decisions,” Rockwell Collins’s Allen said. “It’s really a dynamic environment.”

The Gazette: Libertarians gain official party status in Iowa

Party's presidential candidate surpassed vote threshold

Libertarians in Iowa now will be able to check the box on their voter registration form officially indicating their political affiliation.

Iowa Secretary of State Paul Pate announced last week that the Libertarian Party of Iowa has attained official political party status.

Party presidential candidate Gary Johnson received 3.8 percent of the vote in the November elections, surpassing the 2 percent threshold required by state law for the party to be recognized.

“I would like to congratulate the Libertarian Party of Iowa on being recognized as an official political party by the state,” Pate said in a statement Thursday. “I encourage all Iowans to become and remain active in the political process.”

Johnson received about 3 percent of the vote nationwide in November. He received no electoral college votes.

Now that Libertarians have official party status in Iowa, candidates can participate in 2018 primary elections, and the Libertarian Party will be included as an option for Iowans on voter registration forms.

The Secretary of State’s office said the last time a political organization was granted full party status in Iowa was the Iowa Green Party in 2000.

The party’s nominee at that time, consumer activists Ralph Nader, received 2.2 percent of the presidential votes that year.

There are 9,100 registered Libertarians in Iowa.

The Gazette: Iowa lawmakers clash with local representatives over home rule authority

'Someone doesn't want local governments to control their own destinies'

With this legislative session — and with one party in firm control of the Iowa Senate, House and governor’s office — has come a flurry of bills that aim to pre-empt local authority from cities and counties and place it squarely in Des Moines.

Among these pre-emption measures is House File 295, which would pre-empt local governments from passing minimum wage ordinances and plastic bag bans.

Two identical bills in the House and Senate — HF 265 and SSB 1170 — that would require local governments and colleges to enforce federal immigration laws.

House Study Bill 11 doesn’t necessarily pre-empt local rule, but it aims to abolish the use of compensation boards by county officials when voting on raises.

“You add all those things up and it seems to me someone doesn’t want local governments to control

their own destinies,” said Bill Peterson, executive director with the West Des Moines-based Iowa State Association of Counties.

## HOME RULE

Home rule has become a point of contention in this general assembly as city and county representatives fight to maintain their ability to self-govern against state lawmakers who claim those local officials have overstepped their bounds.

Some state lawmakers have defended pre-emption bills as ways to eliminate confusing patchworks of rules that differ from one community to another, while opponents argue local governments best represent their constituents.

Alan Kemp, executive director of the Iowa League of Cities in Des Moines, which represents more than 870 Iowa communities, said this session has brought more pre-emption bills than those in the recent years.

“This is a pretty unique year and we are seeing many more bills that act to pre-empt local authority and they also go much further than they have in most recent years,” Kemp said.

Iowa is one of 10 states that employs home rule. Local governments in these states have a level of authority to implement regulations that go above and beyond state rule, unless pre-emption exists.

However, Dillon’s Rule, named for Iowa Supreme Court Chief Justice John Forrest Dillon, states local governments have home rule authority unless the state or federal government says otherwise.

When supervisors in Johnson, Linn, Polk and Wapello counties passed their respective minimum wage ordinances, for example, they cited home rule authority to defend their ability to raise a countywide ordinance.

Rep. John Landon, R-Ankeny, who authored pre-emption bill HF 295, said a growing number of county minimum wage ordinances spurred the need for a statewide rule.

“This comes because of the patchwork effect that it creates on trying to operate businesses that are multi-county, that are multi-state, It makes it difficult to keep track of each and every initiative that is passed that would impact that business as far as wages or other conditions,” Landon said.

House Democratic freshman Amy Nielsen, who debated the minimum wage ordinance when she was mayor of North Liberty just months ago, said she believes those issues should stay under local supervisor and council chambers, rather than on the House and Senate floors.

“Up here, local control ... it’s just like a romanticized idea,” Nielsen said.

Nielsen argued the state should set minimum requirements for local entities, but it shouldn’t prohibit those governments from pursuing additional measures that best fit their local needs.

“There’s much greater accountability at the local level than there is at the state level,” she said.

## PRE-EMPTION NATIONWIDE

According to a report released last month by the National League of Cities, titled City Rights in an Era of Pre-emption, single party dominance — such as Republicans’ hold on the Iowa Senate, House and governor’s office — in many state governments is a factor to increased pre-emption efforts.

Following the 2016 election cycle, Republicans held the majority in the House, Senate and the governor’s office in 25 states. Only six states held a similar Democrat trifecta, according to the report.



“As pre-emption efforts often concern a politically divisive issue, they rely on single-party dominance to pass through state legislatures,” the report states.

“It does certainly seem to me like the gates of the dam have opened up and a lot of ideas that may have percolated in the past and have been discussed by one or two individuals are suddenly getting a lot more discussion — if not action — than maybe they would have in the past,” said Peterson of the Iowa State Association of Counties.

The Gazette: Home rule legislation pushed for local school districts in Iowa

'We're still trying to understand' what that means: Department of Education official

With a handful of bills that would take away some of local municipalities' abilities to self-govern, legislation that would give more power to school boards is moving forward in the statehouse.

School boards in Iowa now operate under Dillon's Rule, which allows them only to do what is explicitly allowed by Iowa Code. If districts were given so-called home rule, they would be able to do anything not expressly prohibited by Code — an entirely new mind-set for the elected boards that oversee Iowa's 333 public school districts.

While school district officials in Cedar Rapids and Iowa City said they still are unsure what they'd pursue under that system, supporters of the shift say it would give boards the flexibility to try new ideas.

“School district leaders have never operated under this framework, so they don't know what they're missing, so to speak,” said Margaret Buckton, a lobbyist for the Urban Education Network of Iowa and the Rural School Advocates of Iowa, both of which support the change. “They wouldn't necessarily have to contact the Department of Education or work with legislators to try something innovative.”

In the current system, the Iowa Department of Education interprets state education law and then issues binding guidance to school districts. Bill language indicates that guidance would become only advisory.

“What that explicitly means, we're still trying to understand that,” Iowa Department of Education spokeswoman Staci Hupp said, noting the department tries to involve school districts as it develops guidance. “We've always seen it was the director of the Department of Education's responsibility to take education law and interpret it, and we've followed that responsibility.”

The Iowa School Board Association has supported home rule for school districts in the past, Government Relations Director Phil Jeneary said.

“School districts sometimes feel like they are held up on what could be an interpretation of a law,” Jeneary said. “... Some interpretations of the laws have become too prescriptive.”

Legislation in previous sessions typically has died in a Democrat-controlled Senate, he said. Should it pass this session, Jeneary said he expects school boards to be more creative in how they spend funds.

Board members, he added, are elected officials and should be trusted with home rule.

“School board members have a pretty good pulse on the community, so I would imagine that they're not going to do something the majority of folks don't want to happen,” he said.

But during a session that already has spelled out major changes for education in Iowa, Iowa State Education Association President Tammy Wawro said she hopes lawmakers slow down as they consider this change.

Her organization, which spoke out against hurrying through legislation that stripped teachers' unions of the right to bargain with school districts for anything other than wages last month, is registered against the legislation.

"I find it very hypocritical that now we're saying, School districts should have all the control they want — except when we say they shouldn't," Wawro said. Legislators "have said it's so locals have more control, but what I have seen them do is take local control away."

The Gazette: Branstad sees confirmation as ambassador coming as soon as May

Iowa governor preparing for upcoming Senate hearing

Gov. Terry Branstad anticipates being in front of the Senate Foreign Relations Committee as soon as April with confirmation as President Donald Trump's ambassador to China coming as early as May.

"As soon as I am confirmed, then shortly thereafter it would be my intention to resign" he said. At that time, the powers and duties of his office will "devolve" to Lt. Gov. Kim Reynolds.

Branstad, who met with Trump and members of his administration, as well as members of the Foreign Relations Committee while in Washington, D.C., for the National Governors Association winter conference in late February, laid out the tentative timeline during an interview in his formal Statehouse office Thursday.

"I spent about three hours with the State Department, with some of their staff and, basically, they indicated to me it'll probably be around the first week in April when I'll come up," Branstad said.

He and his wife, Chris, sat next to the president and First Lady Melania Trump at a White House dinner for the governors Sunday.

Between now and the Senate hearings on his nomination, Branstad will continue to meet with officials in Washington, including each committee member. In addition, he will be grilled by a "murder board" that prepares nominees for their confirmation hearings.

Branstad has completed paperwork for the Foreign Relations Committee, the State Department, Federal Bureau of Investigation and Trump's transition team. He also spent two hours with a State Department interviewer who also interviewed the Iowa governor's staff and his associates.

Branstad also met with Missouri First Lady Sheena Greitens, a professor and fellow with the National Committee on U.S.-China Relations' Public Intellectuals Program, and associate in research at the Harvard Fairbank Center for Chinese Studies.

She and her colleagues gave me information about some of the things that are going on in the South China Sea and the East China Sea, with North Korea and a number of other things," Branstad said.

"Obviously, I know more about the trade side of things," Branstad said. "I'm not going to be the policymaker. I'm going to be more of the go-between. I think what the president saw in me was somebody who has a longtime relationship with China and the Chinese leadership and is an old friend of the president of China."

What he knows about diplomacy comes from experience.

"I learned a long time ago the best deal is usually a win-win," Branstad said. "And if it's good for America and good for China it's probably good for the rest of the world, too."

He doesn't know when he will leave for China because he may go through an orientation program for new ambassadors. His predecessor, former Montana Sen. Max Baucus, told him he didn't go through the program.

The Gazette Editorial: Too many tax breaks?

Iowa lawmakers must figure out what works and what's waste

On a recent Friday, State Reps. Ken Rizer, R-Cedar Rapids, and Ashley Hinson, R-Marion, stood before a large room filled to capacity with constituents and others gathered for a legislative listening post.

The crowd easily topped 200 people. Like so many legislative forums across Iowa in recent weeks, it was standing room only. And intense.

Many came to express anger at moves made by the Republican legislative majority to curtail collective bargaining rights for public employees, provide just a 1.1 percent funding increase for public schools and approve a package of current-year budget cuts harming state university students and others.

The questions were pointed. The audience was vocal in its displeasure.

"We're not Iowa nice anymore," an audience member proclaimed.

Behind the bluster, much of our current political turbulence reflects a tense tug of war over scarce resources and tight revenues.

Republican legislators contend they sliced bargaining rights to save taxpayer money at the state and local level. They argue that the small, \$40 million increase in state school aid was necessitated by limited revenues. A decline in expected tax collections forced lawmakers to cut the budget for universities, community colleges and other agencies. It can't be helped, lawmakers insist. The money is not there.

But why isn't it?

How much revenue, and to whom, have legislators given away in the form of tax cuts, credits and exemptions over the years? What kind of return has the state seen on those investments? The questions came up at the forum. They have been on our minds, as well.

It is difficult to get a crystal clear picture of just how much these "tax expenditures," as they are commonly called, are sapping the flow of state revenues, but the figures we do have are startling.

## CUTS, EXEMPTIONS AND CREDITS

According to a Department of Revenue study of the Fiscal Year 2010 — the most recent comprehensive study available — 259 tax cuts, exemptions and credits previously passed by legislators added up to \$12.1 billion in a single year. That's an astounding number in a state where the entire state general fund budget is \$7.2 billion.

More recent studies of specific types of tax breaks and credits show their economic impact is steadily rising:

- According to the Iowa Department of Revenue's latest Tax Credits Contingent Liabilities Report issued in December, the revenue impact of more than three dozen tax credits will add up to \$404.2 million

during the current budget year ending in June. That's up from \$353.8 million last year. By Fiscal Year 2021, the report projects that cost to hit \$437 million.

- The largest among these is the Earned Income Tax Credit, which cuts taxes and provides refunds to low-income workers to encourage employment. Close behind is the \$58.1 million the state delivered in credits for historic preservation projects and \$56.8 million for research and development activities by Iowa companies. Rockwell Collins has been a major recipient of the credit, which not only offsets tax liability but delivers a taxpayer-funded check to its recipients. Still, in the big scheme of Statehouse tax cutting, this is just the tip of a very large iceberg.

- In 2010, sales and use tax breaks alone added up to \$3.9 billion. A new report by the department shows that in Fiscal year 2015, that number rose to \$4.7 billion — an increase of 21 percent in five years and of 98 percent since 2005.

Among the largest sales tax breaks is the exemption for food items, saving consumers \$435.6 million at the grocery checkout in FY 2015. Exempting medical services saves \$570.5 million. Numerous sales tax exemptions benefit farmers, including a \$117.4 million break on the purchase of commercial fertilizer, a \$53.4 million break on herbicides and other chemicals and a \$311.4 million break on the purchase of feed.

- And none of these very big tax break estimates include a package of commercial property tax reductions and credits approved on bipartisan votes in 2013.

According to the non-partisan Legislative Services Agency, the cost of providing business tax credits, replacing lost local revenue and covering school funding that otherwise would have come from local property taxes now tops \$300 million annually.

#### MORE TAX BREAKS PROPOSED

Many tax breaks serve a compelling public purpose. But the case for others would appear far less compelling, and lawmakers, for all their talk of comprehensive studies, have been done remarkably little to figure out what works and what's waste. Their actions carving holes in the tax code have been expensive, but talk of reviewing those calls has been cheap.

And the cuts keep coming. During the current legislative session, two-dozen bills creating tax breaks, cuts and exemptions have been filed. It's unlikely many will become law, but it's a good measure of the Legislature's appetite. The hunger to hand out more breaks remains strong.

Hinson sponsored HF 103, which would provide a sales tax exemption on sewer bills paid by paper recycling mills. Rep. Zach Nunn, R-Bondurant, sponsored HF 132, which would provide a sales tax break on supplies purchased by nonprofit blood centers.

Rep. Jarad Klein, R-Keota, filed HF 177, removing sales tax from the purchase of European honey bees. Reps. Dawn Pettengill, R-Mount Auburn, and Rob Taylor, R-West Des Moines, co-sponsored HF187, which exempts limousine service from sales tax. A bipartisan group of 14 House members back HF 374, exempting sanitary hygiene products from sales taxes.

Rep. Tedd Gassman, R-Scarville, filed HF 300, giving an income tax credit to married couples who complete premarital counseling.

Sen. Brad Zaun, R-Urbandale, sponsored SF 34, phasing out state income tax on all retirement income over five years. In year five, the break would top \$340 million annually.

Zaun also wants to phase out the state inheritance tax over nine years, SF 82, a \$196 million cut by 2029.

## CLEANING HOUSE

Rizer and Hinson both have conceded that our state's lengthy list of tax breaks deserves a comprehensive review.

"I believe there are tax credits that are given out that are not doing what they're intended to do," Hinson, vice chair of the House Appropriations Committee, said at that recent listening post. "I do support that close and in-depth analysis of our tax credit program because I don't think we should be giving out tax credits piecemeal across the state."

But if either of those lawmakers — or any other — have drafted a bill that would roll back breaks with unproven value, or calling for a true comprehensive review of tax giveaways, we haven't seen it.

If Iowa's system of tax cuts, credits and breaks is allowed to keep growing, we could soon see the state giving away \$2 in potential tax revenue for every \$1 it collects.

And if state revenue growth evaporates before it can be used to meet state obligations — including K-12 education, state universities, public safety functions, our court system, mental health treatment and other priorities — it's misleading to call Iowa's budget challenges a spending problem. Nor will it work to dry to solve those challenges simply by cutting budgets.

Of course Iowans expect and deserve state departments and services to be run efficiently, but the blame also lies with politicians who too rarely said no to requests for tax breaks from interest groups. They add up. And now the sum of all those cuts and nibbles is taking a bite out of Iowa's future.

It's long past time for lawmakers to stop paying lip service to the idea of cleaning up the tax and to roll up their sleeves. If a credit, break or exemption doesn't clearly contribute to the common good, then it should go.

Lawmakers should approve no new tax reductions until they're able to show Iowans the value of the tax measures they've already approved. Lawmakers who strenuously and correctly insist all new programs and state regulations should be fully assessed for their economic impact and taxpayer value should apply the exact same logic to tax expenditures.

Lawmakers who are eager to reform the state's tax structure, with hopes of flatter and even lower taxes, must start by assessing the patchwork of favors already handed out by legislators who came before them. Seeking to simply superimpose more breaks and favors on top of the existing hodgepodge would be public policy malpractice.

In the past, commissions, committees and panels have been assigned to look at tax credits and exemptions. But they only have scratched the surface. What we need now is a long, hard look at exactly what benefits Iowans are buying for more than \$12 billion.

Iowans deserve such a review, which places the state's future needs above the present pull of partisan politics. They're expecting more than apologies for the next round of harmful budget cuts, excuses for why their community priorities still are short of cash and vague promises to clean house ... someday.

• Comments: (319) 398-8469; [editorial@thegazette.com](mailto:editorial@thegazette.com)

## BY THE NUMBERS

2013 Property Tax Reform Act (FY 2017)

Business Property Tax Credit: \$125 million

Property Tax Backfill to Local Governments: \$152.2 million

Additional state school aid to replace local property taxes: \$25.1 million

Total state general fund budget impact: \$302.3 million

Source: Legislative Services Agency

Top 10 Iowa Income Tax Credits (FY 2017)

\$70.9 million — Earned Income Tax Credit: A refundable tax credit for low- and moderate-income workers intended to encourage employment. Size of the credit depends on income.

\$58.1 million — Historic Preservation/Cultural and Entertainment District: This tax credit, administered by EDA and the Iowa Department of Cultural Affairs, provides a 25 percent tax credit for qualified expenditures made in the rehabilitation of eligible historic properties.

\$56.8 million — Research Activities Tax Credit: This credit is available to taxpayers who increase research activities in Iowa. The Iowa research tax credit relies on the federal definition of qualified research expenditures.

\$42.5 million — Iowa Industrial New Job Training Program; This program, administered by Iowa's Community Colleges, assists businesses that are creating new positions with new employee training. Participating companies divert withholding taxes that would be remitted to the Department of Revenue to a community college to pay for training for company employees.

\$37.6 million — High Quality Jobs Program: This program, administered by Economic Development Authority, provides tax benefits to eligible companies that create high-paying jobs and make capital investments.

\$23.1 million — Enterprise Zone Credit and Housing Component: This program, administered by Economic Development Authority, encourages investment in Iowa's economically distressed areas by providing local and state tax credits, refunds and exemptions to qualifying companies that expand or locate in designated Enterprise Zones.

\$17.8 million — Biodiesel Blended Fuel: This per gallon credit is available to retail dealers who sell biodiesel blended fuel.

\$15.2 million — Tuition and Textbook: This credit is available to individual taxpayers who have one or more dependents attending grades K-12 in an Iowa school. The credit percentage is 25 percent of the first \$1,000 paid for each dependent for tuition and textbooks.

\$11.3 million — School Tuition Organization: This credit, administered by Iowa Department of Revenue, is for 65 percent of the amount of a voluntary cash contribution made by a taxpayer to a school tuition organization

\$9 million — Renewable Energy: This credit is available to a producer or purchaser of energy from a renewable energy facility approved as eligible by the Iowa Utilities Board.

Source: Iowa Department of Revenue

Examples of Sales and Use Tax Exemptions (FY 2015)

\$320.7 million — Transportation Services and Delivery Charges

\$117.4 million — Commercial Fertilizer and Lime

\$435.6 million — Food for Human Consumption

\$465.8 million — Construction Services

\$570.5 million — Medical Services

\$137 million — Packaging containers and supplies sold to retailers and manufacturers

\$311.4 million — Agricultural Feed

\$53.4 million — Ag chemicals, herbicides, pesticides

\$3.6 million — Annual Sales tax Holiday

\$35.5 million — Electricity and equipment for Data Centers

\$10.5 million — Fuel used in grain drying

\$19.9 million — Lottery tickets

\$7.9 million — Massage Therapy

\$6.9 million — Newspapers

Source: Iowa Department of Revenue

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The Gazette: An indie in the middle at the Statehouse

State Sen. David Johnson, I-Ocheyedan, is a caucus of one, with no regrets and a lot to say.

"I feel very comfortable with my decision. I wouldn't have changed anything," said Johnson, who left the Republican Party last year over his disgust with President Donald Trump's candidacy.

He's now the lone independent in the Legislature, occupying a one-man's land between minority Democrats and majority Republicans pursuing a very aggressive partisan agenda.

"In fact, if Trump hadn't really pushed me to make a break, it would have been this agenda," Johnson said this past week. "There's just no way I can support this agenda. The major things they're going after is Iowa's version of Steve Bannon and his philosophy of deconstruction.

"They're just running roughshod over a lot of things," he said.

The northwest Iowa lawmaker had time to talk even in the hectic hours ahead of the Legislature's funnel deadline. That's because he has a seat on just one committee. Democrats gave him one of their spots on the Natural Resources and Environment Committee. Republican leaders refused to make room for the independent on any other committees.

So he's missed out on participating in some of the nuts and bolts of lawmaking. And as an independent, he doesn't spend hours in closed-door party caucuses plotting strategy.

"I caucus 24/7. I do. I caucus with the people who are here. I'm busy all the time," Johnson said.

"I'm letting people know, here's the story," said the former newspaperman.

For instance, there're the story of Republicans' swift push last month to vastly curtail collective bargaining rights for Iowa's public sector workers.

"What is this 87th General Assembly going to be known for? Union busting, so far," Johnson said.

"That means fewer people, lower incomes in the rural areas, a drop in services. I don't understand that about Republicans, how they want to kill rural areas. But that's exactly what they're doing," said Johnson, whose district includes five largely rural counties.

"I'd just like somebody to tell me, what is 'smaller government'? What does that mean? To me it means we're going to have tumbleweeds blowing down our main streets in rural areas," he said.

There's the story of legislative efforts on water quality, perhaps his signature issue.

"It's really a do-nothing, know-nothing bill," Johnson said of a measure approved by a House committee



this past week. "There's little if any accountability built into the legislation. Where do we do monitoring? You can't just establish conservation practices without measuring whether they're achieving the goals you want to achieve. You can't just hand out cost-share dollars thinking this is going to help."

Johnson has been a vocal supporter of a three-eighths-cent sales tax increase to fill the Iowa Natural Resources and Outdoor Recreation Trust Fund. The fund was approved overwhelmingly by voters in 2010, but efforts to fill it have hit a legislative brick wall.

"The people of Iowa are having their 2010 election stolen away," Johnson said.

He's pushed for lawmakers to revise livestock confinement rules he helped write in 2002, hoping to stop construction in environmentally sensitive areas. But he's had no success convincing Republicans to do so.

"This is absolute heaven for Farm Bureau," he said.

He opposes a bill moving through the General Assembly that would dismantle the Des Moines Water Works in favor of a regional water authority. The water works is pursuing a lawsuit against three rural counties over polluted farm runoff. The bill could end the lawsuit, and take pressure off lawmakers to act on water quality.

"It's, pure and simple, revenge for the lawsuit," Johnson said.

Johnson asked the attorney general to weigh in on the constitutional question of whether Lt. Gov. Kim Reynolds will be governor or acting governor when Gov. Terry Branstad departs to become U.S. ambassador to China. Reynolds' ability to pick her own lieutenant governor could hinge on the issue.

And what about legal fireworks?

"Freedom is blowing off your thumb on the Fourth of July," Johnson said.

"The establishment is not very happy with me." Johnson said, referring to county GOP chairs and central committee members in his district.

"I'm really not a born follower. I was doing a lot of following before in the caucus. And now I've broken out of that," Johnson said.

Johnson said he's also getting support from back home, and beyond his district.

"I just got a note from somebody back home who wants me to run for governor. Well, I'm not going to run for governor," Johnson said. "But that's the reaction from some people, more than I ever expected, who are willing to reach out.

"As the Republicans go so far to the right, people are looking for something in the middle," he said.

So Johnson's not going back to the GOP. And he said he won't become a Democrat. He's sticking with his caucus of one, where he exercises a freedom most lawmakers beholden to parties can't risk.

"I'm calling it like I see it," Johnson said.

The Gazette Editorial: Lawmakers showed welcome restraint

We saw welcome evidence this week that the Republicans who run the Iowa Legislature are capable of restraint.

In some cases, that restraint was forced by the so-called funnel deadline, which sends scores of bills that have not yet cleared a committee to the scrap heap. One bill we were glad to see funneled would have dramatically changed the scope of professional licensure in Iowa — a worthy but contentious issue that deserves more discussion. A late-developing push to reinstate the death penalty also perished in the funnel.

Misguided bills seeking to end tenure on college campuses and mandate political party balance among university professors failed to move ahead. The Legislature won't ban university football games on Friday nights, raise the speed limit to 75 mph or end daylight savings time. Good riddance to those bills.

In other cases, restraint was prompted by a tight state budget situation. Lawmakers say they've shelved, for now, an effort to create "education savings accounts" or vouchers redirecting public school funding to private and home schools. That's wise after they approved a paltry 1.1 percent increase in aid to K-12 schools and were forced to cut \$118 million from the current year's state budget.

Although lawmakers showed no restraint in dramatically editing 1970s-era collective bargaining rights for public employees, Republicans have put the brakes on an effort to toss out Iowa's 1970s-era bottle bill. A bill to end Iowa's nickel deposit law in favor of creating a statewide recycling program cleared a committee but will go no further, GOP leader say, correctly, the bill needs more work.

We hope this restraint signals a trend toward a more collaborative process that will extend to other bills. We could start with measures pre-empting local governments from acting on minimum wage levels, rewriting workers' compensation laws and making major changes in the way Iowans vote. All three measures could have major, long-term effects, and shouldn't be rushed.

We'd also argue lawmakers still have plenty of time to get some big stuff right. A meaningful water quality measure could still be crafted this session. Tax reforms targeting unnecessary breaks, loopholes and credits still are possible. The next state budget remains to be crafted, and could reflect shared priorities beyond the majority party's wish list.

So restraint is possible. That's a good sign. Collaboration and consensus building should be next.

QC Times Guest Opinion: Guest view: Trump offered a path forward

Jeff Kaufmann

Top of Form

Bottom of Form

Tuesday night was an incredible moment in American politics.

President Trump delivered an optimistic, forward-looking message of unity and strength. He acknowledged our challenges and reached out to Congress and the American people, to unite us in tapping the great American spirit to overcome them. Democrats, Republicans and independents can all agree that our mission should be to achieve peace and prosperity for every American. And I couldn't agree with the president more – we are one people, with one destiny, and it is time to come together, stand together, and fight together to Make America Great Again.

In his short time in office, President Trump has made fulfilling his campaign promises priority No. 1 — by, among other things, bringing back American jobs and nominating a reliable conservative to the Supreme Court. President Trump's premise is simple: If we can get government out of the way, American ingenuity and enterprise — the same bedrocks of our society that took us to the moon, that

brought us through the Great Depression and the Great Recession — can lead the way in Making America Great Again.

The time for trivial fights is over. We must come together to make it easier for Americans to invent, build, and sell their products. We must make it easier for American businesses to compete with anyone, anywhere, at any time. We must make it easier for Americans to escape the implosion of an unstable, unsustainable Obamacare. We must make it easier for families to choose the educational path that is best for them.

I look forward to our congressional delegation working with President Trump -- particularly Rep. Loebsack, whose district elected President Trump — in seizing this moment and beginning a new chapter in American Greatness.

RI: ISU study: Nitrogen fertilizer, in proper doses, is good for soil health

MARCH 6, 2017 BY RADIO IOWA CONTRIBUTOR

An Iowa State University report shows applying nitrogen fertilizer at certain levels to corn and soybeans helps maintain carbon in the soil, bringing a range of environmental and production benefits.

ISU agronomy professor Michael Castellano co-authored the study and says there's long been disagreement among scientists and farmers over fertilizer's impact on the soil.

"A lot of folks are under the impression that nitrogen fertilizer, particularly anhydrous ammonia, may be bad for soil health, it may degrade the carbon and the organic matter in our soil," Castellano says. "We found just the opposite in our studies across the state, all the way from northwest Iowa to southeast Iowa."

Researchers collected soil samples from the four ISU research farms at Sutherland, Ames, Chariton and Crawfordsville in 1999 and 2000 and then again 15 years later after each site received regimented applications of nitrogen fertilizer.

"We observed that nitrogen fertilizer was in fact very important for maintaining and improving soil health," Castellano says. "The reason why it maintained or improved soil health is because it's critical to increase the production of crop residues in the soil."

The test compared soil health for various levels of fertilizer applications — be it too low, too high or at optimum levels.

"We think by looking at the range in nitrogen fertilizers, we really cleared up this uncertainty about whether nitrogen fertilizer is good or bad for soil health," Castellano says. "We found that it's good right up until that optimum level but beyond that, there's just no improvement to be seen from adding more."

Funding for the study came from the U.S. Department of Agriculture's National Institute for Food and Agriculture.

See the full report [here](#).

RI: Trump supporters held four rallies in Iowa Saturday

MARCH 5, 2017 BY O. KAY HENDERSON

The Trump Rally.

A series of “March 4 Trump” rallies were held across the country on Saturday, March 4th — including four in Iowa. Gary Leffler of West Des Moines greeted the crowd gathered outside the state capitol.

“You watch the news and you see the other guys and they’re just protesting all the time,” he said. “But I’ll tell you what: we’re here to stand up for something that’s great and something that’s good and see that our country has hope again and thank God for Donald J. Trump being the 45th president of the United States.”

Supporters of President Trump turned out at the Iowa State Capitol.

Senator Brad Zaun of Urbandale was the only elected official in Iowa to endorse Trump before the Iowa Caucuses and he told the crowd he’s “excited about what’s happening in the White House.”

“Now when old Senator Barack Obama became president, I didn’t like it. I didn’t like the policies he did, but I’ll tell you what — I wasn’t out screaming and raising heck everywhere and being disrespectful and I have never seen it as bad as it is right now,” Zaun said. “...It is a culture war that we’re going through and it is time we take back the state of Iowa and America and you guys are all doing it. Thank you!”

Dave McNair of Newton also spoke at the rally. He owns the printing business in Newton featured in the “60 Minutes” story Trump saw in 2010. Trump called the next morning to arrange contracts for McNair at the Trump Tower in Chicago.

“I meet people all over the country...and they’re all backing President Trump,” McNair said, “but, boy, you go to the mainstream media and you see none of it, so we’ve got to keep pushing and we’ve got to keep saying what we’re saying and we’ve got to keep believing in President Trump.”

Trump supporters also gathered for public events in Council Bluffs, Ottumwa and Davenport on Saturday.

The Iowa Democratic Party chairman Derek Eadon issued a written statement in response to the rallies, saying “a new scandal emerges...almost daily” from the Trump Administration that should raise Iowans’ doubts about Trump’s “ability to lead.

RI: Branstad still pushing to cut number of regulated professions in Iowa

MARCH 4, 2017 BY O. KAY HENDERSON

Gov. Branstad’s scissors lapel pin

Governor Terry Branstad says he’s not surprised his fellow Republicans in the legislature have been reluctant to embrace his regulatory reduction plans.

“We knew this was going to be tough,” Branstad says. “You’re going up against all of the organized special-interest groups that want to protect their turf, but I’m still hopeful that we can get parts of it approved.”

Branstad’s bill that would have ended state licensing for barbershops, social workers, mental health counselors and other health care professionals was rejected by a three-member House panel. Republican Representative Bobby Kaufmann of Wilton suggested the move could “harm the public” by inviting pretenders into the state who would act as if they had legitimate training in the health care field.

Branstad says there are too many state-licensed professions in Iowa.

“These licensing boards kind of look at it as something (like), ‘We’re there to protect the profession, not the public,’ and that’s my concern,” Branstad says. “In some cases we’ve gone into places where I really don’t think we need to be licensed and it drives up the costs and it keeps out the competition.”

Another proposal Branstad backed tried to change state regulations to make it easier for health care clinics that are for-profit to set up shop near already existing Iowa hospitals and clinics. That bill failed to advance in the Iowa House, too, because of opposition from Republicans. Branstad says these kinds of regulatory reforms will “never be easy” to get through the legislature.

“Every one of these groups is organized. A lot of ‘em have lobbyists and they spend a lot of money and they always sell it on the idea, ‘Well, we’re going to protect the health, safety and well-being of Iowans,’” Branstad says. “But we have more licensed, regulated professions than anybody else.”

Branstad made his comments late Thursday during an interview with reporters from the Radio Iowa and The Cedar Rapids Gazette. Branstad was wearing a red lapel pin at the time. Kentucky’s Republican governor, Matt Bevin, gave Branstad the pin, which featured a tiny pair of scissors. It’s a symbol of the Kentucky governor’s “red tape reduction” campaign.

RI: Study: Iowa sees 61% boost in the number of solar jobs

MARCH 3, 2017 BY MATT KELLEY

Photo by Swinerton Renewable Energy

A report called the Solar Jobs Census finds the number of people working in the solar industry in Iowa rose just over 60% in the past two years.

Avery Palmer, spokesman for the non-profit Solar Foundation, says Iowa had about 350 solar jobs in 2015 versus more than 560 last year. The study finds one out of every 50 new jobs in the country last year was in the solar industry.

Palmer says, “What we’re seeing over and over is that the price of solar is going way down and solar is becoming more and more affordable and accessible no matter what part of the country you live in, whether you’re in a small town a big city or a rural area.”

The census finds solar employment increased in 44 of the 50 states last year, growing by 25% nationwide, while Iowa’s increase was 61%.

“As solar becomes more attractive to homes, businesses and communities, companies are building more projects,” Palmer says, “and they are hiring more people to do the work.”

The subject of solar jobs is wide-ranging, Palmer says, and includes far more than the people who install solar arrays on rooftops.

“If you have a big solar project that’s being built out somewhere in the country, you need folks to manage the project and to manage the finances,” Palmer says. “You also need people to do sales, to do the marketing, to do the engineering.”

Palmer predicts steady growth, with an increase of at least 10% in solar jobs nationwide in 2017. California saw the most growth in solar jobs in 2016, followed by Massachusetts, Texas, Nevada and Florida.

Iowa ranks 41st nationally for the number of solar jobs, 38th in solar jobs per capita.

RI: Pitched battle over more for-profit operations in health care industry

MARCH 3, 2017 BY RADIO IOWA CONTRIBUTOR

The idea of injecting more competition in Iowa's health care industry stalled at the statehouse this week. Governor Branstad wants to change the system that requires new health care facilities to prove to a state board that there's a need for their services.

Large and small hospitals lined up against a bill that would have allowed for-profit clinics to compete against local hospitals.

"I'm a Republican just like you and I've voted Republican all my life," said Doug Cropper, president and CEO of Genesis Health System based in the Quad Cities. "So why am I opposed to this bill? Because health care is different. The free market does not work."

Cropper and other hospital execs argued for-profit clinics could cherry-pick patients and leave hospitals footing the bill for full-service medical care for patients who require the most expensive treatments or who do not have insurance. Representative Rob Taylor of West Des Moines is married to a doctor and he pushed back.

"As a limited government, free-enterprise guy, that angers me," said Taylor, the Republican who sponsored the bill. "...You're holding the independent, entrepreneurial clinics hostage and not being able to expand their clinics."

Taylor's bill failed to advance when Republican Representative Steven Holt of Denison said rural hospitals in his district don't support the change and neither will he.

Bloomberg: Turmoil breaks out in ethanol industry

Iowa association among those that oppose move to change biofuel law

Billionaire Carl Icahn's relationship with President Donald Trump has helped spark a round of recriminations within the \$24 billion American ethanol industry just as it navigates one of the most crucial points in its history.

The discord has emerged in the past few days as ethanol companies react to a proposal from Icahn and a lobby group that would shake up how the industry is regulated.

At the heart of the dispute lies the question of who exactly should be responsible for complying with a 12-year-old law mandating the blending of ethanol in gasoline.

Icahn, a renowned corporate raider, controls one of the largest independent U.S. refiners. He argued loudly and repeatedly during the general election that the burden shouldn't fall on companies like his, but on fuel blenders instead.

Icahn's position is anathema to most of the biofuels industry. That made it all the more surprising when it emerged Feb. 27 that the 81-year-old billionaire — now a special regulatory adviser to President — had won the backing of the Renewable Fuels Association.

The Washington-based lobbying group's president, Bob Dinneen, had long opposed the kind of change Icahn advocates, yet his group is now backing the proposal, which is being discussed in the White

House.

The news roiled the gasoline and corn markets — and triggered an unprecedented display of public disunity from ethanol producers.

“Bob Dinneen sold his soul to the devil,” said Todd Becker, chief executive officer of Green Plains Inc., which isn’t a member of the lobby group. “We believe the Renewable Fuels Association has been bought, sold and delivered on a platter.”

Also under fire is how the proposed deal was presented to the Trump administration without wider consultation.

Poet LLC, the largest U.S. ethanol producer and a founder of Growth Energy, a separate trade group, vehemently opposed to the Icahn move, called the agreement “a backroom deal” made while “leading voices” were absent.

White House officials spent days recently in deliberations with Icahn and with ethanol producers who oppose his proposal, according to people familiar with the talks. The flurry of meetings and phone calls came after Bloomberg News reported a week ago that Icahn had helped broker a compromise with Dinneen’s group. The report led to a surge of more than \$100 million in the value of Icahn’s stake in refiner CVR Energy Inc.

White House spokeswoman Kelly Love said last Wednesday there’s no executive order in the works dealing with ethanol. She didn’t directly respond to questions about the status of discussions.

While ethanol regulation can be esoteric, the industry has considerable political clout in Washington. It’s a major part of the economy in the Corn Belt, where voters helped Trump to the White House. Iowa is the nation’s top ethanol producer and many in the region are waiting to see what Trump will do to support farmers.

Until now, the biofuels industry had been united in fighting against changes to the mandate, arguing that to do so would undermine the intent of the program — to increase use of ethanol and biodiesel.

CVR and other gasoline refiners countered that the current costs of complying with the mandate are excessive. Refineries that can’t add ethanol to gasoline are currently forced to buy credits to meet the requirements. Icahn has warned of bankruptcies.

Just last month, the Renewable Fuels Association filed comments with the Environmental Protection Agency asking that the agency block Icahn’s demands.

But then everything changed, Dinneen said, after he was contacted by the White House and told in “no uncertain terms” that Icahn’s request would be granted.

Dinneen said he then tried to get support from within the industry to get the best deal available.

That deal would be that in exchange for removing the regulatory burden from refiners, the EPA would allow greater sales of gasoline blended with a larger portion of ethanol than 10 percent. As it stands, sales of E15 — that is, fuel containing 15 percent ethanol — are largely restricted in the warm summer months.

But the proposal has led to disarray in the biofuels world. Fuels America, a lobby group with members throughout the agricultural supply chain, said last week it had severed ties with the Renewable Fuels Association.

Both the Iowa Renewable Fuels Association and the Illinois Renewable Fuels Association said they oppose any efforts to change the law.

Dinneen declined to comment, other than to say he continues to “have great respect for the Fuels America coalition and its members.”

Growth Energy said Dinneen’s organization doesn’t speak for the majority of the biofuels industry. Emily Skor, the group’s CEO, said she was caught off guard by the Icahn pact and has spent the past few days talking to policymakers, lawmakers and journalists to explain the distinction between her organization, whose members are still opposed to the deal, and the Renewable Fuels Association. Skor, who started her job in May, says she’s been told that the current industry “brouhaha” is unprecedented.

AP: Trump Accuses Obama of Tapping His Phones During Election

By Julie Pace & Darlene Superville

President Donald Trump is accusing former President Barack Obama of ordering Trump's telephones tapped during last year's election, but Trump isn't offering any evidence even as he makes politically charged references to Watergate, Nixon and McCarthyism.

An Obama spokesman said the assertion being made against the former president was "simply false." Lawmakers from both parties called on Trump to offer proof and to say publicly what he knows.

In a series of morning tweets Saturday, Trump suggested Obama was behind a politically motivated plot to upend his campaign. He compared the alleged events to "Nixon/Watergate" and "McCarthyism!" And he called Obama a "Bad (or sick) guy."

The Watergate break-in during the Nixon administration led to President Richard Nixon's resignation and the conviction of several aides. Republican Sen. Joe McCarthy's reckless and unsupported charges of communist infiltration in federal government during the 1950s gave rise to the term "McCarthyism."

After Trump's well-received speech to Congress on Tuesday, the tweets reflected the president's growing frustration with the swirling allegations about his advisers' ties to Russia, which are under FBI investigation, and his team's inability to overcome them. Trump lashed out at his senior team during an Oval Office meeting Friday, according to one White House official.

The White House did not respond to questions about what prompted the president's accusations that Obama had tapped his phones. Presidents cannot legally order wiretaps against U.S. citizens. Obtaining wiretaps would require officials at the Justice Department to seek permission from the Foreign Intelligence Surveillance Court, which is shrouded in secrecy.

Trump said Saturday morning he had "just found out" the information, though it was unclear whether he was referring to a briefing, a conversation or a media report. The president has in the past tweeted about unsubstantiated and provocative reports he reads on blogs or conservative websites.

The morning tweets stand out, even for the perpetually piqued Trump, given the gravity of the charge and the strikingly personal attack on the former president. Trump spoke as recently as last month about how much he likes Obama and how much they get along, despite their differences.

In his morning tweets, Trump said the wiretapping occurred in October at Trump Tower, the New York skyscraper where he ran his campaign and transition. He also maintains a residence there.



"How low has President Obama gone to tapp my phones during the very sacred election process. This is Nixon/Watergate. Bad (or sick) guy!" he tweeted, misspelling 'tap.'

Obama spokesman Kevin Lewis said a "cardinal rule" of the Obama administration was that no White House official ever interfered in Justice Department investigations, which are supposed to be conducted free of political influence.

"As part of that practice, neither President Obama nor any White House official ever ordered surveillance on any U.S. citizen," Lewis said, adding that "any suggestion otherwise is simply false."

Rep. Adam Schiff of California, the senior Democrat on the House Intelligence Committee, said in a statement that Trump was making "the most outlandish and destructive claims without providing a scintilla of evidence to support them."

Sen. Ben Sasse, R-Neb., urged Trump to explain what he knows about the wiretapping allegations, "ideally to the full public, and at a bare minimum to the U.S. Senate."

Trump has been trailed for months by questions about his campaign's ties to Russia. The questions have been compounded by U.S. intelligence agencies' assessment that Russia interfered with the election to help Trump triumph over Hillary Clinton, along with disclosures about his aides' contacts with a Russian official.

Those disclosures have already cost retired Gen. Michael Flynn his job as national security adviser and prompted calls from Democrats for Attorney General Jeff Sessions to resign.

On Thursday, Sessions recused himself from the FBI probe after acknowledging he did not disclose his campaign-season contacts with Russia's ambassador to the United States when asked during his confirmation proceedings. Sessions, a U.S. senator at the time, was Trump's earliest Senate supporter.

The Sessions revelations deepened the president's anger over what he sees as his team's inability to get ahead of the Russia allegations. In the Oval Office meeting Friday shortly before departing for Florida, he angrily told senior advisers that what had the potential to be a good week following his address to Congress had been overtaken by the Russia controversy, according to a White House official who insisted on anonymity in order to discuss the private meeting.

The president's allegations may be related to anonymously sourced reports in British media and blogs, and on conservative-leaning U.S. websites, including Breitbart News. Those reports claimed that U.S. officials had obtained a warrant under the Foreign Intelligence Surveillance Act to review contacts between computers at a Russian bank and Trump's New York headquarters.

The Associated Press has not confirmed these contacts or the investigation into them. Trump's chief strategist Steve Bannon is a former executive chairman of Breitbart News.

Washington Post: FBI Director Comey asked Justice officials to refute Trump's unproved wiretapping claim

Officials didn't issue statement

By Abby Phillip and Ellen Nakashima, The Washington Post

FBI Director James Comey asked the Justice Department this weekend to issue a statement refuting President Donald Trump's claim that President Barack Obama ordered a wiretap of Trump's phones before the election, according to U.S. officials, but the department did not do so.

Comey made the request on Saturday after Trump accused Obama on Twitter of having his “wires tapped’ in Trump Tower.” The White House expanded on Trump’s comments Sunday with a call for a congressional probe of his allegations.

The revelation, first reported by the New York Times, underscores the fraught nature of the FBI’s high-profile investigation into Russian meddling in the 2016 election. A key question fueling that inquiry is whether Trump associates colluded with Russian officials to help Trump win.

Neither Justice nor the FBI would comment Sunday.

The development came as Trump’s charge against Obama — leveled without any evidence — was being rebuffed both inside and outside of the executive branch. It drew a blunt, on-the-record denial by a top intelligence official who served in the Obama administration.

Speaking on NBC News on Sunday morning, former director of national intelligence James Clapper denied that a Foreign Intelligence Surveillance Act (FISA) wiretap was authorized against Trump or the campaign during his tenure.

“There was no such wiretap activity mounted against the president-elect at the time as a candidate or against his campaign,” Clapper said on “Meet the Press,” adding that he would “absolutely” have been informed if the FBI had received a FISA warrant against either.

“I can deny it,” Clapper said emphatically.

In his claims early Saturday morning, the president tweeted that he “just found out” that Obama had “my ‘wires tapped’ in Trump Tower” before the election, comparing it to “McCarthyism.”

“Is it legal for a sitting President to be ‘wire tapping’ a race for president prior to an election?” Trump asked in another tweet. “Turned down by court earlier. A NEW LOW!”

By Sunday morning, the White House doubled down on Trump’s explosive tweetstorm and called for the congressional probe.

Current and former government officials said such surveillance would not have been approved by any senior Justice official in the Obama administration. And Trump’s allegation raised hackles in the FBI leadership, insinuating as it did that the bureau may have acted illegally to wiretap a presidential candidate without probable cause that he was an “agent of a foreign power,” as the foreign intelligence surveillance law requires.

“This is Nixon/Watergate,” Trump tweeted Saturday.

A spokesman for Obama countered several hours later that the former president never authorized a wiretap of Trump or any other American citizen. “Any suggestion otherwise is simply false,” the spokesman said.

White House press secretary Sean Spicer on Sunday cited “reports” of “potentially politically motivated investigations” during the 2016 campaign, calling them “troubling.” But none of the media reports cited by the White House provides evidence of a politically motivated surveillance effort against Trump.

“President Donald J. Trump is requesting that as part of their investigation into Russian activity, the congressional intelligence committees exercise their oversight authority to determine whether executive branch investigative powers were abused in 2016,” Spicer said. “Neither the White House nor the President will comment further until such oversight is conducted,” the statement added.

Congressional committees in both the House and the Senate are probing not just suspected Russian efforts to undermine the 2016 election but any contacts between Russian officials and the Trump

campaign.

Comey's request is sure to raise eyebrows in light of his actions last year in the bureau's investigation into Hillary Clinton's email server.

Last July he held a news conference — without telling the Justice Department what he would say — to announce that the bureau had concluded Clinton did not commit a prosecutable offense. Then, 11 days before the election, Comey wrote Congress despite warnings from senior Justice officials that doing so would violate department policy and said the FBI was examining new emails that had come to light. Nothing came of the bureau's additional review, but Comey took heat for his actions, which Democrats say influenced the outcome of the election.

It is not clear why Comey, who is the senior-most law enforcement officer who has been overseeing the FBI investigation from its inception in the Obama administration, did not himself issue a statement to refute Trump's claims. Nor is it clear to whom he made his request. Attorney General Jeff Sessions recused himself last week from all investigative matters related to the Trump campaign and any potential Russia links. The acting Deputy Attorney General, Dana Boente, a career federal prosecutor in the Eastern District of Virginia, is now overseeing the probe.

Trump's tweets early Saturday may have been prompted by the comments of a conservative radio host, which were summarized in an article on the conservative website Breitbart. The Breitbart story had been circulating among Trump's senior aides on Friday.

The White House's escalation of Trump's claims were kept at arm's length by congressional Republicans appearing on Sunday morning news broadcasts.

When asked about Trump's allegations, Senate Intelligence Committee member Tom Cotton, R-Ark., declined to comment on the tweets but said he has "seen no evidence of the allegations."

"Whether that's a FISA court application or denial of that application or a re-submission of that application, that doesn't mean that none of these things happened. It just means we haven't seen that yet," Cotton added, speaking on Fox News Sunday.

Sen. Marco Rubio, R-Fla., said he is not aware of evidence to back up the president's claim. "I have no insight into exactly what he's referring to," he said on "Meet the Press." "The president put that out there, and now the White House will have to answer for exactly what he was referring to."

Obama's allies were more blunt, denying flatly that the former president had ordered a wiretap of Trump's campaign.

"This may come as a surprise to the current occupant of the Oval Office, but the president of the United States does not have the authority to unilaterally order the wiretapping of American citizens," said former Obama White House press secretary Josh Earnest. Senate Minority Leader Charles Schumer, D-N.Y., told "Meet the Press" that Trump is "in trouble" and acting "beneath the dignity of the presidency."

"The president's in trouble if he falsely spread this kind of information," Schumer said. "It shows this president doesn't know how to conduct himself."

Earnest added that Trump was attempting to distract from the controversy involving contacts between his campaign aides, including now-Attorney General Jeff Sessions, and Russian officials.

"We know exactly why president Trump tweeted what he tweeted," Earnest added. "Because there is one page in the Trump White House crisis management playbook, and that is simply to tweet or say something outrageous to distract from a scandal. And the bigger the scandal, the more outrageous the tweet."

Trump's tweets early Saturday may have been prompted by the comments of a conservative radio host, which were summarized in an article on the conservative website Breitbart. The Breitbart story had been circulating among Trump's senior aides on Friday.

But appearing on ABC's "This Week," White House Deputy Press Secretary Sarah Huckabee Sanders repeatedly said that the president's allegation was worth looking into.

"He's asking that we get down to the bottom of this, let's get the truth here, let's find out," Huckabee Sanders said. "I think the bigger story isn't who reported it, but is it true. And I think the American people have a right to know if this happened, because if it did, again, this is the largest abuse of power that, I think, we have ever seen."

Asked whether Trump truly believes Obama wiretapped him, Huckabee Sanders deflected.

"I would say that his tweet speaks for itself there," she said.

Clapper's comments referred only to whether Trump campaign officials had been wiretapped. But their conversations could also have been captured by routine surveillance of Russian diplomats or intelligence operatives.

U.S. monitoring of Russian Ambassador Sergey Kislyak, for example, caught his conversations with Trump adviser Michael Flynn during the campaign. Flynn went on to become Trump's national security adviser, but he was forced to resign last month after admitting that he had misled other senior Trump officials about the nature of those conversations.

The FBI and the National Security Agency also have obtained intercepted communications among Russians officials in which they refer to conversations with members of the Trump team, current and former U.S. officials have said.

On the broader question of apparent Russian interference in the 2016 election, Clapper urged congressional investigators to attempt to settle the issue, which he said has become a "distraction" in the political sphere.

The intelligence community found no evidence of collusion between the Trump campaign and the Russian government — at least until the end of the Obama administration, he said Sunday.

"We had no evidence of such collusion," he said on "Meet the Press." But Clapper added a caveat: "This could have unfolded or become available in the time since I left government."

Whether there was any collusion is a key question fueling a wide-ranging federal probe into Russian interference in the 2016 presidential campaign.

On Jan. 6, the U.S. spy agencies collectively released a report concluding that Russia carried out cyberhacks and other "active measures" with an intent to help Trump and harm the campaign and potential presidency of Hillary Clinton. The report, Clapper pointed out, included "no evidence" of collusion with the Trump campaign.

But the investigation by the FBI, the NSA and the CIA continues. The Senate and House intelligence committees also are conducting investigations.

South China Morning Post: From tea to soybeans, trade ensures China and the US are inextricably linked

Patrick Mendis says the history of trade between China and the US cannot be ignored in any study of the state of the bilateral relationship today

Chinese tea was once associated with the “cause of freedom” in the American Revolution and the creation of the new commercial republic in 1776. American colonial life – especially in the second half of the 18th century – was infused with Chinese teas, luxuries such as silk, porcelain, wallpaper, Chinese Chippendale furniture and other products. In fact, the new republic attempted to emulate Chinese affluence while developing a tea-drinking socio-economic culture to nurture the promising American civilisation.

Like most of the founding generation, Benjamin Franklin was a habitual tea drinker. He estimated that “a million of Americans drink tea twice a day” either in the morning at home, socially in the afternoon, or in the evening after dinner. In the last quarter of the 18th century, Americans consumed more than one billion cups of tea annually – close to two cups per person each day.

Some 240 years later, a “Trump revolution” appears to have begun with soybeans. President Donald Trump’s “America first” campaign slogan resonated with the rural hinterland communities neglected by the Washington elite and New York financiers. This hinterland electorate has largely resided in the soybean-growing triangle region of upper Midwestern states from the Corn Belt of the Dakotas, Iowa and Nebraska, to Pennsylvania and down into the Mississippi Delta.

In a complete role reversal, China is now fascinated by all things American

In a complete role reversal, China is now fascinated by all things American. Over the past three decades, China has emerged as the largest importer of American soybeans with more than 1 billion bushels last year. The US Department of Agriculture estimated that China imported only about 18 million bushels of soybeans in the mid-1990s. Since then, the Chinese appetite has rapidly increased, making soybeans the leading export industry in the US hinterland, followed by Boeing planes, recyclable materials and automobiles.

Recognising the demographics of his support base, Trump appointed Iowa governor Terry Branstad to be his ambassador to China. It was a strategic move to “open significant opportunities for Iowa and US businesses and farmers”, as China is the leading importer of Iowa agricultural products, especially soybeans and pork.

Trump praised Branstad’s success in developing close trade ties with China while serving as governor of Iowa and said “he represents America’s interests and further develops a mutually beneficial relationship with China’s leadership”.

On his part, Branstad said, “I’ve known President Xi Jinping for many years and consider him an old friend”. Xi visited Iowa and stayed with a farming family in 1985.

On a map, Trump’s voter support base corresponds to the soybean growing region. In a Time magazine article, the authors analysed the county-level results that “show stunning shifts in Trump’s favour through the upper Midwest and Northeast [extending from Iowa and Illinois to Pennsylvania and Maine], demonstrating the success of his trade and economic message in the nation’s heartland”.

This geospatial footprint of Chinese demand for American soybeans, especially for animal feed and cooking oil, led to an increase in investment in the domestic agribusiness sector.

President Barack Obama’s secretary of agriculture Tom Vilsack has enthusiastically endorsed the new envoy to China. Both Trump and Branstad must “have patience” in dealing with America’s largest agricultural import partner, advised Vilsack, who was also a former governor of Iowa. He added that the Obama administration had been “talking with our Chinese friends for quite some time about biotechnology approvals, about resuming US beef exports to China, and other issues that haven’t been easy”. “We’ve made progress but there is more work to be done,” he said.

Like Vilsack, Branstad understands the value of the China connection for US trade expansion, job creation and income generation for Trump's voters. "Farmers understand trade because it impacts their bottom line," Vilsack explained.

As a businessman, Trump also recognises the importance of China – even as he has maligned China in his campaign speeches and interviews. He has incurred enormous loans from the Bank of China while the Trump Tower houses the US headquarters of the Industrial and Commercial Bank of China.

"I love China!" he said at the start of his campaign in June 2015 at the Trump Tower. "The biggest bank in the world is from China. You know where their United States headquarters is located? In this building, in Trump Tower."

Apocalyptic visions of Sino-US relations are a road to nowhere

As president, Trump now realises the trilemma of safeguarding his voters who depend on American exports, proposing a 45 per cent tariff on Chinese imports that risks potential retaliation by Beijing, and finally, continuing trade with China that would benefit his family and business associates. Balancing these three conflicting frontiers of national and personal interests is a formidable challenge for the businessman-turned-politician, who now needs to work on the complexities of global geopolitics within the equally powerful three branches of the US government.

Understanding an assertive China and complicated geo-economics, Jared Kushner, a senior adviser to the president and husband of his daughter Ivanka, reportedly met Chinese ambassador Cui Tiankai ( 崔天凯 ) privately in Washington last month.

Soon after, the White House sent a carefully worded letter to Beijing, saying Trump was looking forward to developing a "constructive relationship" with President Xi Jinping ( 习近平 ).

In an "extremely cordial" follow-up phone conversation, Trump told Xi that he now "agrees to honour the 'one China' policy", after he angered Beijing by accepting a controversial call from the president of Taiwan, which Beijing considers a breakaway province.

It seems that Trump's China-bashing campaign "headlines" are now giving way to the forgotten "trend line" of a historical trade with China that began with tea.

Ignore the media, when it comes to China, there's method in Trump's madness

In colonial America, the ginseng and fur industries connected the rural farmland and hinterland with the coastal metropolises of Boston, New York and other Atlantic port cities. The US is now inextricably linked with China in almost every sector of the American economy and foreign policy.

In all this, an asymmetrical Sino-US relationship still exists in the macroeconomic environment and trade policy framework – including currency exchange, debt service, market access and corporate competition.

As Xi announced at the Sunnylands summit with Obama in 2013, a "new type of major-power relationship" will eventually be required for relations to move forward within the evolving structure of over 100 bilateral dialogues between the two.

As China quietly leads the way, a subdued Trump White House has decided to open a pathway for a "cooperative relationship" with China. Hopefully, Trump will elevate the bilateral relationship from colonial America's "cause of freedom" to a "cause of prosperity" for the benefit of the two nations and the world.

Washington Post: Pentagon plan to seize Raqqa calls for significant increase in U.S. participation

By Karen DeYoung and Liz Sly March 4

A Pentagon plan for the coming assault on Raqqa, the Islamic State capital in Syria, calls for significant U.S. military participation, including increased Special Operations forces, attack helicopters and artillery, and arms supplies to the main Syrian Kurdish and Arab fighting force on the ground, according to U.S. officials.

The military's favored option among several variations currently under White House review, the proposal would ease a number of restrictions on U.S. activities imposed during the Obama administration.

Officials involved in the planning have proposed lifting a cap on the size of the U.S. military contingent in Syria, currently numbering about 500 Special Operations trainers and advisers to the combined Syrian Democratic Forces, or SDF. While the Americans would not be directly involved in ground combat, the proposal would allow them to work closer to the front line and would delegate more decision-making authority down the military line from Washington.

President Trump, who campaigned on a pledge to expand the fight against the militants in Syria, Iraq and beyond, received the plan Monday after giving the Pentagon 30 days to prepare it.

But in a conflict where nothing has been as simple as anticipated, the Raqqa offensive has already sparked new alliances. In just the past two days, U.S. forces intended for the Raqqa battle have had to detour to a town in northern Syria to head off a confrontation between two American allied forces — Turkish and Syrian Kurdish fighters. There, they have found themselves effectively side by side with Russian and Syrian government forces with the same apparent objective.

Approval of the Raqqa plan would effectively shut the door on Turkey's demands that Syrian Kurds, considered terrorists by Ankara, be denied U.S. equipment and kept out of the upcoming offensive. Turkish President Recep Tayyip Erdogan has said that arming and including the Kurdish People's Protection Units, or YPG, in the operation is unacceptable and has vowed to move his own troops and Turkish-allied Syrian rebel forces toward Raqqa.

U.S. officials, some of whom spoke on the condition of anonymity about the still-secret planning, believe Erdogan's tough talk is motivated primarily by domestic politics, specifically a desire to bolster prospects for an April 16 nationwide referendum that would transform Turkey's governing system to give more power to the presidency.

Lt. Gen. Stephen Townsend, the Baghdad-based U.S. commander of the anti-Islamic State coalition, told reporters Wednesday that there was "zero evidence" that the YPG was a threat to Turkey. With some apparent exasperation, Townsend called on all anti-Islamic State forces in northern Syria to stop fighting among themselves and concentrate on the best way to beat the militants.

U.S. talks with Turkey, a NATO ally and coalition member, are ongoing. But events over the past several days in and around the town of Manbij have injected a new element in the conflict that could either help the Americans avoid a direct clash with Ankara, or set the many forces now converging on the town on the path toward a new confrontation.

Manbij, located near the Turkish border about 85 miles northwest of Raqqa, was captured by the Islamic State three years ago and retaken last August by the YPG, backed by U.S. airstrikes and advisers. The town now forms the western edge of a militant-cleared border strip extending to neighboring Iraq.

Mattis makes first official trip to Iraq

Defense Secretary Jim Mattis made his first official trip to Iraq Monday, Feb. 27, telling reporters the U.S. military is "not in Iraq to seize anybody's oil." With that declaration Mattis distanced himself from President Trump, again. (Photo: Thomas Watkins, Getty Images/Reuters)

The United States had promised the Turks that Kurdish control would not extend to the west beyond the nearby Euphrates River, and Manbij was turned over to the Manbij Military Council, Arab fighters within the SDF. Kurdish police are in charge of local security, but the Americans have insisted that YPG fighters have largely left the scene.

Turkey disagrees and has long threatened to forcibly eject the Kurds, who it says are affiliated with the Kurdistan Workers' Party, or PKK, a designated terrorist organization in both Turkey and the United States that is waging an insurgency inside Turkey for greater autonomy. After Turkish troops and their Syrian rebel allies took the nearby Syrian town of Al-Bab from the Islamic State on Feb. 23, the Turkish-led force began advancing toward Manbij and has captured at least two villages.

On Thursday, as Turkish shells reached the outskirts of the town, the Manbij Military Council announced it had invited the government of Syrian President Bashar al-Assad to take over several nearby villages as part of a deal brokered by Russia to avoid conflict with the Turks.

On Friday, Moscow announced that Russian and Syrian "humanitarian" convoys were heading toward Manbij. Pentagon spokesman Capt. Jeff Davis told reporters in Washington that the convoys also included "some armored equipment."

Davis said that the U.S. government had been "informed" of the movements by Russia but that "it's nothing that we're party to."

Meanwhile, photographs posted on social media showed U.S. military vehicles headed into Manbij from the east.

On Saturday, the U.S. military confirmed that it had "increased force presence in and around Manbij to deter hostile acts, enhance governance and ensure there's no persistent YPG presence," effectively inserting U.S. forces to keep two coalition members — Turkey and the Syrian Kurds — from fighting.

In postings on his Twitter account, coalition spokesman Col. John L. Dorrian said the coalition "has taken this deliberate action to reassure Coalition [members] & partner forces, deter aggression and keep focus on defeating ISIS," an acronym for the Islamic State.

The United States and Russia have managed to avoid confrontation in Syria's separate civil war, where they are on opposing sides. Trump has said repeatedly that the two powers should cooperate against the Islamic State, and he has indicated that the future of Russia-backed Assad is of less concern to him.

The Pentagon disapproves of possible U.S.-Russia cooperation, although U.S. officials are not unhappy at the buffer Russia and Syria now appear to be creating between Turkey and the Kurds, or the prospect of the Syrian government moving into Manbij. A positive result, officials said, would not only prevent Turkish forces and their Syrian allies — many of whom are on the jihadist side of the anti-Assad rebel coalition — from moving into the town, but it would also potentially push any remaining YPG forces to the eastern side of the Euphrates.

While Turkey has supported rebel forces fighting against Assad, it has never come into direct conflict with the Syrian military, and U.S. officials believe it would far rather have the Syrian government in charge of Manbij than the Kurds. There are hopes that Moscow, which has been simultaneously working to improve relations with Turkey, can help persuade Erdogan to back off.

What the Americans manifestly do not want to see happen is the creation of a new military front and



potential conflagration around Manbij that would drain both attention and resources away from plans for Raqqa. With the city believed to be the center of Islamic State planning for overseas attacks, the offensive is seen as urgent and has already been delayed from original plans to begin in February.

In his final days in office, former president Barack Obama approved plans to send two or three Apache attack helicopters to the Syrian theater but deferred approval of arming the Kurds as part of the SDF. Rather than moving immediately on the plan already in place, Trump at the end of January ordered the Pentagon to draw up new options by the end of February.

With the only real alternative being to use U.S. ground troops against Raqqa, Defense Secretary Jim Mattis has stuck with the basic outline of the plan drawn up under Obama, officials said. The combined Syrian Arab-Kurdish force, now numbering more than 50,000, has moved steadily to within less than six miles of the outskirts of Raqqa in an isolation phase that is expected to be completed in the coming weeks.

Even if Turkey does direct its forces south toward Raqqa, the hope is that the difficult terrain they would have to travel would prevent them from reaching there until after the offensive is well underway.

Rather than a wholesale revision, the new proposal calls for increased U.S. participation, with more personnel and equipment and less-restrictive rules. As they have in support of the Iraqi military in Mosul, U.S. fixed-wing aircraft and attack helicopters would actively back the ground force. U.S. owned and operated artillery would be moved into Syria to pound the militants from afar, while more Special Operations troops would move closer to the front lines — requiring more U.S. military assets to protect them.

The SDF — both Kurds and Arabs — would be supplied with weaponry along with vehicles and equipment to travel through and disarm what are expected to be extensive minefields and other improvised explosive devices along the way.

Trump's executive order also directed the Pentagon to recommend changes to Obama administration restrictions on military rules of engagement that went beyond those required by international law. Principal among them is an Obama executive order, signed last summer, imposing strict rules to avoid civilian casualties. It is not known whether the new military proposal would lift those restrictions.

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING/WEEKEND CLIPS 3.6.17  
Date: Mon Mar 06 2017 06:57:55 CST  
Attachments:

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## Contents

DMR: Iowans can lend voices to 3 bills. 1

DMR Iowa View: Attacks on UI are unfair and wrong. 2

DMR: Magellan's spills amass in Iowa. 3

DMR: Dakota Access safety measures. 8

DMR: Scores of GOP-sponsored bills survive funnel deadline. 9

DMR: Trump's supporters stand by their man at D.M. rally. 14

DMR: 4 men accused of using false documents to get jobs in Iowa. 16

DMR Editorial: UI MADE MISTAKE IN RENEGING ON SCHOLARSHIPS. 17

DMR: Do special interests control the GOP agenda in Iowa?. 19

DMR: Fighting to help you gain access to public records. 21

DMR Iowa View: Abuse shows why Iowa needs 'stand your ground' 22

DMR Iowa View: THE REAL REASONS lawmakers want to ban handheld devices while driving. 23

DMR: END OF THE ROAD FOR MANY BILLS. 25

DMR: Branstad's China envoy confirmation hearings could take place next month. 29

DMR: Violation of open meetings law alleged. 30

DMR: Senate's Boulton: Workers' compensation bill 'disturbing' 31

DMR: Biofuel grains rally on news of deal about rules. 33

DMR Iowa View: CIVILITY WILL GET IOWANS FURTHER THAN DISRUPTIVE PROTESTS. 34

LEE: Statehouse Republicans making mark with 2017 session. 35

LEE: Vignettes from the 2017 Iowa Legislature. 38

---

LEE: Murphy: Medical marijuana's long, strange trip. 40

WeArelowa: Timeline for Branstad's ambassadorship still fuzzy, says staff. 42

The Gazette: Bill updating definition of stalking passes subcommittee. 42

The Gazette: The downside of a strong dollar for Eastern Iowa manufacturers. 43

The Gazette: Libertarians gain official party status in Iowa. 46

The Gazette: Iowa lawmakers clash with local representatives over home rule authority. 46

The Gazette: Home rule legislation pushed for local school districts in Iowa. 48

The Gazette: Branstad sees confirmation as ambassador coming as soon as May. 49

The Gazette Editorial: Too many tax breaks?. 50

The Gazette: An indie in the middle at the Statehouse. 56

The Gazette Editorial: Lawmakers showed welcome restraint. 58

QC Times Guest Opinion: Guest view: Trump offered a path forward. 59

RI: ISU study: Nitrogen fertilizer, in proper doses, is good for soil health. 60

RI: Trump supporters held four rallies in Iowa Saturday. 61

RI: Branstad still pushing to cut number of regulated professions in Iowa. 61

RI: Study: Iowa sees 61% boost in the number of solar jobs. 62

RI: Pitched battle over more for-profit operations in health care industry. 63

Bloomberg: Turmoil breaks out in ethanol industry. 64

AP: Trump Accuses Obama of Tapping His Phones During Election. 65

Washington Post: FBI Director Comey asked Justice officials to refute Trump's unproved wiretapping claim 67

South China Morning Post: From tea to soybeans, trade ensures China and the US are inextricably linked 71

Washington Post: Pentagon plan to seize Raqqa calls for significant increase in U.S. participation. 74

DMR: Iowans can lend voices to 3 bills

Public hearings will focus on water utility, minimum wage, voter ID proposals

MOLLY LONGMAN

MLONGMAN@DMREG.COM

Iowans get to tell lawmakers what they think about three contentious bills on Monday.

Legislators will hold three public hearings on Monday in the Supreme Court Chamber, Room 103 at the Capitol, where they'll hear comments from the public about three Iowa bills that have proven to be controversial.

Here's a rundown of what the three bills could do if passed, what's at stake and how to get involved:

Water utility bill hearing

When: 10–11 a.m.

What it is: House File 484, formerly

House File 316, would dismantle the Des Moines Water Works and other independent water utilities, making them city departments controlled by their respective city councils.

Changes made last month to the original bill would give Des Moines and other cities the authority to decide the fate of a federal lawsuit filed by Des Moines Water Works against three northwest Iowa counties, and some opponents of the bill say legislators are using it to coerce Des Moines Water Works into dropping the suit.

Proponents of the bill, sponsored by state Rep. Jarad Klein, R-Keota, are in favor of spreading out costs of water utility improvements.

The bill will prohibit water utilities from designating money or staff to planning, designing and constructing new water treatment facilities in the metro area.

As of Sunday afternoon, 136 people were signed up to speak about the

bill, most of them against the bill.

Minimum wage hearing

When: 5–6:30 p.m.

In early January, Iowa unions held rallies across the state to celebrate minimum wage increases in Johnson, Linn, Polk and Wapello counties.

But if House File 295 is signed into law, it could override the local minimum wage ordinances those folks were celebrating.

The legislation would prohibit counties and cities from straying from federal or state requirements for minimum wage, employment leave and other conditions of employment.

Critics of a uniform minimum wage say it curtails local government, taking power away from counties and cities, while some supporters say it would simplify paying workers for employers.

The current federal and state minimum wage has been \$7.25 since 2008, according to the U.S. Department of Labor.

As of Sunday afternoon, 104 people were signed up to speak out about the bill.

Voter ID

When: 7–8:30 p.m.

House File 516 would require Iowans to show identification at the polls. The legislation would make election-related changes in the state, including voter registration, absentee voting, voter identity verification, signature verification and more.

Proponents believe that the legislation would decrease election fraud. According to an Associated Press report, Iowa Secretary of State Paul Pate's office received reports of 10 potentially improper votes cast out of 1.6 million counted statewide in recent elections.

Opponents of the bill believe that it would restrict access to voting in Iowa.

A February Des Moines Register/ Mediacom Iowa Poll found 69 percent of Iowans say they think voters should have to present a government-issued identification card in order to cast their ballot.

One hundred and thirty-eight people were signed up to speak about the bill as of Sunday afternoon. Speakers at each hearing will have the floor for three minutes each.

Iowans can sign up to speak at a hearing on the Iowa Legislature's website at [www.legis.iowa.gov](http://www.legis.iowa.gov).

DMR Iowa View: Attacks on UI are unfair and wrong

PATRICK SCHLIEVERT is professor and chair of microbiology at the University of Iowa.

I wonder if Sen. Brad Zaun and letter writers Stu Bassman and Thalia Sutton know each other and compare notes before writing serious attacks on the University of Iowa. It is obvious that none of them know how the university operates. By definition, there is a difference between colleges and universities, where universities offer graduate degrees not offered by colleges. Thus, research is a requirement for universities, and indeed these centers of education provide for the major advancement of new knowledge in the United States. This is an important difference between colleges and universities.

All lecture courses in my department, microbiology, and as far as I know in the Carver College of Medicine as a whole, are taught by Ph.D and M.D. professors, and have been for a long time, and not by graduate students. We do not have any teaching assistant graduate students. We do, however, have undergraduate microbiology majors, and we do teach undergraduates who want to become nurses, pharmacists and other professionals. In those courses, graduate students help in the laboratories as part of graduate student education, but they are not paid to teach.

It is also mentioned that faculty do not do enough teaching. That is not the case in my department, and not the case in other Carver departments. As an example, I personally teach medical bacteriology and mycology to medical students, immunology to dental students, immunology to undergraduates (pre-nursing), and a graduate level microbiology course. At the same time, I administer the department and have research grant responsibilities. I have also trained 27 graduate students who have gone on to have terrific careers in university (for example Northwestern University, Chicago) and industrial (for example 3M and Pillsbury) settings. Each graduate student's training is a 4-5 year time commitment by me.

There has been a complaint that faculty should spend more time teaching, less time "slacking," and separating government research from university activities. This latter can only be done if you want UI to

become a teaching college, and if you want a highly significant increase in tuition. As of now, undergraduate tuition at UI is the lowest in the Big Ten. At the same time the Iowa Legislature has become even stingier in providing state funding. All government studies indicate that the No. 1 reason why tuition has increased from \$300 a year when I was an undergraduate at the UI (1967-1971) to its current \$8,300 is that the Legislature no longer provides funding to subsidize education as it once did. I am surprised that the Legislature thinks this is OK, given some of them likely attended the university.

A final point: My laboratory and graduate students, and clinical colleagues identified: 1) the cause of staphylococcal toxic shock syndrome (TSS), why tampons are associated with TSS, and how to manage TSS clinically to keep people alive; 2) the flesh-eating streptococcal disease, its cause, and how to manage the disease clinically to keep people alive; and 3) 17 other serious infections, their causes, and clinical management. My clinical colleagues, graduate students, and I have been estimated to have saved the U.S. healthcare system more than \$500 billion by these research studies, which could only have been done at a major university like the University of Iowa.

DMR: Magellan's spills amass in Iowa

January leak is 28th since 2000, fueling Dakota Access foes' fears

KEVIN HARDY

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The company whose pipeline dumped more than 46,000 gallons of diesel on northern Iowa farmland in January has had more spills than any other pipeline operator in the state over the past 16 years, according to a Des Moines Register analysis.

Magellan Midstream Partners pipelines have spilled 27 times in Iowa from 2000 to 2016, spewing tens of thousands of gallons of hazardous products, according to Iowa Department of Natural Resources data. Magellan's spills are nearly double the 14 of Enterprise Products Operating, the second most frequent offender.

Magellan reported its 28th spill Jan. 25 near Hanlontown, Ia., where a rupture dumped thousands of gallons of diesel onto snow-covered crop fields.

The spill immediately stoked foes of the Dakota Access pipeline, whose builders plan to start pumping oil through the 1,172-mile line within weeks. Once completed, it will carry more than a half a million barrels of oil each day from the Bakken formation in North Dakota to a distribution hub in Patoka, Ill., crossing 18 Iowa counties along the route.

Dakota Access opponents say accidents involving Magellan and other operators demonstrate the risks associated with the Dakota Access pipeline, the largest ever to cross Iowa.

"There have been so many spills that we feel a spill from this pipeline is almost inevitable," said Wally Taylor, the legal chair of Iowa's chapter of the Sierra Club.

But industry experts argue that the failings of older pipelines can't predict the performance of newer lines.

The spills data show that from 2010 to 2016, Iowa authorities were notified of 79 pipeline breaches from more than 25 pipeline operators in the state, including Magellan. Those incidents resulted in anhydrous ammonia, propane, natural gas and diesel fuel spilled onto Iowa land and in its waterways.

The exact amount of the hazardous materials spilled is impossible to calculate because of different units of measurement depending on the spilled material, DNR officials said. In addition, initial reports often are revised by investigators, but those changes are not always reflected in the DNR database.

Magellan, based in Tulsa, Okla., said the 12-inch diesel pipeline that ruptured near Hanlontown was built in the early 1950s. It is aging, like much of Iowa's 12,775-mile network of oil, natural gas and hazardous liquid pipelines, said Adam Boughton, an environmental specialist with Iowa Department of Natural Resources.

"Most of the pipelines here in Iowa are going to be older pipelines, probably put in in the '70s, '80s and '90s," he said. "We haven't had any real significant pipeline construction in a few years."

Since then, pipeline construction and monitoring have greatly improved, said Tom Seng, an applied assistant professor of energy business and assistant director of the School of Energy at the University of Tulsa.

Seng said the technology embedded in the Dakota Access project looks nothing like that of a 50-year-old pipeline.

"We're talking about new pipes. The new pipelines are literally that — brand new steel, brand new monitoring systems," Seng said. "I don't foresee any kind of leak happening with that pipeline."

#### Magellan's record in Iowa

On Jan. 25, Magellan initially reported a pipeline rupture and spill of nearly 140,000 gallons of diesel, which would have been the nation's largest diesel spill since 2010.

The spill resulted in the dispatch of more than 70 Magellan employees, local emergency responders, state and federal regulators and cleanup contractors. Crews quickly vacuumed up diesel and hauled out contaminated soil. Magellan replaced the failed section of the pipeline and had it back in operation three days later. It also significantly revised downward the size of the spill to 46,830 gallons.

Magellan has promised to reimburse state and local agencies for their response efforts. Worth County auditor Jacki Backhaus said she would present supervisors with her calculations of the response costs on Monday. Magellan said the cause of the spill is unknown, and the incident is under investigation by federal authorities. In addition to the most recent spill in Worth County, DNR data show that over the last 16 years Magellan has documented 27 pipeline spills, 18 spills at pipeline facilities and two while performing pipeline maintenance.

Magellan is Iowa's largest pipeline operator, overseeing 932 miles of refined petroleum pipeline, 363 miles of highly volatile liquid pipelines and 222 miles of anhydrous ammonia lines, according to the Pipeline and Hazardous Materials Safety Administration.

Iowa's second and third biggest operators are Enterprise Products Operating LLC with 750 miles of highly volatile liquid pipelines and Nustar Pipeline Operating Partnership, which oversees 440 miles of highly volatile liquid lines. Magellan spokesman Bruce Heine said the company complies with all federal and state laws and regulations surrounding pipelines. The vast majority of releases are contained within Magellan properties, Heine said, and do not pose a threat to the public. "It is a top priority for Magellan to maintain and operate our assets in a safe, efficient and environmentally responsible manner," he said in a statement to the Register.

Pipeline spills often are caused by third parties, such as a farmer or contractor digging near a line. But DNR data show several recent spills in Iowa attributed to issues with Magellan's pipelines:

» In 2013, a Magellan propane pipeline spilled 250 barrels of propane in Jasper County after a contractor noticed an anomaly on the 8-inch pipe.

» In 2010, 4,830 gallons of fuel oil No. 2 spilled from a Dickinson County pipeline because a valve ruptured from corrosion, regulators say.

» In 2003, a failed gasket resulted in 1,650 gallons of diesel pouring from a 10-inch Magellan pipeline onto Pottawatomie County soil.

#### Magellan's national record

Magellan's problems don't end in Iowa. The federal Pipeline and Hazardous Materials Safety Administration, which regulates interstate pipelines, would not comment on the company's record.

But officials pointed to data that show Magellan's companies were involved in nearly 300 pipeline incidents from 2006 to 2016. Administration records show those incidents caused more than \$62 million in property damage, with a collective 25,389 barrels of hazardous liquids lost.

By comparison, Energy Transfer Partners, the parent company behind the Dakota Access pipeline, was involved in 33 pipeline incidents over that time span. Federal data show those incidents caused nearly \$10 million in property damage and resulted in nearly 10,000 barrels of hazardous liquids spilled.

Magellan operates 12,273 miles of hazardous liquid and gas pipelines nationwide, data show, while Energy Transfer Partners oversees 10,821 miles of pipelines.

Magellan's website says it operates the largest pipeline system in the country, carrying refined products and liquefied petroleum gas. Its 9,700 miles of refined pipeline crisscross 15 states in middle America.

Magellan also oversees a 1,100-mile ammonia pipeline system and 2,200 miles of crude oil pipelines and storage facilities, which collectively hold about 26 million barrels.

In 2010, Magellan paid a \$46,200 civil penalty for federal Clean Water Act violations related to a 5,000-gallon oil spill at its pipeline terminal in Milford, and an unrelated issue involving a May 2009 emergency response drill at its bulk oil storage facility near Wichita, Kan.

The company made headlines last year when a leak in its anhydrous ammonia pipeline killed a 59-year-old Nebraska farmer who was investigating the fumes. And in January of this year, the Environmental Protection Agency and the Department of Justice announced a settlement with Magellan over alleged violations of the Clean Water Act related to gasoline, diesel and jet fuel spills in Texas, Nebraska and Kansas.

In its agreement with the federal government, Magellan agreed to pay a \$2 million civil penalty and \$16 million in injunctive relief toward cleanup, training and other improvement efforts, according to an EPA news release. Magellan's spokesman said the company has designed integrity management plans for each of its pipelines, taking into account the unique materials, construction methods and characteristics of each line. The company uses an inspection tool called a "smart pig" on "the vast majority of its pipeline system, significantly more than what is required by regulations," Heine said. "The age of a pipeline by itself does not pose a risk," Heine said. "Instead, the issues we carefully monitor regardless of the age of the pipeline include: potential corrosion, damage from thirdparty excavation damage and welding failures.

'It's unbelievable the difference in quality now'

David Barnett, a special representative with the United Association of Plumbers and Pipefitters, said new pipelines are "much safer" than those built decades ago. Most leaky pipelines were built before 1973, when federal regulations began tightening construction measures, he said. Those pipelines don't compare to ones built with modern safety measures. Since the 1970s, builders have added special coating to pipelines. They've eliminated less reliable hydrogen from the welding process and



implemented hydrostatic testing to judge the acceptable operating pressure level for each line, Barnett said. And waterways are better protected with horizontal directional drilling. Now, rather than burying the pipe directly under a river or creek bed, pipelines are buried as much as 90 feet under the waterline. Many pipelines now incorporate pipeline pigs that run up and down an operating line to clean it and test for possible weaknesses. "I know what's out there. I know what we used to do," Barnett said. "And it's unbelievable the difference in quality now." He acknowledges environmental critics' arguments that regulation of existing pipelines has traditionally lagged the scrutiny surrounding newly proposed lines.

"But I'll be honest with you: The spills we've had in Kalamazoo, Mich., and other places were eye-openers to our industry," Barnett said.

In 2010, a portion of an Enbridge pipeline ruptured and leaked oil into a tributary of the Kalamazoo River. The EPA estimated more than 1 million gallons of oil poured out, and the multiyear cleanup tab topped \$1 billion.

In recent years, the administration has pushed operators to retrofit older lines with updated technology. Barnett serves on that agency's oil and hazardous liquid advisory committee.

"And believe it or not, we've got some companies out there that always step up and push for the right thing," he said, "because they're tired of their industry getting a bad rap."

Barnett said he wouldn't support Dakota Access if he didn't think it was safe. The 41-year veteran of pipeline welding represents the union welders who pieced together Dakota Access.

If it does leak, which he believes is unlikely, Barnett thinks modern monitoring systems will keep spills to a minimum. Technology allows operators to remotely shut down portions of a pipeline any time they detect a loss in pressure.

"I can't say there's not going to be a spill," he said. "I would be crazy to say that. But I really don't think there's going to be a spill."

Are pipelines safer?

Pipeline proponents often point to research that shows the lines are a safer method of transporting energy than railroads or trucks. While there are many instances of rail and road spills in the DNR's database, it includes reported spills of as little as 1 gallon, Boughton says. "You are comparing apples to oranges a little bit, but the way I like to think about it is there are fewer pipeline releases than there are train derailments and truck accidents," he said. "But the pipeline spills tend to be bigger." Loren Scott, a consultant and professor emeritus of economics at Louisiana State University, said looking at pipeline spill data can be misleading. Regulators require even minuscule spills to be counted. Oftentimes, remediation efforts recover a large share of the oil that's spilled. While spills are often high profile, they remain relatively rare, he said.

Scott studied the safety record of Louisiana's 4,300 miles of regulated pipelines from 1986 to 2016. "At least 15 billion barrels of oil flowed through those pipelines during that 30-year time frame," Scott said. "We had 85,000 barrels spilled. ... That's nothing."

He supports the Dakota Access project but said he has no formal ties to the project. "I personally would prefer to have a pipeline transferring oil through what is basically rural areas of our state, versus a 100-car tanker train coming through the middle of Baton Rouge, a major metropolitan area," Scott said. "I just think it's obvious that it's safer."

'I will be surprised if it doesn't break'

Environmentalists don't buy such arguments.

“A nuclear power plant could argue we produce so much energy over so many years, and we’ve only had one meltdown,” said Ed Fallon, director of Bold Iowa and a longtime pipeline opponent. “It’s an energy structure that comes with a very, very high risk. One spill, one meltdown, one explosion, that’s all it takes to cause great problems.” Conversely, he said news reports never detail catastrophes from wind or solar energy projects. Fallon worries that Dakota Access contractors, working to make up for regulatory delays, might have done sub-par work as they sought to complete the controversial project on time.

“What corners did they cut to get it done so fast? We saw them working at incredible speed,” Fallon said.

Fallon has little confidence in the pipeline’s safety.

“It’s impossible to say what’s going to happen,” Fallon said. “But let’s put it this way: I will be surprised if it doesn’t break in Iowa.”

Wally Taylor, with the Sierra Club, doesn’t agree with arguments that distinguish between older and newer pipelines, because he said even new ones leak. And he has little faith in state and federal regulators monitoring pipeline performance.

“All of these pipeline spills that occurred in the last few years occurred in spite of the federal agency,” he said. “So I don’t have much confidence that the federal agency is doing its job.”

DMR: Dakota Access safety measures

Dakota Access pipeline builder Energy Transfer Partners says its 1,172-mile pipeline will meet and often exceed federal safety regulations.

“Most importantly, safety is the company’s top priority — safety of our people and our assets, the safety of all those who live and work in the communities through which we pass, and the safety of the environment,” Energy Transfer spokeswoman Lisa Dillinger said in a statement. Sensors along the pipe will automatically track pressure, temperature, density and flow. Operators will monitor the pipeline’s performance 24 hours a day, 365 days a year, Dillinger said. Valves will automatically close when problems

are sensed. During construction, crews examined 100 percent of pipeline welds through what the industry calls nondestructive testing, “which is well above the 10 percent required by federal regulation,” she said. That includes visual and X-ray inspections.

The project is buried deeper than required, officials said, and the company exceeded regulations regarding pipeline materials. Energy Transfer crews inspected pipe mills for quality as pipe was being manufactured.

The entire length of the pipeline will be inspected internally with a tool known as a caliper pig, and crews will use hydrostatic testing to ensure the pipe can maintain its integrity up to 125 percent of its maximum operating pressure.

Federal regulations require 26 inspections per year, but Dillinger says the company will perform routine ground and aerial leak inspections every 10 days. Energy Transfer will also post signs along the pipeline route with warnings about digging in those areas.

DMR: Scores of GOP-sponsored bills survive funnel deadline

Rewrite of gun laws, abortion restrictions among those on table at Capitol

WILLIAM PETROSKI AND BRIANNE PFANNENSTIEL

BPETROSK@DMREG.COM

The Iowa Legislature is heading into the ninth week of the 2017 session with Republicans who control the House and Senate unwavering en route to approving a conservative agenda that's been sharply at odds with Democrats.

The session's first major deadline, the so-called funnel, has been eclipsed, sending a host of bills to the Iowa Capitol's recycling bins. The dead bills include proposals requiring motorcycle riders to wear helmets, term limits for the state's elected leaders, and reinstating the death penalty.

What's left are scores of Republican-sponsored bills, including a major rewrite of Iowa's gun laws, restrictions on abortion, a move to block public funding of Planned Parenthood, a contentious voter identification plan, limits on lawsuit damages against Iowa livestock producers, and measures to more strictly enforce immigration laws.

House Speaker Linda Upmeyer, R-Clear Lake, said Republicans are focused on creating more jobs and making Iowa a better place to live. Senate Majority Leader Bill Dix, R-Shell Rock, agreed, saying the GOP's agenda reflects a view that Iowans are tired of bipartisan gridlock at the state Capitol and are ready for significant changes. This includes: a predictable, sustainable state budget; rules and regulations that keep Iowa businesses competitive; a tax code that rewards hard work and investment; and providing better government services at a lower cost, he said.

"The truth of the matter is that we are listening carefully to Iowans and we are moving forward with changes, and change to some people is difficult," Dix said. "We have promised Iowans that if you give us an opportunity to lead we are not going to let you down."

Lawmakers have already passed several major pieces of legislation that have been signed by Gov. Terry Branstad, including a bill that dramatically weakens collective bargaining for 184,000 public employees; a 1.1 percent increase in school aid for K-12 education for the 2017-2018 academic year; and a reduction of \$117.8 million in state spending to cover a revenue shortfall for the budget year ending June 30.

Democratic leaders have been harshly critical of the Republicans' agenda, calling it an assault on working people on behalf of wealthy corporate interests and national conservative advocacy groups.

"We've not seen legislation yet that puts more jobs into our state, helps people get ahead in our economy and improves the overall economy," said House Minority Leader Mark Smith, D-Marshallsburg.

Other Democrats say there hasn't been enough attention on Iowa's water quality problems and that Republicans are ignoring serious problems with private management of Iowa's Medicaid health insurance program. They also complain Republicans have been wasting time on polarizing issues, like recognizing "personhood" for fetuses and legalizing some machine guns.

"Some people are describing this session as the Wild Wild West, and I believe that is what it is starting to look like," said Sen. Liz Mathis, D-Cedar Rapids.

The session began Jan. 9 and is expected to wrap up around late April to early May.

Here is a look at some of the bills still alive in the Iowa Legislature:

DEFUNDING PLANNED PARENTHOOD:

The Iowa Senate has already passed Senate File 2, which would block public funding to Planned Parenthood and other abortion providers. The bill has cleared a House subcommittee and is pending in the House. The legislation establishes a new state family services program. Republicans say women will have access to 221 clinics statewide that will expand coverage to rural women who must now make long drives to urban areas for family planning services. Democrats disagree, contending the bill will cause Iowa women to have more difficulty obtaining birth control, cancer screenings and other health care.

**20-WEEK BAN ON ABORTIONS:** Most abortions would be banned 20 weeks after fertilization under Senate File 53, which cleared a Senate committee. A matching bill, House File 298, did not advance out of a House committee. Similar laws have been enacted in at least 18 states.

**DES MOINES WATER WORKS:** Legislation sponsored by state Rep. Jarad Klein, R-Keota, would make water utilities in Des Moines, Urbandale and West Des Moines city departments controlled by their respective city councils. It directs the cities to work toward creating a regional water authority. The changes also would give Des Moines and other cities the authority to decide the fate of a federal lawsuit filed by the Des Moines Water Works against three northwest Iowa counties. Critics say the legislation, House File 484 and Senate Study Bill 1146, is clearly retaliation for a federal lawsuit filed by the Des Moines Water Works against drainage districts in three northwestern Iowa counties. The legislation has cleared committees in the House and Senate.

**MINIMUM WAGE PREEMPTION:** House File 295 would block cities and counties from setting their own minimum wages, effectively rolling back wage increases approved in four Iowa counties. Iowa's minimum wage has remained at \$7.25 since 2008. The bill also includes broader pre-emption language that would prevent cities and counties from implementing policies like requiring paid family leave, implementing a soda tax and banning the use of plastic bags. A provision that would have rescinded local governments' ability to pass stricter protections than detailed in the Iowa Civil Rights Act was removed from the bill. But lawmakers added language that protects landlords who don't want to rent to those who use federal housing vouchers, such as participants in the federal Section 8 program that helps the poor.

**WORKERS' COMPENSATION:** Matching bills introduced in both the House and Senate would significantly scale back workers' compensation benefits for injured workers. House Study Bill 169 and Senate Study Bill 1170 would end worker benefits at age 67, reduce benefits for injuries tied to pre-existing conditions, minimize late fees for employers who fail to pay benefits on time, and limit how much attorneys can receive for legal fees. The bills also would allow employers to deny benefits if an injured worker tests positive for drugs or alcohol.

#### VOTER IDENTIFICATION:

House Study Bill 93 would implement new voter identification requirements — a controversial measure that Democrats argue would suppress voters. The bill would make numerous changes to the state's election laws that Secretary of State Paul Pate, a Republican, says are needed to ensure the integrity of the process. Among them is a provision that would require every voter present valid government-issued identification, such as a driver's license, passport or military ID. Other provisions would eliminate an option for voters to check a single box for straightparty voting, provide money to purchase digital poll books for precincts, and establish post-election audits. A separate version, Senate Study Bill 1163, has cleared the Senate State Government

Committee.

#### CRACKDOWN ON

#### HIGHWAY PROTESTS:

Political activists who block traffic on Iowa's roads are now cited with a simple misdemeanor offense and fined \$35, but Senate Study Bill 1135 would stiffen the penalties by classifying a first offense as a serious misdemeanor with punishment of up to a year in prison and fine of up to \$1,875. Secondtime offenders would be charged with an aggravated misdemeanor and third-time violators would face a Class D felony charge. A similar bill filed in the House, House File 226, would make it a serious misdemeanor to block highways and it would be an aggravated misdemeanor to organize protests that block highways. The measures were drafted in response in response to an incident in November when more than 100 protesters blocked Interstate Highway 80 in Iowa City. The activists shut down eastbound traffic for about 30 minutes, protesting Donald Trump's presidential election.

#### BAN ON HAND-HELD PHONES WHILE DRIVING:

Lawmakers have advanced bills in both chambers, Senate File 407 and House Study Bill 139, that would prohibit drivers from using hand-held mobile phones, but would allow motorists to use hands-free devices. The legislation, supported by Gov. Branstad and the Iowa Department of Public Safety, was drafted in response to a sharp spike in Iowa traffic deaths last year and concerns about an increase in distracted driving.

#### BOTTLE DEPOSIT PROGRAM REPEAL:

Consumers now pay a 5-cent deposit when they purchase certain beverages, and they can receive a 5-cent refund when they return the container to a redemption center. House Study Bill 163 would repeal that program, begun in 1978, and replace it with a broader recycling and litter reduction program. It was approved by the House Environmental Protection Committee, although the bill's sponsor said it is not expected to reach the governor's desk this session.

**FIREARMS:** House Study Bill 133 represents a broad rewrite of Iowa's weapons laws and includes provisions enhancing "stand your ground" laws, allowing children to use handguns while under adult supervision and changing some permitting processes. An amended version cleared the House Judiciary Committee.

#### WATER QUALITY:

House Study Bill 135 builds off of legislation that passed the Iowa House in 2016. Like last year's bill, it would fund projects by shifting money currently spent on infrastructure projects and using sales tax dollars Iowans already pay on their water bills. One new concept this year is a revolving loan fund that would provide loans and grants to organizations formed for the purpose addressing water quality on a regional watershed basis. The bill adds incentives to encourage farmers, landowners, business owners and other private groups to work jointly on solutions. The measure has cleared the House Agriculture Committee. Meanwhile, the Senate is considering its own version of a water quality funding bill, Senate Study Bill 1034, which was proposed by Gov. Terry Branstad and is largely based on last year's House legislation.

#### BIKE SAFETY:

Senate File 265 and House File 513 define safe passing of bicycles, allows for passing bicycles in no passing zones, and requires bikes to have front-facing and rear-facing lights at night. The passing provision would require motorists to change lanes to pass bicyclists, and bike lanes and paved shoulders would be considered adjacent travel lanes if the bicyclist was using them. Motorists would be allowed

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to pass bicyclists in no passing zones if there is no oncoming traffic, and the pass does not occur near

the crest of a hill, bridge, viaduct, tunnel, intersection, or railroad crossing.

#### FANTASY SPORTS:

Thousands of Iowans play Internet fantasy sports. But Iowa is one of only a handful of states where cash payouts are either illegal or subject to ambiguous laws. House Study Bill 52 would authorize fantasy sports contests and provide for regulation by the Iowa Racing and Gaming Commission. The proposal would impose a 7.5 percent tax on Internet fantasy sports contests' revenue after prizes were paid out.

**FIREWORKS:** A Senate committee has approved Senate File 236, which would authorize the retail sale of consumer fireworks such as firecrackers, bottle rockets and Roman candles. The bill would allow the use of consumer fireworks between June 1 through July 8 and from Dec. 10 through Jan. 3. However, city councils and county boards of supervisors could adopt ordinances or resolutions to ban fireworks in their jurisdictions.

#### SANCTUARY CITIES:

Legislation aiming to prevent local "sanctuary" policies for undocumented immigrants has been approved by House and Senate committees. Senate Study Bill 1172 would require law enforcement agencies to comply with federal immigration detainer requests for people in their custody. In addition, the legislation would prohibit local governments or campus police from discouraging local law enforcement officers or others from activities related to enforcing immigration laws. House File 265 says the state, cities, counties and public universities cannot enact policies that prohibit law enforcement officials from gathering information regarding the citizenship or immigration status of individuals, direct law enforcement agencies not to gather that information, or prohibit the communication of that information to federal law enforcement.

#### CANNABIS OIL:

Iowans are currently allowed to possess cannabis oil for the treatment of epilepsy. But it's illegal to manufacture or distribute that oil in the state, and federal law prohibits its transportation across state lines. In practice, that makes it illegal for Iowans to obtain the product. The law was enacted in 2014 but is scheduled to expire in July, leaving no state law in its place. House Study Bill 164 and Senate File 282 have advanced through the House and Senate, and would allow the program to continue indefinitely. The legislation also says the state would immediately recognize the legality of a pharmaceutical version of the oil if the federal Food and Drug Administration does so. Broader bills that would establish state manufacturers and distributors for medical marijuana have failed to advance this session, but the issue is likely to receive further debate before adjournment this year.

**HONEYBEES:** House Joint Resolution 10 would designate the honeybee as Iowa's official state insect. About one-third of the food produced in the United States depends upon insect pollination, 80 percent of which is due to honeybees. The bill directs the Department of Cultural Affairs to display pictures and information about honeybees in the state historical museum.

**AGING SEX OFFENDERS:** Iowa has hundreds of sex offenders confined behind bars, raising concerns where they will reside after they are freed from prison and ready for nursing homes. The Senate Human Resources Committee has approved Senate Resolution 7, which asks the Iowa Legislative Council to create an interim committee to study the establishment of a facility to care for geriatric patients who are sex offenders or are sexually aggressive.

**CONSTITUTIONAL CONVENTION:** Senate Study Bill 1110 and House Joint Resolution 11 call for a convention of states. Under the proposal, Iowa could join other states in a national convention of states to amend the U.S. Constitution to impose fiscal restraints and limit federal government jurisdiction.

**LIVESTOCK LAWSUITS:** House Study Bill 134 and Senate Study Bill 1144 would allow for an

affirmative defense to be raised when an animal feeding operation is alleged to be a public or private nuisance or otherwise interfere with a person's enjoyment of life or property. The legislation suggests the public interest is served by preserving and encouraging responsible animal agricultural production. The affirmative defense limits compensatory damages, as opposed to punitive damages, and specifies three categories of awards. In addition, a party that files suit and fails to prove that an animal feeding operation is a public or private nuisance is liable to pay the defendant for all costs and expenses, including attorney fees

**RESTRICTIONS ON PROJECT LABOR AGREEMENTS:** Legislation that would prevent state and local governments from mandating the use of project labor agreements for public construction projects has been sent to the Senate floor. Senate Study Bill 1145 addresses concerns raised by nonunion contractors about project labor agreements, which are a collective bargaining arrangement with one or more labor unions for a construction project. Supporters of project labor agreements say they ensure that workers are paid fair wages and that construction work is completed on time and on budget. Nonunion contractors contend project labor agreements impede open, fair and competitive bidding in taxpayer-funded construction projects by requiring union construction workers.

DMR: Trump's supporters stand by their man at D.M. rally

MOLLY LONGMAN

MLONGMAN@DMREG.COM

Gina McClelland has supported President Donald Trump since he rode down a Trump Tower escalator in June 2015 and announced he was running for president.

"I always thought he would win," McClelland said. "He is fighting for your average, working American, and it's been a long time since we felt like anybody worked for us."

McClelland, 46, of Carlisle, has been a truck driver for 22 years, and the open road has shown her many nooks, crannies and hidden gems in what she calls "the greatest country in the world."

McClelland said that if her travels have taught her anything, it's that there are multiple ways, numerous routes citizens can take to make America great.

"I think that we all want the same thing ... We just have different ways of getting to the same place."

And on Saturday, the road lead McClelland to the Iowa Capitol, where she raised a poster reading "We Support Our President" in a sea of red, white, and blue hoodies, hats and campaign signs. McClelland was one of a few hundred people, as estimated by Iowa State Patrol, who gathered to show their support for Trump at a "Spirit of America Rally" hosted by the Main Street Patriots, a conservative group organizing pro-Trump rallies and marches across America. Organizer Michelle Kritenbrink said she wanted to organize a positive and patriotic rally to bring people together and show support for President Donald Trump.

"The intent is to energize people — to pump them up," Kritenbrink said. "With all the negative media out there, we are trying to put out a positive message and get people to get involved and stay involved."

And according to Gary Leffler, Trump's election was a step in the right direction when it comes to getting more lowans involved in politics.

Leffler, of West Des Moines, emceed the rally and said he believes Trump's victory in November gave lowans a reason to come to the Capitol and celebrate.

“He’s given hope back to the people,” Leffler said.

“People have a hop in their step again.” Speakers addressed the crowd, touching on topics such as showing respect for the president, the media’s message and the role of Congress, as anthems like “I’m Proud To Be an American” played. Supporters chanted “U-S-A” and the president’s name while they bolstered homemade posters stating “Trump Works for Me” and “America First.” The Main Street Patriots hosted “Spirit of America” and “March 4 Trump” rallies in support of the president across America on Saturday, from Simi Valley, Calif., to Hartford, Conn. Four rallies took place in Iowa, in Council Bluffs, Davenport, Des Moines and Ottumwa.

Though rallies were disrupted by counter-protesters in cities such as Columbus, Ohio and New York, the Des Moines rally went unchallenged.

Iowa Democratic Party Chair Derek Eadon issued a statement in response to the pro-Trump rallies, condemning a rumored executive order that could shift the burden for blending ethanol and biodiesel into the nation’s fuel supply from oil refiners to fuel retailers.

“President Donald Trump turned his back on Iowa and the entire farming community this week with an executive order that guts the Renewable Fuel Standard and threatens the livelihood of thousands of Iowa farmers,” Eadon said in the email statement. “Iowa Democrats believe that ‘The Spirit of America’ includes the hardworking farmers who help feed America and fuel our engines. When Iowa farmers start to see a decrease in profits and less money in their bank accounts, they’ll have President Trump to thank and the Iowa Republicans who defended him to blame.”

The White House denied that Trump has plans to issue the executive order Tuesday.

Standing in front of a 1957 Ford tractor, decorated with the names of veterans and Trump signs, Tana Goertz, a motivational speaker and senior adviser for Trump’s presidential campaign, told demonstrators to look towards the future, noting that reelection efforts for Trump could begin in Iowa within months.

“Folks, saddle up,” Goertz said. “We’re back at this.”

DMR: 4 men accused of using false documents to get jobs in Iowa

CHARLY HALEY

CHALEY@DMREG.COM

Federal authorities arrested four men on suspicion of being undocumented residents in eastern Iowa last month, court records show. However, federal and local authorities say there are no unusually intense immigration-enforcement operations in progress. A U.S. Department of Homeland Security investigation prompted allegations Feb. 16 that four men had used false documents for employment at Mills Manufacturing in Earlville in northeast Iowa, according to federal court records. Ipolito Rodriguez, Lucio Perez, Leonardo Vega and David Moncada were arrested and charged with unlawful use of identification documents.

These arrests come at a time when many Latinos in Iowa are concerned about their safety because of promises by politicians to more aggressively enforce immigration rules, said Dawn Martinez Oropeza, executive director of Al Exito Iowa, a statewide Latino youth and family organization. “The climate for them right now is affecting their emotional health,” she said. Al Exito has been posting warnings about potential U.S. Immigration and Customs Enforcement, or ICE, detentions in the Des Moines metro area, reported to the group by community members.



Local law enforcement officials were unable to substantiate these reports. Polk County Sheriff's Lt. Rich Blaylock said the Polk County Jail has not received any communication from ICE about immigration-related arrests or inmates. But he said ICE is not required to inform the jail about its activity.

An ICE spokesman said in a phone call that rumors about increased arrests are false.

But federal court records confirm the arrests in Earlville last month.

Criminal complaints filed with the U.S. District Court for Northern Iowa show all four men submitted I-9 employment eligibility forms at different times during 2013 to the human resources department at Mills Manufacturing, where they were employed. Those forms included falsified identification information, including, in at least one of the cases, a Social Security number that did not match the suspect's name, according to the complaints.

ICE spokesman Shawn Neudauer previously told KCRG-TV that the arrests were part of an "ongoing criminal investigation." But he declined to comment further to The Des Moines Register in an email on Friday. The Register had asked what crimes were suspected as part of the ongoing investigation.

National media have reported that President Donald Trump's comments on immigration have ignited concern and fear among many immigrant and racial minority groups across the country. However, a New York Times report shows the 680 undocumented immigrants reportedly arrested in 12 states during a week in February was not unusual compared with the average of 675 immigrants per week arrested in 2009.

Still, Oropeza said, she knows many young people who are having trouble focusing on school because they are worried about friends or family members being deported or accused of entering the country without permission. Al Exito offers support and has advised the youth and family that it serves to stay informed and to know their rights, she said.

"The people we serve, they're families," Oropeza said. "They're not criminals. They're going to school. They're going to church. They're trying to make a better life for themselves."

## DMR Editorial: UI MADE MISTAKE IN RENEGING ON SCHOLARSHIPS

Both Legislature and foundation should step up to support students

Iowa's elected officials say they value higher education, but that sentiment is rarely reflected in state appropriations. Year after year, lawmakers and the governor fail to adequately fund the three public universities overseen by the Iowa Board of Regents. Resulting tuition increases squeeze families and force students to borrow more money.

And when leaders are looking for ways to cut the state budget, the schools are frequently among the first on the chopping block. The Iowa Legislature's mid-year budget cut in January slashed \$18 million from the universities. Cuts to the University of Iowa, which now total \$9.2 million, need to be implemented within the next four months.

UI President Bruce Harreld wants Iowans to consider whether universities should be an "expense to be minimized, or assets to be leveraged." He's also warning of significant tuition increases so UI can keep up with peer institutions, and he's making a strong case that the university needs more support.

Harreld's initial response to budget cuts was troubling, however. He announced the school would slash student scholarships, including those already offered to incoming freshmen, high-achieving students transferring from community colleges and presidential scholars for the 2017-18 school year. UI officials said the cuts would have affected more than 3,000 students, including 2,440 resident undergraduates,

and save the school about \$4.3 million.

The decision to yank money “in no way diminishes your admirable academic accomplishments,” Harreld wrote in a letter to students. Then he went on to blame lawmakers.

Legislators are certainly guilty of making numerous bad budget decisions, including those related to higher education. Voters can hold them accountable. But how will Harreld be held accountable for his bad decision?

That apparently requires the threat of legal action. Shortly after Harreld’s announcement, a class-action lawsuit was filed against the university challenging the constitutionality of revoking money already offered to students. Attorney Steve Wandro, representing a student plaintiff, called the move “blatantly illegal” and “wrong on so many levels.”

So last week the school changed course and reinstated at least some of them. Perhaps the school expected it was going to get its backside handed to it in court. Original notifications of the multi-year scholarships to students said nothing about them being contingent on the university’s financial situation — or a sudden decision made by the school president. (The UI’s attempt to protect itself came in the form of an update to its website in January — after students received notices — to add a stipulation about reduced state funding possibly affecting scholarships).

And the point Republican legislative leaders have made amid all this is still relevant: The school should not renege on scholarships when its foundation is sitting on a fortune. Lawmakers called for the foundation to fund the \$4.3 million in aid. That is pocket change to this entity.

The foundation, registered with the Internal Revenue Service as a charity, reported earning \$8.6 million in “investment income” in 2015, according to the most recent 990 tax form available online. Half that amount would cover the cost of the scholarships. It paid its president, Lynette Marshall, nearly \$430,000 and its vice president, Tiffani Shaw, nearly \$270,000.

According to a 2016 annual report, the UI Foundation and university endowments exceed a combined total of \$1.269 billion. Yes, that’s billion with a “b.” An eight-year, historic fundraising campaign concluded by exceeding its goal and collecting \$1.975 billion.

What do the nearly 275,000 donors who participated think about the university president reneging on a commitment to Iowa students while the foundation sits on more than a billion dollars? How much money does this charity need in its coffers? Is it more focused on building wealth than helping students?

In fact, Harreld should have been the one originally asking the foundation to cough up the dough. Yet he has said donors give for specific purposes and officials cannot just “slosh money around.”

The foundation must respect its donors’ wishes, but to say it has no latitude defies past practice. A few years ago, the Register reported the foundation chose to slosh \$72,000 in “salary support” to Ken Mason, husband of the former UI president Sally Mason. It is still not clear in what “special assignment” he was engaged.

There is no doubt the Iowa Legislature should allocate more public dollars to higher education to reduce tuition for all students. But a foundation that has raised so much money on behalf of the school should step up in a budget crisis, too. And the new UI president should refrain from using students as political pawns.

DMR: Do special interests control the GOP agenda in Iowa?

A recurring theme at the Iowa Legislature this year has been the power and influence attributed to

wealthy outside forces who want to bend Iowa to their will regardless of what's best for its citizens.

Last week, for example, Rep. Mary Mascher warned Iowans during a subcommittee meeting about the influence of Americans for Prosperity, which is funded in part by billionaires Charles and David Koch.

"You need to be watching very carefully, because they're controlling a whole lot of what goes in our state right now," the Iowa City Democrat said, according to a report by The Des Moines Register's Tony Leys. "It should put the fear of God into all of us, because they've got the governor's ear."

That was shortly before Rep. Bobby Kaufmann, R-Wilton, the subcommittee chairman, dramatically ripped up the professional licensing bill that the allpowerful AFP, not to mention the governor, was supporting. The special interests apparently weren't so powerful in that particular case.

Democrats have also attributed Republicanbacked legislation to a national organization for legislators, the American Legislative Exchange Council. House Speaker Linda Upmeyer, RGarner, is on the national board of directors for ALEC and Gov. Terry Branstad has been called a founding member.

"First of all, clearly we've seen the influence of dark money and corporate interests over the interests of everyday Iowans, and the list of bills could probably take the rest of the morning to show that," House Minority Leader Mark Smith, D-Marshalltown, said Friday.

Democrats point to the collective bargaining rewrite, workers' compensation, voter identification, education savings accounts and a host of other highly partisan initiatives.

Upmeyer on Thursday dismissed the idea that outside groups are controlling Iowa Republicans' agenda. "This idea that something's being driven in an unusual way by any one of the organizations is simply not true," she said.

She acknowledged, however, that lawmakers share ideas through organizations such as ALEC, the National Conference of State Legislatures and the Council of State Governments.

"Legislators talk all the time and I want us to, for heaven's sake. We want to work with other states, learn from other states, because we are the laboratory where we test ideas and so we want us to do that," she said.

This "laboratory" that Upmeyer talks about turns Iowans into the guinea pigs for experiments that are largely funded by corporate interests. In the case of the collective bargaining rewrite, roughly 180,000 public workers have lost the right to bargain over benefits and working conditions.

That "sharing" that Upmeyer talks about is sometimes pretty obvious.

Sen. Liz Mathis pointed out recently on her Facebook page that a bill calling for a constitutional convention, introduced by Sen. Robby Smith, is identical to proposed policy on ALEC's website. Americans for Prosperity Iowa included collective bargaining reform as one of its five legislative priorities, along with tax cuts, regulatory reform, state spending cuts and school choice.

"We need to re-examine the relationship between government workers in our state and the taxpayers they serve. We need greater equity between the public and private sectors of our economy," the AFP Iowa website states.

Upmeyer, however, said "almost every component" of the collective bargaining bill had been included in Republican- sponsored legislation or amendments in past years.

Democrats also found it suspicious that AFP Iowa representative Drew Klein was one of the few people who attended Gov. Terry Branstad's private bill signing for the collective bargaining bill. He was also one of the few who spoke in favor of it at committee meetings and public hearings. A notable lack of

local elected officials or private citizens came to the Capitol to advocate for the bill, which drew thousands of union-affiliated opponents.

I asked Upmeyer and Senate Majority Leader Bill Dix about the public perception that special interests are the only ones who want certain legislation, based on the fact that only special-interest representatives were speaking for the bills.

Upmeyer said she and other Republicans heard from Iowans while knocking doors during the campaign. "I would argue that (Democrats) weren't listening very closely if they didn't hear any Iowans asking."

Dix, R-Shell Rock, had this to say: "The only outside interests that I feel like we're listening and responding to is Iowa voters," he said.

If Iowa voters are "outside interests," that's worrisome. The people should be the ones on the inside.

Iowa lawmakers have long borrowed ideas from national organizations and interest groups, but they should be focused on solutions to concerns Iowans are facing today. Too often, lawmakers propose remedies in Iowa for problems we don't have. We have enough serious issues in our own state, such as water quality, that we can't afford to spend so much time borrowing trouble from other places.

Interest groups may influence Iowa legislators through money and chummy relationships, but they can't control them. Kaufmann ripping up AFP-backed legislation and noting the public opposition shows that some lawmakers sometimes still listen to constituents.

Ultimately, we must hold responsible our elected officials for the legislation they approve. If they're representing someone other than the people in their district, voters should give them the opportunity to find work elsewhere.

DMR: Fighting to help you gain access to public records

Casino gambling is not just any business. Last year, gamblers plunked \$13.7 billion into slot machines in Iowa, and casinos kept \$1.3 billion of that.

Iowans know that because the Iowa Racing and Gaming Commission maintains detailed public records about casino operations.

Casinos must obtain licenses from the commission, whose mission is "to protect the public and to assure the integrity of licensed facilities." There's so much money at stake that the state requires precautions to ward off potential infiltration by organized crime or other swindlers.

But two bills moving forward in the Legislature would keep secret some audit information now available to the public. Although basic information such as the amount wagered would still be available, the industry is pushing confidentiality for other information for competitive reasons, saying it amounts to trade secrets. Trade secrets are typically exempt from Iowa's open records law, but again, casinos aren't a typical industry.

As a recent Register editorial put it: "Gambling has the potential to wreak havoc on lives and communities, which is why we require them to operate in the light."

The Register is dedicated to protecting the public's right to know, through news coverage of attempts to keep information secret, through the bully pulpit of our editorial page and when necessary through litigation.

This work isn't about making reporters' and editors' jobs easier. It's about upholding the principle that the public should have access to records that the government maintains on the public's behalf.

State law at first glance appears straightforward in protecting public access: "Every person shall have the right to examine and copy a public record and to publish or otherwise disseminate a public record or the information contained in a public record."

But through the years, special interests have piled on a list of exceptions, now numbering 69.

"In spite of government officials' pronouncements about supporting transparency, they are constantly looking for ways to shut the public out," said Randy Evans, executive director of the Iowa Freedom of Information Council and a former Register opinion editor. The Register and other open-records advocates wage a never-ending battle to ward off more exceptions and to enforce existing provisions. For example, state law clearly bars government agencies from keeping lawsuit settlements secret. Yet for months, Crawford County Memorial Hospital, a public hospital owned by the county's taxpayers, refused to release how much it paid a widower of a patient whose death was blamed on a botched colonoscopy.

It took legal action by the Carroll Daily Times Herald and the Freedom of Information Council to force the hospital to disclose the \$500,000 settlement.

Another ongoing dispute involves the names of passengers on university planes piloted by Iowa State University President Steven Leath. A special state audit was conducted into his use of the planes, and he has admitted he flew them more than necessary, but the university refuses to release passenger names.

The Register is pursuing their release in a complaint with the Iowa Public Information Board.

Also of concern:

» A bill is working its way through the Legislature that would make confidential the names of government volunteers. That could conceivably include volunteer firefighters, EMTs and people who do volunteer work with children. Such volunteer work is laudable, but the public should know volunteers' identities and critical information such as criminal history.

» The University of Iowa is citing federal copyright law to block release of video its employees shot during the 2008 floods.

» Police departments across Iowa are now using body cameras to record video of officers' interactions with the public, a welcome step toward greater transparency and accountability, which I believe in most instances will show officers have acted responsibly. But individual agencies are developing a patchwork of policies on when video will be released. With narrow exceptions to protect the identity of crime victims and informants, state law should require that bodycamera video be made public. Otherwise, its potential value to help determine the truth and to build trust in police agencies will be lost.

"Government entities do not belong to the people who work for government," Evans said. "The universities and state and local government belong to the people of Iowa."

And the people of Iowa deserve access to the records produced by their government.

DMR Iowa View: Abuse shows why Iowa needs 'stand your ground'

Aaron Dorr, Iowa Gun Owners

Editorial failed to mention West Des Moines man's story

In its editorial published on Feb. 25, the Des Moines Register's editorial board proved again how out of touch it is with the tens of thousands of Iowans who are pushing for "stand-your-ground" legislation.

While hyping numerous and absurd examples of possible abuse of this law, the editorial very conveniently left out any mention of the real-world abuses that Iowans have suffered because we don't have this law.

After being attacked by multiple assailants on his way home from work in West Des Moines in 2012, Jay Rodney Lewis was forced to shoot his closest attacker after telling him 11 times to "get back!"

Lewis, a permit holder, did everything right.

After the initial encounter, he drove away from the suspects some 200 yards and called 911 right away to ask for help — meaning that the 11 times he said "get back" were captured on 911 audio.

He informed dispatch after he used his firearm, and he secured it before the police arrived.

But when the police arrived, it wasn't the intoxicated, twotime felon that attacked Mr. Lewis who was arrested, but rather Mr. Lewis himself!

After spending 112 days in jail, during which time he lost his apartment, his job, and almost all of his belongings, Mr. Lewis was found not guilty by a jury of his peers.

But he emerged from jail a broken man.

He never should have been treated that way in the first place. But because Iowa doesn't have "stand-your-ground" law, Polk County Attorney John Sarcone was able to punish the victim in this case, instead of the violent criminal who attacked him.

But the editorial board didn't mention that story.

Iowa voters spoke on this issue, loudly, when they threw out former Senate Majority Leader Mike Gronstal and five of his colleagues last fall for blocking this legislation, flipping the Senate and giving us a pro-gun majority in the legislature.

More than that, the Register's own Iowa Poll, conducted early last month, shows this issue has overwhelming support among Iowans. The poll found that 54 percent of Iowans back this legislation while just 36 percent oppose it.

For the Register's editorial board to continue painting doomsday scenarios as this bill progresses is so predictable to gun owners that it's become boring.

After all, when Iowans enacted "shall issue" legislation some years back, the same silly predictions about "blood in the street" were made.

The media was wrong then, and they're wrong now.

Iowans understand this. The dozens of legislators who've been removed from office because they opposed these bills over the last couple of election cycles now understand this, too.

Out-of-touch editorial boards in Iowa should try to keep up.

DMR Iowa View: THE REAL REASONS lawmakers want to ban handheld devices while driving

By: Joel Kurtinitis

## BANS ARE ABOUT MONEY AND CONTROL, NOT SAFETY

The other morning I hopped in the car for my hourlong commute down a mostly deserted four-lane highway with a Thermos full of coffee, using my phone's YouTube app and my car's Bluetooth stereo to listen to an audiobook.

Per usual, about 15 minutes from home, I hit a dead spot and the audio stopped. Without a second thought I picked up my phone and reloaded the page and the audio resumed without incident.

Next year, that simple action could subject me to a \$30 fine and — worse — an extra half-hour tacked on my commute.

Bills in the Iowa Legislature are the latest attempts by Republicans to try their hand at nanny-state liberalism, and they're drawing surprisingly little attention for the gigantic headache they're about to cause drivers all over the state.

One bill purports to limit “distracted driving” by banning the use of handheld devices while driving, and another would make texting while driving a primary offense — meaning that if you're doing nothing wrong at all, an officer can pull you over and ticket you just for glancing at your phone.

At this point there's no word on whether the Legislature intends to ban other distractions — like fast food, CD players, makeup, fountain drinks and children — but it's safe to assume that as soon as automakers find a way to make those things hands-free, those bans will be introduced, too. As a libertarian-leaning federalist, I generally disagree with the premise that lawmakers and bureaucrats know how to run my life — or my commute — better than I do.

In fact, the same legislators trying to micromanage our driving habits are still trying to dismantle their last traffic safety debacle: Iowa's dangerous and unpopular traffic cameras.

I know we're going to hear a lot of stories about people who used phones and got into terrible accidents, so before the rhetoric heats up and the emotional appeals begin, let's get the facts straight and find out whether this ban is really about safety or revenue.

First of all, most of the groups supporting this bill stand to gain something from it.

If you want to know why a bill is getting pushed, just follow the lobbyist declarations. This ban is supported by cell phone companies, insurance companies, lawyers, and law enforcement (you know, the guys who drive around with a laptop sticking out of a dash console with more buttons than the Millennium Falcon).

Mike Triplett, a lobbyist for the Alliance of Automobile Manufacturers, wasn't even coy about his group's stake in the bill, noting that automakers have spent millions of dollars on research and development making it possible for motorists to send a voice text using a hands-free device, as well as to place a phone call — all for the price of a new car from one of the companies he represents, of course.

Government agencies stand to gain revenue from fines and fees, an incredibly tempting way to replace the \$40 million generated by the soon-departing scamcams.

Cellular companies benefit from selling additional products and services — anyone who wants to make calls or stream music while driving will have to add new devices and/or data to their plan.

Lawyers and insurance companies stand to benefit from a lot of instant criminality and court challenges.

I'm sure they're all just worried about your safety, though.

Second, the ban is incredibly regressive. Wealthy Iowans have nothing to fear from such bans, since they can afford new features, devices and cars if necessary.

But those of us driving 15-year-old rustbuckets often can't afford a new car, or a hands-free retrofit, or an additional line on our cell plans.

Additionally, as the ACLU pointed out in opposition, the ability to pull people over for glancing at their phone could easily be leveraged against low-income minorities who have exhibited no other cause for suspicion.

Third, there's little evidence that cellphone use is causing a spike in accidents when compared with other forms of distracted driving, and there's even less evidence that cellphone bans result in safer roads.

Fourteen states (along with the District of Columbia) have already banned cellphone use while driving, but data from those states finds no reduction in crashes after implementation of the ban. There is also no statistical distinction between drivers using their phones and drivers using hands-free technology, leading some to conclude that hands-free features could actually make driving more dangerous.

Finally, the ban is a prime example of preventative law run amok. The Iowa code is packed with useless laws, all of which were, at some point, justified by some ill-defined greater good.

Preventative law criminalizes responsible people for the actions of the irresponsible, resulting in laws that aren't fair and don't benefit anyone but the lobbyists who helped pass them, and the government that collects the money from their enforcement.

Iowa's Legislature needs to focus on protecting the liberty of everyday Iowans, not adding more revenue streams under the pretense of public safety.

DMR: END OF THE ROAD FOR MANY BILLS

Deadline expires to pass muster, and plenty failed to make the cut

WILLIAM PETROSKI AND BRIANNE PFANNENSTIEL

BPETROSK@DMREG.COM

It's funnel week at the Iowa Capitol, and scores of legislative bills are history for this year.

What does it mean for Iowans? Daylight saving time will still arrive after legislators failed to advance a proposal to keep Central Standard Time year-round. Faculty at Iowa's state universities will still be able to earn tenure after a proposal to end it died. And the University of Iowa and Iowa State University won't be forced to subsidize money-losing athletic programs at the University of Northern Iowa, as one legislator suggested.

One high-profile bill to meet its end would have declared that life begins at conception, in an effort to halt abortions. The measure would likely have faced legal challenges and appeared to lack enough Republican votes to pass. A separate bill aimed at blocking most abortions after 20 weeks of pregnancy remains alive in the Senate. Meanwhile, a debate over the death penalty is over before it even had time to gain traction.



The so-called funnel is a key procedural hurdle

in the Iowa Legislature's session timetable, declaring bills dead that fail to win approval by committees in either the House or Senate. It's aimed at winnowing the plethora of bills introduced every year, allowing legislators to focus on those that have gained early buyin. The deadline was officially Friday, but legislators wrapped up their work for the week Thursday night.

House Speaker Linda Upmeyer, R-Clear Lake, remarked that lawmakers like to think in twoyear terms and many Republican priorities may still surface this session or next.

"I would think there are things we'll do next year that matter very much to people," she said. "But I think we're getting a good start on things that lowans raised as priorities."

Senate Majority Leader Bill Dix, R-Shell Rock, said he is confident legislators are making progress toward providing better government services at a lower cost. "It seems to me that a sensible path to further debate has been achieved," he added.

Democratic legislative leaders said they have been glad to see some "bad" bills killed off in recent days, but they aren't planning any celebrations.

"When you've got this long list of true nonsense come at you – it's pretty hard to declare victory when you say, 'Well, at least we got to leave with a little less nonsense,'" said Senate Minority Leader Robert Hogg, D-Cedar Rapids. "Obviously we're hoping lowans continue to speak up and we can stop as many of these bad things from happening as we can."

Certain bills, including measures for state spending and taxes, are exempt from funnel deadlines. In addition, legislative leaders have authority to bring bills up for floor debate under chamber rules. This year's session is expected to end around late April or early May.

Here are some of this session's dead bills:

#### CAPITAL PUNISHMENT:

Seven Senate Republicans backed bills that would have reinstated Iowa's death penalty, pointing to the 2005 death of 10-yearold Jetseta Gage of Cedar Rapids, who was kidnapped, sexually abused and murdered. Senate File 335 would have reinstated the death penalty, but only for multiple offenses in which a minor was kidnapped, raped and murdered. A second bill, Senate File 336, sponsored by Sen. Rick Bertrand, R-Sioux City, would have applied to the multiple offense of sexual abuse and first-degree murder of the same person.

#### MEDICAL CANNABIS:

House Study Bill 132 and Senate Study Bill 1176 would have allowed cannabis plants to be grown in Iowa, manufactured into oil and dispensed to patients with epilepsy, but failed to gain traction in either chamber. Iowa's current medical cannabis oil program allows patients with epilepsy to possess the drug, but there is no legal way for them to obtain it. The program is scheduled to end in July. Bills approved by House and Senate committees would extend that deadline.

#### LIFE AT CONCEPTION:

Legislation filed in both the House and Senate aimed to declare that life begins at conception and that each life is accorded the same rights under the state and federal constitutions and state law. It would have blocked all abortions in the state and likely would have prompted legal challenges. Senate File 253 advanced out of a subcommittee meeting that drew hundreds of protesters and supporters, but it was not brought up for debate in a full committee. House File 297 was filed but was not assigned to a subcommittee.

**LICENSURE REQUIREMENTS:** Rep. Bobby Kaufmann, R-Wilton, drew applause from dozens of citizens for literally tearing up a bill from Gov. Terry Branstad that would have cancelled licensure requirements for social workers, mental health therapists, barbers and several other professions. Kaufmann said he received about 3,600 emails about House Study Bill 138, nearly all in opposition. Professionals told legislators the licensure requirements ensure proper training and oversight. The licenses also are required by many public and private insurance plans that pay for health care services, they said.

**POLITICAL DIVERSITY FOR PROFESSORS:** Sen. Mark Chelgren, R-Ottumwa, offered a bill to achieve greater political diversity among professors at the Iowa Board of Regents' three universities. Senate File 288 would have instituted a hiring freeze until the number of registered Republicans and Democrats on the university faculty fall within 10 percent of each other. The proposed was never debated, but it generated statewide and national news coverage.

#### **BAN ON FRIDAY NIGHT UNIVERSITY FOOTBALL:**

Rep. Peter Cownie, R-West Des Moines, proposed House File 86, a ban on allowing Iowa's three state universities from scheduling football games on Fridays. Cownie said he was concerned about plans by the Big 10 conference to schedule Friday night games because the University of Iowa would compete for fans with Iowa's high school football teams.

**POST-ABORTION LAWSUITS:** Iowa women who have had an abortion could have sued their doctor for emotional distress they suffered from the procedure, even if that distress

occur years later, under Senate File 26 authored by Chelgren. The measure faced strong opposition from Planned Parenthood of the Heartland, the state's largest abortion provider, which said studies show only a small percentage of women regret their abortions. Anti-abortion activists countered with research that showed many women do suffer abortion-related emotional distress, sometimes years after.

**PARENTAL CONSENT FOR BODY PIERCINGS:** A bill sponsored by Rep. Kevin Koester, R-Ankeny, would have made it a crime for young people to come home and surprise Mom and Dad with a nose ring. House File 33 would have required parental consent for those younger than 18 seeking any non-earlobe body piercing. The violation would have been a simple misdemeanor for both the piercing specialist and the person receiving the piercing.

**DISRUPTIVE STUDENTS:** Senate File 323, authored by Chelgren, proposed authorizing a licensed teacher to temporarily or permanently remove a student from an assigned classroom when a student is "continuously or extremely disruptive." The measure would have provided teachers with protections from administrative discipline and immunity from criminal prosecution or civil lawsuits. But educators who opposed the bill said it could violate federal laws regarding special education students and could raise questions about racial bias towards minority students.

**LT. GOVERNOR CONFIRMATIONS:** A bill introduced by Sen. Tony Bisignano, D-Des Moines, would have required the House and Senate to confirm an appointment to a vacant lieutenant governor position. Senate File 50 would have given legislators a say about who will fill the lieutenant governor position after Gov. Terry Branstad departs for China to become the U.S. ambassador. The bill would have required a majority vote of both chambers.

**CASINO SMOKING BAN:** Casinos are one of the few public places where Iowans can still openly smoke cigarettes. Senate File 249 proposed to ban smoking on gambling floors went nowhere, as it has in past years. Casinos argue they would lose too much revenues if patrons couldn't light up tobacco and that the change could cost the jobs of Iowa workers, although critics say casino employees shouldn't have to work amid cigarette haze.

#### ENGLISH LANGUAGE:

A state law that declares English is Iowa's official language would have been repealed under this proposal, House File 81, by eight House Democrats.

#### EX-OFFENDER HIRING:

Some lawmakers wanted to prohibit employers from seeking the criminal records of job applicants with this bill, House File 192.

#### 75 MPH SPEED LIMIT:

Iowa motorists could have driven at 75 mph on interstate highways under a bill, Senate File 289, by Sen. Brad Zaun, R-Urbandale.

**MANDATORY MOTORCYCLE HELMETS:** Iowans operating a motorcycle or riding as a passenger would have been required to wear motorcycle helmets under a bill, House File 286, proposed by Democratic Reps. Mary Mascher and Vicki Lensing, both of Iowa City.

**BAN ON UNDERAGE TANNING:** Iowans younger than 18 would have been banned from tanning facilities under House File 11. Legislators have attempted bans on youth tanning for years but without success.

**TERM LIMITS:** The governor and other state elected officials generally would have been limited to 12 consecutive years in office under a measure, Senate Joint Resolution 3, that failed.

**ASSAULT WEAPON SALES:** Iowa would have banned the sale or transfer of semi-automatic assault weapons under a proposal, House File 157, by Rep. Ako Abdul-Samad, D-Des Moines, that was not debated.

**VIDEO CAMERAS REQUIRED IN SCHOOLS:** Iowa schools would have been required to install video cameras and audio monitoring devices in certain areas before July 1, 2019, under a bill, Senate File 294, that failed to gain approval.

DMR: Branstad's China envoy confirmation hearings could take place next month

JASON NOBLE

JNOBLE2@DMREG.COM

Confirmation hearings on Gov. Terry Branstad's nomination as ambassador to China could take place as early as next month, a spokesman confirmed Friday.

Nothing has been officially scheduled, but Branstad said publicly on Thursday that he may face the U.S. Senate Foreign Relations Committee in the first week of April. The hearings represent the major set piece in the nomination process, after which the full Senate could confirm his appointment and clear his path to Beijing.

The timeline developments were first reported by Radio Iowa's O. Kay Henderson.

Branstad met with State Department officials regarding his nomination during a visit to Washington, D. C., for National Governors Association meetings, spokesman Ben Hammes said Friday. The governor also attended a dinner in which he and Iowa first lady Chris Branstad sat side-by-side with President Donald Trump and first lady Melania Trump.

Return trips to Washington are expected in the coming weeks, when Branstad will meet individually with senators on the Foreign

Relations Committee and undergo a "murder board," a mock confirmation hearing conducted by State Department officials.

Branstad predicted on Thursday that the confirmation could be finalized by late April or early May, after which he would resign as governor and head to Beijing.

"I'm thinking it's going to be late April, maybe early May," Branstad told Radio Iowa. "But as soon as I am confirmed, then shortly thereafter it would be my intention to resign and be sworn in as the ambassador and then the lieutenant governor would, of course, become the governor."

DMR: Violation of open meetings law alleged

Complaint: Vote taken on Water Works proposal

KIM NORVELL

KNORVELL@DMREG.COM

The Iowa Public Information Board has received two complaints alleging the Des Moines City Council violated the state open meetings law last month when it met to discuss pending legislation.

It was during this meeting that City Council members voted to support a bill that would dismantle Des Moines Water Works and transfer the utility's assets to the city of Des Moines, according to a complaint filed Friday by Water Works trustee Susan Huppert.

"I have been told by Mayor (Frank) Cownie and (Councilman) Skip Moore that a meeting took place and a vote was taken to support legislation to dissolve the DMWW," she wrote in the complaint.

That's not the case, according to City Manager Scott Sanders.

There was a meeting Feb. 15 to update the council on legislative priorities, but there was no vote on the water utility bill, he said.

Sanders said he reviewed

25 bills with the council, including the water utility bill, which was introduced in the Iowa House the same day as the City Council meeting.

A one-line agenda posted before the meeting lists "2017 Legislative Issues" as the only topic. Minutes from the more-than-hourlong gathering total three sentences: "The attached bill lists with highlighted bills were reviewed and discussion ensued. The City Manager presented his positions on bills of interest. No Council Members spoke in opposition to the Manager's positions."

The lack of details on the agenda was a "deliberate attempt to not allow input from the public on this important issue for our community," Huppert wrote in her complaint.

"Had any information been available something this dramatic regarding DMWW would have been discussed, I would have attended," she wrote.

Councilman Chris Coleman said the city manager holds a meeting to discuss legislative issues with the

council at least once during every Statehouse session. The city manager typically discusses the bills that affect the city and how its lobbyists will register — unless he hears opposition from the council, Coleman said.

“We put the (city) manager and (city) attorney in position of directing lobbyists, with input from us individually. In this case, this was a discussion, not a vote,” Coleman said. “The manager takes the temperature, doesn’t take a vote.”

When asked whether council members were individually questioned about their support for the Water Works bill, City Attorney Jeff Lester said “absolutely not.”

Randy Evans, executive director of the Iowa Freedom of Information Council, said the city’s bare-bones agenda and limited minutes do not follow the spirit of Iowa’s open meetings law.

The purpose of posting agendas is to provide enough information so stakeholders can decide whether they have an interest in attending or participating, he said. And “the minutes need to be a meaningful summary of what occurs. And simply to say these bills were discussed, to me is not a meaningful

summation of what went on in that meeting.”

“It may well be an innocent oversight on the part of city staff, but there certainly will be people out there who see a deliberate motive on the City Council’s part by not alerting anybody,” Evans said.

Margaret Johnson, interim executive director of the Iowa Public Information Board, said having a bare-bones agenda on legislative issues is not rare. She uses the same approach when meeting with information board members about legislation, she said.

The city’s lobbyists registered in support of the House water utility bill after the Feb. 15 meeting with city council members. The legislation would strip Des Moines Water Works and other public water utilities of their independence, making them city departments subject to the control of their local city councils. It would transfer the utilities’ assets to cities. Bills were approved this week by House and Senate Agriculture Committees and are now eligible for floor debate. Opponents of the bill say farming interests are pushing the legislative effort in an attempt to kill Water Works’ lawsuit challenging whether Iowa farmers should be responsible for fertilizer and other nutrients seeping from their fields. Leslie Gearhart, chairwoman of the Des Moines Water Works Board of Trustees, said she was “stunned” when she learned Des Moines had signed on in support of the legislation. “I feel completely betrayed,” she said. “If you’re going to say you’re going against the Des Moines Water Works, that’s a pretty damn big decision. That should be a formal vote.” Johnson, of the Iowa Public Information Board, said she has reached out to Des Moines for more information about the Feb. 15 meeting following the complaints.

DMR: Senate’s Boulton: Workers’ compensation bill ‘disturbing’

Labor advocates voice concerns; business groups say change is needed to cut costs

KEVIN HARDY AND BRIANNE PFANNENSTIEL

KMHARDY@DMREG.COM

Legislation aimed at scaling back workers’ compensation benefits made it past a procedural deadline this week, setting up floor votes in the House of Representatives and the Senate.

Labor advocates say the Republican-backed bill will cut away benefits for some of the most vulnerable in Iowa’s workforce: those injured on the job.

But business groups say the change is needed to keep costs down and reel in an out-of-control workers compensation system that has grown to unfairly favor employees over employers.

House Study Bill 169 and Senate Study Bill 1170 moved through the commerce committees of each respective chamber Thursday afternoon on party- line votes.

Iowa Workforce Development officials said they could not provide statistics Thursday that show whether workers' compensation claims and costs have increased in recent years.

That agency's 2016 annual report shows that more than 20,000 injuries are reported annually but in fiscal year 2016, only 5,008 petitions for workers' compensation were filed.

During the previous fiscal year, 5,094 petitions were filed, according to the 2015 annual report.

Iowa's Workers' Compensation Commissioner Joseph Cortese II said his job was to administer state laws on workers' compensation, but he wouldn't weigh in on the current state of the system.

"My position as to the need for change in this area is neutral," he said in a statement to the Register.

The bill is backed by Iowa businesses, including Tyson Foods, Winnebago Industries and the Iowa Association of Business and Industries, which represents manufacturers across the state. Labor unions and plaintiffs' attorneys lobbied against the measure, saying the system is already unfairly rigged in favor of businesses.

Rep. Peter Cownie, R-West Des Moines and chairman of the House Commerce Committee, said he's concerned about abuses in the workers' compensation system. "When I learn that there's a settlement with a certain workers' comp claim that asked for \$50,000 but went through the system, ended up at \$700,000 —

that tells me there's an abuse of the system," he said.

Rep. Jo Oldson, D-Des Moines, criticized the speed with which the legislation is advancing, saying that Democrats had less than 48 hours to consider the 20-page bill. More time is needed, she said, to give the bill a thorough vetting.

"If I went around this table and started picking at questions about what this section actually does and what it means, there aren't many of us — including me — that could really tell," she told Republicans. "It is very technical law."

Later in the Senate's commerce committee meeting, Sen. Nate Boulton, D-Des Moines, said the legislation's cutback of workers' rights was "simply wrong."

"If you're gonna get injured, you better hope you get injured this week and not next week," Boulton said. "That's disturbing."

DMR: Biofuel grains rally on news of deal about rules

WALT AND ALEX BREITINGER

PARAGON INVESTMENTS

A look at futures prices on commodities that impact the Des Moines metro area and greater Iowa.

Corn and soybean prices exploded on Tuesday on rumors of a new deal to change regulations

surrounding biofuels.

The plan was submitted to the White House by the Renewable Fuels Association and Carl Icahn, a billionaire investor and Trump adviser.

The deal would curb foreign imports and boost demand for domestically-produced biofuels like soy-based biodiesel and corn-based ethanol.

At the Chicago Board of Trade, the biggest gainer was soybean oil, which is used to produce biodiesel; that market gained nearly 6 percent on the news, trading near 34.5 cents per pound.

The early rumors were that the plan was going to be implemented soon, but a White House denial of immediate action cut the legs out from the rally; by Friday, the markets had given up almost half of their gain, with May corn and soybean worth \$3.80 and \$10.32 per bushel, respectively.

Petroleum plummets on concerns of oversupply

Oil and gasoline prices dropped this week, led lower by concerns of oversupply. Crude oil inventories in the U.S. are at a record-high 520 million barrels, a factor of strong imports and more aggressive domestic drilling.

Meanwhile, domestic demand for gasoline has dropped 6 percent over the last year, and could drop further if the recent renewable fuels plan is enacted. Under the deal, fuel at the pump would be 15 percent ethanol, up from the current level of 10 percent, a move that would significantly reduce gasoline consumption.

As a result, April gasoline futures hit the lowest level since last November, trading for \$1.65 per gallon, a price that excludes taxes, transportation, or other expenses.

However, even if U.S. consumption of gasoline stays lower, prices could still rise, as refiners are exporting a record amount of the fuel, especially to Mexico.

U.S. dollar leads the pack as other currencies fall

The U.S. dollar gained on further prospects of interest rate hikes, while most of our major trading partners' currencies fell.

Commodity exporters like Australia and Canada were hurt by weak commodity prices this week, while a deteriorating political climate throughout Europe hurt the eurocurrency and British pound.

The Chicago Mercantile Exchange also offers trading in the Russian ruble and Mexican peso, broadening the menu of investments available to those who keep an eye on politics as well as economic news.

Exchange rates are important to businesses, as a strong U.S. dollar makes foreign goods cheaper while making it harder for us to export to our trading partners.

DMR Iowa View: CIVILITY WILL GET IOWANS FURTHER THAN DISRUPTIVE PROTESTS

By: Mike Carver, Urbandale City Council

After monitoring numerous news reports of political activities throughout our country, I am prompted to share in a very public way my deep concern that we desperately need more civility in Washington, D.C.,

Iowa and throughout our country.

One clear example of the need for more civility has been demonstrated by the disruptive behavior at recent Iowa town hall meetings like the meeting Sen. Chuck Grassley held in Iowa Falls. I applaud Grassley for his willingness to keep his cool, but it is very unfortunate that people feel a need to resort to this type of behavior.

To focus on what civility should look like, I want to focus on two outstanding examples of civility set by former Iowa political leaders. The first is congressman Neal Smith, a Democrat who represented central Iowa from 1959 to 1995. The second is Gov. Robert D. Ray, a Republican who served as governor of Iowa from 1969 to 1983.

Here's how these two political leaders always modeled civility in discharging their responsibilities as elected political leaders: » They were respectful of people with different political positions relating to key governmental issues. In fact, both Ray and Smith had many friends who were members of the other political party.

» They recognized the importance of reaching out to those in need by showing sensitivity and providing leadership to make a difference. This was done especially well by Ray when he helped bring many displaced refugees to Iowa in the 1970s.

» Both men always showed a willingness to compliment their adversaries when they made a contribution to improve the welfare of the people of Iowa.

» They both recognized that any political protest needs to use the standards set by the Rev. Martin Luther King Jr. by conducting the protests in a peaceful and lawful manner.

» One common personal attribute of each of these great leaders was their willingness to listen. They did this in many ways, but the bottom line is the people they represented knew they cared about the issues of concern. This attribute ensured that meaningful action was taken by each of these leaders to make a difference for our state and our country.

» My final point is that both of these outstanding political leaders recognized the need to communicate, cooperate and work together to address and respond to the major challenges facing us at the local, state and federal levels.

We are very fortunate to have two political leaders like Gov. Robert Ray and congressman Neal Smith who have provided incredible examples of what civility should look like. Their years of service should provide a model to emulate as well as an incentive to begin a public conversation on how we can have more civility in our country.

LEE: Statehouse Republicans making mark with 2017 session

ERIN MURPHY

Significant changes are coming to Iowa's laws.

Whether those changes will be for the better remains to be seen and could depend greatly on the eye — or political leaning — of the beholder.

More certain is the fact one sweeping change to state law already has been made, and many more are in the works.



For the first time since 2010, the Iowa Capitol is controlled by one political party. From 1997 to 2010, Democrats held the governor's office and had majorities in both the Iowa House and Iowa Senate.

Starting this year, Republicans have complete lawmaking control for the first time in two decades, for at least this year and next.

Thus far, they have not squandered the opportunity.

Although the chambers have so far sent just six bills to the governor's desk — four of which have been signed into law — one of those bills brought dramatic changes to the way the state's public employees collectively bargain for wages and benefits.

More big changes, with Republicans at the helm, are in store.

"I am very optimistic that we have a lot of really good things going for us in this state," said Sen. Bill Dix, the new Senate majority leader from Shell Rock. "The promise that I made to my caucus, the promise I've made to my voters and supporters in my district is that we're going to focus on policies that create a new legacy of opportunity here in Iowa, and we're not going to let them down."

Democrats said they do not think the new Republican-led policy changes will accomplish Republicans' stated goals.

"We see what has happened so far by Republicans as being broken promises," said Rep. Mark Smith, the House minority leader from Marshalltown. "They talked a good game about improving the lives of Iowans, and we've not seen legislation yet that puts more jobs into our state, helps people get ahead in our economy and the overall economy improving."

Friday was a key deadline in the 2017 legislative session. In order to remain eligible for consideration, bills had to achieve a prescribed level of support: passage through at least the committee level. The deadline winnows the field of eligible bills and provides a glimpse at the majority party's agenda.

With that deadline past, here is a look at what bills already have been passed and sent to the governor, what bills are working through the legislative process and what is yet to come:

#### What's done

Branstad initially proposed a de-appropriation of about \$110 million, but lawmakers actually de-appropriated and transferred nearly \$118 million. Lawmakers did cut the universities by \$18 million total, but also directed the Department of Management to find specific ways of cutting \$11.5 million of the nearly \$118 million they approved. So the regent universities got another round of budget cuts under that. It's now up to more than \$20 million.

Republicans also early in the session determined a funding level for K-12 public education for the 2017-2018 school year, a 1.11 percent increase in general aid over the previous year. Democrats and public education advocates expressed concern that funding level will be insufficient.

The collective bargaining changes were significant and drew much attention to the Capitol. The new law, which went into effect immediately upon its Feb. 17 signing by Gov. Terry Branstad, dramatically reduced the elements — health insurance, for one prominent example — over which public workers can collectively bargain. The law also added stronger benchmarks for those public employee unions to recertify.

Republicans said the changes were needed to balance a system that they said had grown to favor employees and to give public employers more flexibility in creating wage and benefits packages.

Democrats, public employees and their unions decried the law as an assault on public workers.

## What's in the works

Many more pieces of legislation that would bring significant changes to state law are proceeding.

One would halt all public funding to women's health care clinics that perform abortions, the most prominent example being Planned Parenthood of the Heartland.

Public funds may not be used to fund abortions, but conservatives have long sought to stop all funding to providers that perform abortions. That would be achieved with legislation passed by the Iowa Senate and an Iowa House subcommittee. The bill creates a new state family planning program that sends no state money to Planned Parenthood.

Critics say the bill would leave women who use Planned Parenthood without options for not only abortions but also disease screenings and prenatal services, and that the state will lose out on \$3 million in federal match funds.

GOP lawmakers also considered abortion policy proposals. A bill that would have recognized life at birth — a so-called personhood bill — did not garner enough support ahead of last week's deadline and is ineligible for the rest of the session. Lawmakers were still debating a separate measure that would ban abortions after the 20th week of pregnancy.

Another bill moving through the Iowa House would bring sweeping changes to the state's gun laws.

The bill has many elements, including a so-called "stand your ground" provision that would lessen the burden for an individual to prove he or she felt threatened before using deadly force with a gun. Proponents say the bill expands Iowans' constitutional rights, while opponents fear the changes would increase gun violence and make the state a more dangerous place.

And at the request of Secretary of State Paul Pate, lawmakers in both chambers are considering legislation that would require voters to present some form of identification at the polls. The bill would require photo identification, such as a driver's license, or a state-issued voter ID card with a signature and bar code that poll workers could scan.

## Bottom of Form

Supporters say the proposal would strengthen Iowa's election system, which Pate says already is one of the cleanest and fairest in the nation. Critics say the bill could dissuade potential voters who do not possess one of the required forms of identification.

## What's yet to come

Because this first deadline impacts policy bills, legislators typically wait until later in the session to start work on funding bills.

Republicans have not yet introduced legislation on school choice programs and tax reform, but GOP leaders said both issues will be addressed.

Republicans want to establish programs that help families send their children to non-public K-12 schools. While legislation is not yet drafted, such programs typically include state funding that could be used toward tuition and other costs at private schools.

Dix also said Senate Republicans want to address tax policy; he talked specifically about the state's income tax, which is one of the highest in the nation, according to the national nonprofit Tax Foundation.

The hurdle Republicans face is both school choice programs and tax cuts come with a price tag in what figures to be another tight budget year.

“Whatever we do, it’s going to be well-thought out, it’s going to be utilizing the evidence we’ve witnessed in other states and also in our own state,” Dix said, pointing to income tax reductions made in Iowa in the late 1990s.

Republicans' agenda

House Speaker Linda Upmeyer, R-Clear Lake, said she thinks Republicans are making good progress on issues “that Iowans raised as priorities.”

“We said when we were elected to the majority once again that we were going to focus on making this a great place to live, work and raise a family, and that’s where we’re going,” Upmeyer said.

Democrats and other opponents of some of these GOP proposals disagree with Republicans’ suggestions that these new policies will be good for Iowans.

“The legislative session so far has been a complete contradiction of everything Republicans said during their campaigns,” said Danny Homan, president of the state’s largest public employee union. “In the months leading up to the election, we saw flashy ads about job creation and prioritizing Iowa schools and we’ve seen the complete opposite.

“They balanced their budget problems on the backs of public employees, gave schools a measly 1.1 percent (increase to K-12 school funding), stripped workers of their seat at the table, which is already negatively affecting contract negotiations, and taken every opportunity to restrict health care access for low-income women. This legislative session has been an all-out attack on working men and women in the state of Iowa.”

LEE: Vignettes from the 2017 Iowa Legislature

ROD BOSCHART and JAMES Q. LYNCH

Top of Form

Bottom of Form

Here is a look at some of the topics getting attention from lawmakers at the Iowa Statehouse this year and how they have fared:

#### EDUCATION SAVINGS ACCOUNTS

While clearing the legislative “funnel” hurdles is a course most issues must follow, no topic is truly dead until the Legislature adjourns sine die given that language can appear in budget bills, tax measures or House-Senate leadership proposals later in the process. Case in point is an education savings program that is a favorite among GOP legislators who favor school choice but are thwarted by a hefty price tag, a tight state budget and strong opposition from public education advocates.

While no viable proposal has surfaced this session, Senate Majority Leader Bill Dix, R-Shell Rock, staked out a never-say-never position last week, saying, “I anticipate that we’re going to continue to look for those opportunities” to provide more choice to students and parents. “I believe it’s a topic the Legislature is going to continue to discuss” with Republicans in control through 2018.

#### REGENT UNIVERSITIES

Lobbyists for the state's regent universities were earning their keep again this session.

Legislators were seeking to end tenure for faculty members, who also would be balanced according to their political affiliations. Other ideas that surfaced but then died for this session would have halted Friday night football games at state university campuses, allowed individuals with gun permits to carry weapons on campus and would have required 30 straight months of living in Iowa to qualify for in-state tuition. One break college students did get was a measure adopted in the Senate Judiciary Committee that would grant immunity for calling in a 911 emergency that occurred at a venue where alcohol was being consumed by individuals not of legal drinking age.

## STATE ICONS

This year was another bad session for efforts to expand the list of Iowa symbols. Iowa currently has a state banner/flag, a state seal, a state rock (geode), a state flower (wild rose), a state bird (Eastern goldfinch), a state tree (oak) and "The Song of Iowa" is the state song. In the past, legislators have attempted to change the state song and designate the catfish as the state fish, among other ideas. The 2017 session produced proposals to designate the regal fritillary as Iowa's state butterfly and the honey bee as the state insect, but neither idea advanced. In fact, the honey bee got stung twice when legislators nixed exempting their sale from state taxation.

## MINORITY PARTY

As is usually the case, legislative sessions generally are not kind to members of the political party not in power, and this year was no exception for the 41 House Democrats, 20 Senate Democrats and one independent senator.

Bills that sought to expand the powers of labor unions, restrict access to guns or toughen anti-tobacco efforts ended up in the Statehouse recycling bin. Efforts to raise the statewide minimum wage, create end-of-life options for terminally ill Iowans, require motorcycle/motorized bike operators to wear safety helmets and to repeal the declaration that English is the official language of Iowa all were non-starters offered by legislators currently not with the GOP majorities.

## TRANSPORTATION

Lawmakers are looking at a pileup of bills that would affect drivers. A bill to ban traffic enforcement cameras and another that would regulate them are alive in the Senate.

It's the same situation with cellphones. One bill would ban hand-held communication devices and another would allow law enforcement to stop driver who are texting while driving as a primary offense. Still another bill would make it a felony if a driver was using a cellphone at the time of a fatal crash.

Drunken driving could result in 24/7 alcohol monitoring and mandate the use of an ignition interlock device.

## GUNS

Bills to advance Iowans' gun use rights are moving forward, including one with stand-your-ground provisions that would allow Iowans to use deadly force most anywhere — not just their house or car — if they perceive a threat.

## Bottom of Form

However, it would be a crime to use a simulated firearm. A bill to eliminate prohibition on machine guns and short-barrel guns has died.

## LOCAL CONTROL

School boards could have more authority thanks to a school home-rule plan and bills to give them more flexibility in making spending decisions.

But cities and county boards would have less local control if measures to pre-empt minimum wage decisions is approved, and another that would force local law enforcement to comply with federal immigration enforcement agencies are adopted.

## ENVIRONMENT

A plan to repeal the nickel deposit on beverage containers and replace it with a statewide recycling and litter control program would result in less waste going into landfills, according to grocers and convenience store owners.

The change would enhance the financial viability of recycling. The idea is not as popular with redemption center operators who have built their business on the 39-year-old bottle bill.

The measure narrowly passed a committee in time to stay alive for this session, but its House sponsor quickly said the legislation would go no further this session.

LEE: Murphy: Medical marijuana's long, strange trip

Top of Form

Bottom of Form

The birth of Iowa's medical marijuana program in the Iowa Legislature was remarkable and dramatic, and the issue has ever since remained one of much legislative intrigue.

That continues this year as lawmakers face a critical deadline that, if not changed, will end the program.

Iowa's medical marijuana program was approved in the waning days of 2014's legislative session. Advocates had pressed lawmakers all session to create the program, seemingly to no avail. But just when the issue appeared to be dead, suddenly, a bill was introduced, debated, approved, and sent to the governor, who signed it into law.

It was quite the dramatic entrance for a program that allows Iowa residents to, with a physician's prescription, possess cannabidiol, an oil byproduct of the marijuana plant that has medicinal qualities, to treat themselves or their children who suffer from epileptic seizures.

The program's creation was welcomed and celebrated by advocates. But it also is narrow and restrictive; the program does not allow cannabidiol to be grown or sold in Iowa, and many other states that have a program do not sell outside their borders, which can make it difficult for Iowans to obtain the product.

And the program only allows for cannabidiol to be used to treat epileptic seizures. Advocates say more forms of medical cannabis should be legalized, and more ailments — cancer and post-traumatic stress disorder, for example — should be eligible for treatment.

Advocates' push to expand the state program kept the issue in lawmakers' focus and the news. Dozens, maybe hundreds of people came to the Iowa Capitol in 2015 and 2016 to plead with lawmakers and tell their tales of pain, suffering — and for some who have used cannabidiol, remarkable success.

Last year, an effort was made to expand the program. But the original bill, which would have permitted the growth and sale of medical cannabis, was stripped to its bare bones almost immediately after introduction. The amended version only attempted to create a partnership with one or more of the 28 states that have expansive medical cannabis laws.

The final version of the bill was deemed insufficient by advocates, and it was voted down by the Iowa House.

With the program set to expire July 1, lawmakers this session have been attempting to craft legislation that would extend — and in some cases — expand it. Already there have been ups and downs.

A bill introduced in the Iowa House achieved many of advocates' goals: It would have extended the program, permitted the growth and sale of medical cannabis, and created a process by which more ailments could be added.

The bill appeared to have at least some measure of support when it was introduced and approved by a three-member subcommittee. More often than not, legislators do not hold subcommittee hearings unless they are confident the bill has at least enough support to pass the next step, the full committee.

There appeared to be optimism around that House bill when all three members of the subcommittee — two Republicans and one Democrat — approved it.

However, the very next day, the bill died when it was revealed there was not sufficient support from the full committee.

Bottom of Form

Back to the drawing board.

Legislators appear to be intent on, at the very least, extending the existing program. I have not yet heard any concern that nothing will get done and the program will expire. Whether any measure of expansion will occur remains in doubt.

The House has started over with a bill that extends the program and provides that if the federal government approves medical cannabis for medicinal use, so too shall the state.

The Senate has drafted an expansion bill that is much more like the original House bill, in that it permits the growth and sale of medical cannabis and expands the ailments covered.

It has been a long journey for medical cannabis advocates, with triumph and heartbreak along the way. Already this session, there have been twists and turns in the road and more are likely to come before legislators adjourn for the year.

The question that remains is, once they do, what kind of medical cannabis program will be in place.

WeAreIowa: Timeline for Branstad's ambassadorship still fuzzy, says staff

By: Sarah Beckman

The timeline for when Gov. Terry Branstad (R-Iowa) will become the next U.S. Ambassador to China remains fuzzy, according to his staff.

Branstad gave an informal interview to Radio Iowa on Thursday, saying he would be most likely

meeting with the U.S. Senate Foreign Relations committee in a few weeks, and that would mean if confirmed, he'd be leaving the governor's mansion by as early as the end of April.

But according to Branstad's staff, the timeline for confirmation is fuzzier than that. Ben Hammes told Local 5 that Branstad has been speaking with members of the State Department as to when his confirmation hearing will take place, and the timeline is not set in stone. He could be confirmed as early as April, or May, or June.

Hammes went on to say that if confirmed, Branstad has a period to resign from his post as governor. When that happens, Lieutenant Governor Kim Reynolds would assume the governorship.

The Gazette: Bill updating definition of stalking passes subcommittee

Amendment would prohibit use of technology to repeatedly locate an individual

A bill to update the definition of stalking in Iowa Code, and add criminal penalties for offenders, is to be taken up for debate by state lawmakers in the coming weeks.

Sen. Kevin Kinney, D-Oxford, first introduced the bill last year, but it did not pass. He's hoping the bill has more success this year. The Judiciary subcommittee unanimously voted Senate File 209 through Thursday and various law enforcement officials and the Iowa Attorney General's Office have shown support for the bill, Kinney said.

"With a lot of the domestic homicides in Iowa, a lot of times there's stalking that goes on well before the actual homicide has occurred," Kinney said. "We could stop this at the level of stalking, instead."

About 3.4 million people over the age of 18 are stalked each year in the United States, according to the Iowa Coalition Against Domestic Violence.

The bill would change section 708.11 of the Iowa Code to include "repeatedly utilizing a technological device to locate, listen to or watch a person without legitimate purpose" as stalking conduct.

Kinney, retired from the Johnson County Sheriff's Office, said law enforcement officials are well aware that cellphones and GPS tracking devices are used by stalkers.

"With all the advancing technology, (Iowa Code) needed to be updated," Kinney said.

Kinney's bill would also expand the definition of a stalker to include when their actions "cause a reasonable person to feel terrorized, frightened intimidated, or threatened."

Current code only requires the victim of stalking to fear bodily injury or death to themselves or an immediate family member.

Lastly, the bill would add clear criminal penalty guidelines for those found guilty of stalking.

Criminal penalties would range from an aggravated misdemeanor — which includes confinement for no more than two years and a fine between \$625 and \$6,250 — to a class "C" felony — confinement for no more than 10 years and a fine between \$1,000 and \$10,000.

"In the next few weeks, I hope it is called up to the floor and allowed to go forward," Kinney said.

The Gazette: The downside of a strong dollar for Eastern Iowa manufacturers

Its effect depends on what you sell overseas

Quick question: Strong U.S. dollar — good or bad?

The answer is, it depends.

If you're a consumer, you're delighted by the lower prices on products made overseas. Investors can buy more — because they're cheaper — bonds in foreign currency, and a vigorous dollar generally keeps inflation at bay.

But if you are a manufacturer who sells your products in other countries, the playing field is more complicated. Simply put, with the dollar worth more, your stuff costs more to sell to overseas companies that use their own currencies.

Here is a snapshot of how some manufacturers in the Corridor are affected by the challenges.

The U.S. dollar has been on a relentless upward trajectory since May 2011. The trade-weighted dollar index against major currencies, such as the pound, the yen and the euro, has gained close to 40 percent over the half decade.

Iowa exports have declined each of the past three years, and the strong dollar is one of the major factors, affecting export sales for large and small Eastern Iowa companies.

For Apache, Europe is one of its largest markets.

"The strength of the dollar compared with the euro has made it more challenging for us to be able to compete in Europe, especially against competitors that are European-based," said Tom Pientok, president of Apache, the Cedar Rapids-based manufacturer of fabricated belting and hose products, cut and molded rubber, and industrial consumer products. "They have a clear price advantage over U.S. dollar-based companies."

And a robust dollar has more of an impact on the sales of some products than others, noted Walt Corey, president of Pickwick Manufacturing Services in Cedar Rapids.

"The strong dollar makes it very difficult for it to sell overseas," Corey said. "There's no question about it and that really hurts us when the dollar is strong ... ."

"We make a turf roller that is a relatively low-dollar item for golf courses. They are going to put off a purchase like that when the value of the dollar is high. There's no sense in buying it through us when they can get it directly from a local company."

"The big product for us is sensors that one of our customers ships overseas. Eighty percent of its products are shipped all over the world."

'Significant adjustment'

Rockwell Collins sells its avionics and communications equipment as well as information management services to many international customers. The Cedar Rapids company made "a fairly significant adjustment" in terms of currency rates about two years ago, according to Chief Financial Officer Patrick Allen.

"We saw a fairly meaningful impact on our sales because our international sales are translated at current exchange rates," Allen said. "It probably impacted \$30 million to \$40 million worth of sales in that year."



“The dollar at its current rate is not really affecting our competitiveness on the world stage very much. The aerospace business is very much a U.S. dollar-based industry.

“Ninety percent of our aerospace sales are denominated in U.S. dollars,” he explained. “The 10 percent of export sales denominated in other than U.S. dollars are to foreign ministries through our defense business.

“We have an active currency hedging program to hedge that risk.”

Jeff Hamilton, president and CEO of ESP International, said the strong dollar has both a direct and indirect impact on his company.

ESP International specializes in seals, rubber products and plastics for original-equipment manufacturers. Cedar Rapids-based, it has offices in China, India and Taiwan.

“Although exports are a fairly small percentage of our overall sales, the strong dollar makes it much more challenging when we are shipping seals and products overseas,” Hamilton said. “We also do business with companies like AGCO, Case IH, John Deere, Baker Hughes and Halliburton.

“A lot of the smaller companies in Eastern Iowa are seeing an indirect impact of the strong dollar on export sales by large customers.”

That is, if bigger companies selling products in other nations are challenged, that in turn hinders parts and services they buy from the smaller manufacturers.

Overall, the value of Iowa exports — agricultural commodities and manufactured products — has fallen over the last three years, according to the U.S. Census Bureau:

I \$15.1 billion in 2014

I \$13.2 billion in 2015

I \$12.1 billion in 2016.

“We can tie a large portion of that decline to the high value of the dollar,” confirmed Creighton University economist Ernie Goss. “Of course, there were other factors, such as the drop in the value and sales of farm commodities.”

Goss, who tracks economic conditions monthly in a 12-state region that includes Iowa, has consistently cited the strong dollar’s impact on exports and resulting reduced manufacturing employment by the agricultural and energy sectors.

Government data show the region’s manufacturing sector lost more than 22,000 jobs between September 2015 and September 2016. In Eastern Iowa, John Deere has reduced its payroll by more than 10,000 jobs to align production with worldwide demand for its tractors, combines and other equipment.

AGCO and Case IH have made similar workforce adjustments as low commodity prices have reduced sales of new agricultural equipment.

While the strong dollar is a concern in terms of export sales, Eastern Iowa businesses also cite uncertainty with regard to the future of U.S. tax policy and the potential for trade disputes with China and Mexico.

President Donald Trump has called for renegotiation of the North American Free Trade Agreement, changes in trade agreements with China and repatriation of overseas earnings by U.S. companies.

“Without more clarity, it’s really difficult to make long-term business decisions,” Rockwell Collins’s Allen said. “It’s really a dynamic environment.”

The Gazette: Libertarians gain official party status in Iowa

Party's presidential candidate surpassed vote threshold

Libertarians in Iowa now will be able to check the box on their voter registration form officially indicating their political affiliation.

Iowa Secretary of State Paul Pate announced last week that the Libertarian Party of Iowa has attained official political party status.

Party presidential candidate Gary Johnson received 3.8 percent of the vote in the November elections, surpassing the 2 percent threshold required by state law for the party to be recognized.

“I would like to congratulate the Libertarian Party of Iowa on being recognized as an official political party by the state,” Pate said in a statement Thursday. “I encourage all Iowans to become and remain active in the political process.”

Johnson received about 3 percent of the vote nationwide in November. He received no electoral college votes.

Now that Libertarians have official party status in Iowa, candidates can participate in 2018 primary elections, and the Libertarian Party will be included as an option for Iowans on voter registration forms.

The Secretary of State’s office said the last time a political organization was granted full party status in Iowa was the Iowa Green Party in 2000.

The party’s nominee at that time, consumer activists Ralph Nader, received 2.2 percent of the presidential votes that year.

There are 9,100 registered Libertarians in Iowa.

The Gazette: Iowa lawmakers clash with local representatives over home rule authority

'Someone doesn't want local governments to control their own destinies'

With this legislative session — and with one party in firm control of the Iowa Senate, House and governor’s office — has come a flurry of bills that aim to pre-empt local authority from cities and counties and place it squarely in Des Moines.

Among these pre-emption measures is House File 295, which would pre-empt local governments from passing minimum wage ordinances and plastic bag bans.

Two identical bills in the House and Senate — HF 265 and SSB 1170 — that would require local governments and colleges to enforce federal immigration laws.

House Study Bill 11 doesn’t necessarily pre-empt local rule, but it aims to abolish the use of compensation boards by county officials when voting on raises.

“You add all those things up and it seems to me someone doesn’t want local governments to control their own destinies,” said Bill Peterson, executive director with the West Des Moines-based Iowa State Association of Counties.

## HOME RULE

Home rule has become a point of contention in this general assembly as city and county representatives fight to maintain their ability to self-govern against state lawmakers who claim those local officials have overstepped their bounds.

Some state lawmakers have defended pre-emption bills as ways to eliminate confusing patchworks of rules that differ from one community to another, while opponents argue local governments best represent their constituents.

Alan Kemp, executive director of the Iowa League of Cities in Des Moines, which represents more than 870 Iowa communities, said this session has brought more pre-emption bills than those in the recent years.

“This is a pretty unique year and we are seeing many more bills that act to pre-empt local authority and they also go much further than they have in most recent years,” Kemp said.

Iowa is one of 10 states that employs home rule. Local governments in these states have a level of authority to implement regulations that go above and beyond state rule, unless pre-emption exists.

However, Dillon’s Rule, named for Iowa Supreme Court Chief Justice John Forrest Dillon, states local governments have home rule authority unless the state or federal government says otherwise.

When supervisors in Johnson, Linn, Polk and Wapello counties passed their respective minimum wage ordinances, for example, they cited home rule authority to defend their ability to raise a countywide ordinance.

Rep. John Landon, R-Ankeny, who authored pre-emption bill HF 295, said a growing number of county minimum wage ordinances spurred the need for a statewide rule.

“This comes because of the patchwork effect that it creates on trying to operate businesses that are multi-county, that are multi-state, It makes it difficult to keep track of each and every initiative that is passed that would impact that business as far as wages or other conditions,” Landon said.

House Democratic freshman Amy Nielsen, who debated the minimum wage ordinance when she was mayor of North Liberty just months ago, said she believes those issues should stay under local supervisor and council chambers, rather than on the House and Senate floors.

“Up here, local control ... it’s just like a romanticized idea,” Nielsen said.

Nielsen argued the state should set minimum requirements for local entities, but it shouldn’t prohibit those governments from pursuing additional measures that best fit their local needs.

“There’s much greater accountability at the local level than there is at the state level,” she said.

## PRE-EMPTION NATIONWIDE

According to a report released last month by the National League of Cities, titled City Rights in an Era of Pre-emption, single party dominance — such as Republicans’ hold on the Iowa Senate, House and governor’s office — in many state governments is a factor to increased pre-emption efforts.

Following the 2016 election cycle, Republicans held the majority in the House, Senate and the

governor's office in 25 states. Only six states held a similar Democrat trifecta, according to the report.

"As pre-emption efforts often concern a politically divisive issue, they rely on single-party dominance to pass through state legislatures," the report states.

"It does certainly seem to me like the gates of the dam have opened up and a lot of ideas that may have percolated in the past and have been discussed by one or two individuals are suddenly getting a lot more discussion — if not action — than maybe they would have in the past," said Peterson of the Iowa State Association of Counties.

The Gazette: Home rule legislation pushed for local school districts in Iowa

'We're still trying to understand' what that means: Department of Education official

With a handful of bills that would take away some of local municipalities' abilities to self-govern, legislation that would give more power to school boards is moving forward in the statehouse.

School boards in Iowa now operate under Dillon's Rule, which allows them only to do what is explicitly allowed by Iowa Code. If districts were given so-called home rule, they would be able to do anything not expressly prohibited by Code — an entirely new mind-set for the elected boards that oversee Iowa's 333 public school districts.

While school district officials in Cedar Rapids and Iowa City said they still are unsure what they'd pursue under that system, supporters of the shift say it would give boards the flexibility to try new ideas.

"School district leaders have never operated under this framework, so they don't know what they're missing, so to speak," said Margaret Buckton, a lobbyist for the Urban Education Network of Iowa and the Rural School Advocates of Iowa, both of which support the change. "They wouldn't necessarily have to contact the Department of Education or work with legislators to try something innovative."

In the current system, the Iowa Department of Education interprets state education law and then issues binding guidance to school districts. Bill language indicates that guidance would become only advisory.

"What that explicitly means, we're still trying to understand that," Iowa Department of Education spokeswoman Staci Hupp said, noting the department tries to involve school districts as it develops guidance. "We've always seen it was the director of the Department of Education's responsibility to take education law and interpret it, and we've followed that responsibility."

The Iowa School Board Association has supported home rule for school districts in the past, Government Relations Director Phil Jeneary said.

"School districts sometimes feel like they are held up on what could be an interpretation of a law," Jeneary said. "... Some interpretations of the laws have become too prescriptive."

Legislation in previous sessions typically has died in a Democrat-controlled Senate, he said. Should it pass this session, Jeneary said he expects school boards to be more creative in how they spend funds.

Board members, he added, are elected officials and should be trusted with home rule.

"School board members have a pretty good pulse on the community, so I would imagine that they're not going to do something the majority of folks don't want to happen," he said.

But during a session that already has spelled out major changes for education in Iowa, Iowa State Education Association President Tammy Wawro said she hopes lawmakers slow down as they

consider this change.

Her organization, which spoke out against hurrying through legislation that stripped teachers' unions of the right to bargain with school districts for anything other than wages last month, is registered against the legislation.

"I find it very hypocritical that now we're saying, School districts should have all the control they want — except when we say they shouldn't," Wawro said. Legislators "have said it's so locals have more control, but what I have seen them do is take local control away."

The Gazette: Branstad sees confirmation as ambassador coming as soon as May

Iowa governor preparing for upcoming Senate hearing

Gov. Terry Branstad anticipates being in front of the Senate Foreign Relations Committee as soon as April with confirmation as President Donald Trump's ambassador to China coming as early as May.

"As soon as I am confirmed, then shortly thereafter it would be my intention to resign" he said. At that time, the powers and duties of his office will "devolve" to Lt. Gov. Kim Reynolds.

Branstad, who met with Trump and members of his administration, as well as members of the Foreign Relations Committee while in Washington, D.C., for the National Governors Association winter conference in late February, laid out the tentative timeline during an interview in his formal Statehouse office Thursday.

"I spent about three hours with the State Department, with some of their staff and, basically, they indicated to me it'll probably be around the first week in April when I'll come up," Branstad said.

He and his wife, Chris, sat next to the president and First Lady Melania Trump at a White House dinner for the governors Sunday.

Between now and the Senate hearings on his nomination, Branstad will continue to meet with officials in Washington, including each committee member. In addition, he will be grilled by a "murder board" that prepares nominees for their confirmation hearings.

Branstad has completed paperwork for the Foreign Relations Committee, the State Department, Federal Bureau of Investigation and Trump's transition team. He also spent two hours with a State Department interviewer who also interviewed the Iowa governor's staff and his associates.

Branstad also met with Missouri First Lady Sheena Greitens, a professor and fellow with the National Committee on U.S.-China Relations' Public Intellectuals Program, and associate in research at the Harvard Fairbank Center for Chinese Studies.

She and her colleagues gave me information about some of the things that are going on in the South China Sea and the East China Sea, with North Korea and a number of other things," Branstad said.

"Obviously, I know more about the trade side of things," Branstad said. "I'm not going to be the policymaker. I'm going to be more of the go-between. I think what the president saw in me was somebody who has a longtime relationship with China and the Chinese leadership and is an old friend of the president of China."

What he knows about diplomacy comes from experience.

"I learned a long time ago the best deal is usually a win-win," Branstad said. "And if it's good for

America and good for China it's probably good for the rest of the world, too.”

He doesn't know when he will leave for China because he may go through an orientation program for new ambassadors. His predecessor, former Montana Sen. Max Baucus, told him he didn't go through the program.

The Gazette Editorial: Too many tax breaks?

Iowa lawmakers must figure out what works and what's waste

On a recent Friday, State Reps. Ken Rizer, R-Cedar Rapids, and Ashley Hinson, R-Marion, stood before a large room filled to capacity with constituents and others gathered for a legislative listening post.

The crowd easily topped 200 people. Like so many legislative forums across Iowa in recent weeks, it was standing room only. And intense.

Many came to express anger at moves made by the Republican legislative majority to curtail collective bargaining rights for public employees, provide just a 1.1 percent funding increase for public schools and approve a package of current-year budget cuts harming state university students and others.

The questions were pointed. The audience was vocal in its displeasure.

“We're not Iowa nice anymore,” an audience member proclaimed.

Behind the bluster, much of our current political turbulence reflects a tense tug of war over scarce resources and tight revenues.

Republican legislators contend they sliced bargaining rights to save taxpayer money at the state and local level. They argue that the small, \$40 million increase in state school aid was necessitated by limited revenues. A decline in expected tax collections forced lawmakers to cut the budget for universities, community colleges and other agencies. It can't be helped, lawmakers insist. The money is not there.

But why isn't it?

How much revenue, and to whom, have legislators given away in the form of tax cuts, credits and exemptions over the years? What kind of return has the state seen on those investments? The questions came up at the forum. They have been on our minds, as well.

It is difficult to get a crystal clear picture of just how much these “tax expenditures,” as they are commonly called, are sapping the flow of state revenues, but the figures we do have are startling.

## CUTS, EXEMPTIONS AND CREDITS

According to a Department of Revenue study of the Fiscal Year 2010 — the most recent comprehensive study available — 259 tax cuts, exemptions and credits previously passed by legislators added up to \$12.1 billion in a single year. That's an astounding number in a state where the entire state general fund budget is \$7.2 billion.

More recent studies of specific types of tax breaks and credits show their economic impact is steadily rising:

- According to the Iowa Department of Revenue's latest Tax Credits Contingent Liabilities Report issued

in December, the revenue impact of more than three dozen tax credits will add up to \$404.2 million during the current budget year ending in June. That's up from \$353.8 million last year. By Fiscal Year 2021, the report projects that cost to hit \$437 million.

- The largest among these is the Earned Income Tax Credit, which cuts taxes and provides refunds to low-income workers to encourage employment. Close behind is the \$58.1 million the state delivered in credits for historic preservation projects and \$56.8 million for research and development activities by Iowa companies. Rockwell Collins has been a major recipient of the credit, which not only offsets tax liability but delivers a taxpayer-funded check to its recipients. Still, in the big scheme of Statehouse tax cutting, this is just the tip of a very large iceberg.

- In 2010, sales and use tax breaks alone added up to \$3.9 billion. A new report by the department shows that in Fiscal year 2015, that number rose to \$4.7 billion — an increase of 21 percent in five years and of 98 percent since 2005.

Among the largest sales tax breaks is the exemption for food items, saving consumers \$435.6 million at the grocery checkout in FY 2015. Exempting medical services saves \$570.5 million. Numerous sales tax exemptions benefit farmers, including a \$117.4 million break on the purchase of commercial fertilizer, a \$53.4 million break on herbicides and other chemicals and a \$311.4 million break on the purchase of feed.

- And none of these very big tax break estimates include a package of commercial property tax reductions and credits approved on bipartisan votes in 2013.

According to the non-partisan Legislative Services Agency, the cost of providing business tax credits, replacing lost local revenue and covering school funding that otherwise would have come from local property taxes now tops \$300 million annually.

#### MORE TAX BREAKS PROPOSED

Many tax breaks serve a compelling public purpose. But the case for others would appear far less compelling, and lawmakers, for all their talk of comprehensive studies, have been done remarkably little to figure out what works and what's waste. Their actions carving holes in the tax code have been expensive, but talk of reviewing those calls has been cheap.

And the cuts keep coming. During the current legislative session, two-dozen bills creating tax breaks, cuts and exemptions have been filed. It's unlikely many will become law, but it's a good measure of the Legislature's appetite. The hunger to hand out more breaks remains strong.

Hinson sponsored HF 103, which would provide a sales tax exemption on sewer bills paid by paper recycling mills. Rep. Zach Nunn, R-Bondurant, sponsored HF 132, which would provide a sales tax break on supplies purchased by nonprofit blood centers.

Rep. Jarad Klein, R-Keota, filed HF 177, removing sales tax from the purchase of European honey bees. Reps. Dawn Pettengill, R-Mount Auburn, and Rob Taylor, R-West Des Moines, co-sponsored HF187, which exempts limousine service from sales tax. A bipartisan group of 14 House members back HF 374, exempting sanitary hygiene products from sales taxes.

Rep. Tedd Gassman, R-Scarville, filed HF 300, giving an income tax credit to married couples who complete premarital counseling.

Sen. Brad Zaun, R-Urbandale, sponsored SF 34, phasing out state income tax on all retirement income over five years. In year five, the break would top \$340 million annually.

Zaun also wants to phase out the state inheritance tax over nine years, SF 82, a \$196 million cut by 2029.

## CLEANING HOUSE

Rizer and Hinson both have conceded that our state's lengthy list of tax breaks deserves a comprehensive review.

"I believe there are tax credits that are given out that are not doing what they're intended to do," Hinson, vice chair of the House Appropriations Committee, said at that recent listening post. "I do support that close and in-depth analysis of our tax credit program because I don't think we should be giving out tax credits piecemeal across the state."

But if either of those lawmakers — or any other — have drafted a bill that would roll back breaks with unproven value, or calling for a true comprehensive review of tax giveaways, we haven't seen it.

If Iowa's system of tax cuts, credits and breaks is allowed to keep growing, we could soon see the state giving away \$2 in potential tax revenue for every \$1 it collects.

And if state revenue growth evaporates before it can be used to meet state obligations — including K-12 education, state universities, public safety functions, our court system, mental health treatment and other priorities — it's misleading to call Iowa's budget challenges a spending problem. Nor will it work to dry to solve those challenges simply by cutting budgets.

Of course Iowans expect and deserve state departments and services to be run efficiently, but the blame also lies with politicians who too rarely said no to requests for tax breaks from interest groups. They add up. And now the sum of all those cuts and nibbles is taking a bite out of Iowa's future.

It's long past time for lawmakers to stop paying lip service to the idea of cleaning up the tax and to roll up their sleeves. If a credit, break or exemption doesn't clearly contribute to the common good, then it should go.

Lawmakers should approve no new tax reductions until they're able to show Iowans the value of the tax measures they've already approved. Lawmakers who strenuously and correctly insist all new programs and state regulations should be fully assessed for their economic impact and taxpayer value should apply the exact same logic to tax expenditures.

Lawmakers who are eager to reform the state's tax structure, with hopes of flatter and even lower taxes, must start by assessing the patchwork of favors already handed out by legislators who came before them. Seeking to simply superimpose more breaks and favors on top of the existing hodgepodge would be public policy malpractice.

In the past, commissions, committees and panels have been assigned to look at tax credits and exemptions. But they only have scratched the surface. What we need now is a long, hard look at exactly what benefits Iowans are buying for more than \$12 billion.

Iowans deserve such a review, which places the state's future needs above the present pull of partisan politics. They're expecting more than apologies for the next round of harmful budget cuts, excuses for why their community priorities still are short of cash and vague promises to clean house ... someday.

• Comments: (319) 398-8469; [editorial@thegazette.com](mailto:editorial@thegazette.com)

## BY THE NUMBERS

2013 Property Tax Reform Act (FY 2017)

Business Property Tax Credit: \$125 million



Property Tax Backfill to Local Governments: \$152.2 million

Additional state school aid to replace local property taxes: \$25.1 million

Total state general fund budget impact: \$302.3 million

Source: Legislative Services Agency

Top 10 Iowa Income Tax Credits (FY 2017)

\$70.9 million — Earned Income Tax Credit: A refundable tax credit for low- and moderate-income workers intended to encourage employment. Size of the credit depends on income.

\$58.1 million — Historic Preservation/Cultural and Entertainment District: This tax credit, administered by EDA and the Iowa Department of Cultural Affairs, provides a 25 percent tax credit for qualified expenditures made in the rehabilitation of eligible historic properties.

\$56.8 million — Research Activities Tax Credit: This credit is available to taxpayers who increase research activities in Iowa. The Iowa research tax credit relies on the federal definition of qualified research expenditures.

\$42.5 million — Iowa Industrial New Job Training Program; This program, administered by Iowa's Community Colleges, assists businesses that are creating new positions with new employee training. Participating companies divert withholding taxes that would be remitted to the Department of Revenue to a community college to pay for training for company employees.

\$37.6 million — High Quality Jobs Program: This program, administered by Economic Development Authority, provides tax benefits to eligible companies that create high-paying jobs and make capital investments.

\$23.1 million — Enterprise Zone Credit and Housing Component: This program, administered by Economic Development Authority, encourages investment in Iowa's economically distressed areas by providing local and state tax credits, refunds and exemptions to qualifying companies that expand or locate in designated Enterprise Zones.

\$17.8 million — Biodiesel Blended Fuel: This per gallon credit is available to retail dealers who sell biodiesel blended fuel.

\$15.2 million — Tuition and Textbook: This credit is available to individual taxpayers who have one or more dependents attending grades K-12 in an Iowa school. The credit percentage is 25 percent of the first \$1,000 paid for each dependent for tuition and textbooks.

\$11.3 million — School Tuition Organization: This credit, administered by Iowa Department of Revenue, is for 65 percent of the amount of a voluntary cash contribution made by a taxpayer to a school tuition organization

\$9 million — Renewable Energy: This credit is available to a producer or purchaser of energy from a renewable energy facility approved as eligible by the Iowa Utilities Board.

Source: Iowa Department of Revenue

Examples of Sales and Use Tax Exemptions (FY 2015)

\$320.7 million — Transportation Services and Delivery Charges

\$117.4 million — Commercial Fertilizer and Lime

\$435.6 million — Food for Human Consumption

\$465.8 million — Construction Services

\$570.5 million — Medical Services

\$137 million — Packaging containers and supplies sold to retailers and manufacturers

\$311.4 million — Agricultural Feed

\$53.4 million — Ag chemicals, herbicides, pesticides

\$3.6 million — Annual Sales tax Holiday

\$35.5 million — Electricity and equipment for Data Centers

\$10.5 million — Fuel used in grain drying

\$19.9 million — Lottery tickets

\$7.9 million — Massage Therapy

\$6.9 million — Newspapers

Source: Iowa Department of Revenue

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The Gazette: An indie in the middle at the Statehouse

State Sen. David Johnson, I-Ocheyedan, is a caucus of one, with no regrets and a lot to say.

“I feel very comfortable with my decision. I wouldn’t have changed anything,” said Johnson, who left the Republican Party last year over his disgust with President Donald Trump’s candidacy.

He’s now the lone independent in the Legislature, occupying a one-man’s land between minority Democrats and majority Republicans pursuing a very aggressive partisan agenda.

“In fact, if Trump hadn’t really pushed me to make a break, it would have been this agenda,” Johnson said this past week. “There’s just no way I can support this agenda. The major things they’re going after is Iowa’s version of Steve Bannon and his philosophy of deconstruction.

“They’re just running roughshod over a lot of things,” he said.

The northwest Iowa lawmaker had time to talk even in the hectic hours ahead of the Legislature’s funnel deadline. That’s because he has a seat on just one committee. Democrats gave him one of their spots on the Natural Resources and Environment Committee. Republican leaders refused to make room for the independent on any other committees.

So he’s missed out on participating in some of the nuts and bolts of lawmaking. And as an independent, he doesn’t spend hours in closed-door party caucuses plotting strategy.

“I caucus 24/7. I do. I caucus with the people who are here. I’m busy all the time,” Johnson said.

“I’m letting people know, here’s the story,” said the former newspaperman.

For instance, there’s the story of Republicans’ swift push last month to vastly curtail collective bargaining rights for Iowa’s public sector workers.

“What is this 87th General Assembly going to be known for? Union busting, so far,” Johnson said.

“That means fewer people, lower incomes in the rural areas, a drop in services. I don’t understand that about Republicans, how they want to kill rural areas. But that’s exactly what they’re doing,” said Johnson, whose district includes five largely rural counties.

“I’d just like somebody to tell me, what is ‘smaller government?’ What does that mean? To me it means we’re going to have tumbleweeds blowing down our main streets in rural areas,” he said.

There’s the story of legislative efforts on water quality, perhaps his signature issue.

"It's really a do-nothing, know-nothing bill," Johnson said of a measure approved by a House committee this past week. "There's little if any accountability built into the legislation. Where do we do monitoring? You can't just establish conservation practices without measuring whether they're achieving the goals you want to achieve. You can't just hand out cost-share dollars thinking this is going to help."

Johnson has been a vocal supporter of a three-eighths-cent sales tax increase to fill the Iowa Natural Resources and Outdoor Recreation Trust Fund. The fund was approved overwhelmingly by voters in 2010, but efforts to fill it have hit a legislative brick wall.

"The people of Iowa are having their 2010 election stolen away," Johnson said.

He's pushed for lawmakers to revise livestock confinement rules he helped write in 2002, hoping to stop construction in environmentally sensitive areas. But he's had no success convincing Republicans to do so.

"This is absolute heaven for Farm Bureau," he said.

He opposes a bill moving through the General Assembly that would dismantle the Des Moines Water Works in favor of a regional water authority. The water works is pursuing a lawsuit against three rural counties over polluted farm runoff. The bill could end the lawsuit, and take pressure off lawmakers to act on water quality.

"It's, pure and simple, revenge for the lawsuit," Johnson said.

Johnson asked the attorney general to weigh in on the constitutional question of whether Lt. Gov. Kim Reynolds will be governor or acting governor when Gov. Terry Branstad departs to become U.S. ambassador to China. Reynolds' ability to pick her own lieutenant governor could hinge on the issue.

And what about legal fireworks?

"Freedom is blowing off your thumb on the Fourth of July," Johnson said.

"The establishment is not very happy with me." Johnson said, referring to county GOP chairs and central committee members in his district.

"I'm really not a born follower. I was doing a lot of following before in the caucus. And now I've broken out of that," Johnson said.

Johnson said he's also getting support from back home, and beyond his district.

"I just got a note from somebody back home who wants me to run for governor. Well, I'm not going to run for governor," Johnson said. "But that's the reaction from some people, more than I ever expected, who are willing to reach out.

"As the Republicans go so far to the right, people are looking for something in the middle," he said.

So Johnson's not going back to the GOP. And he said he won't become a Democrat. He's sticking with his caucus of one, where he exercises a freedom most lawmakers beholden to parties can't risk.

"I'm calling it like I see it," Johnson said.

The Gazette Editorial: Lawmakers showed welcome restraint

We saw welcome evidence this week that the Republicans who run the Iowa Legislature are capable of

restraint.

In some cases, that restraint was forced by the so-called funnel deadline, which sends scores of bills that have not yet cleared a committee to the scrap heap. One bill we were glad to see funneled would have dramatically changed the scope of professional licensure in Iowa — a worthy but contentious issue that deserves more discussion. A late-developing push to reinstate the death penalty also perished in the funnel.

Misguided bills seeking to end tenure on college campuses and mandate political party balance among university professors failed to move ahead. The Legislature won't ban university football games on Friday nights, raise the speed limit to 75 mph or end daylight savings time. Good riddance to those bills.

In other cases, restraint was prompted by a tight state budget situation. Lawmakers say they've shelved, for now, an effort to create "education savings accounts" or vouchers redirecting public school funding to private and home schools. That's wise after they approved a paltry 1.1 percent increase in aid to K-12 schools and were forced to cut \$118 million from the current year's state budget.

Although lawmakers showed no restraint in dramatically editing 1970s-era collective bargaining rights for public employees, Republicans have put the brakes on an effort to toss out Iowa's 1970s-era bottle bill. A bill to end Iowa's nickel deposit law in favor of creating a statewide recycling program cleared a committee but will go no further, GOP leader say, correctly, the bill needs more work.

We hope this restraint signals a trend toward a more collaborative process that will extend to other bills. We could start with measures pre-empting local governments from acting on minimum wage levels, rewriting workers' compensation laws and making major changes in the way Iowans vote. All three measures could have major, long-term effects, and shouldn't be rushed.

We'd also argue lawmakers still have plenty of time to get some big stuff right. A meaningful water quality measure could still be crafted this session. Tax reforms targeting unnecessary breaks, loopholes and credits still are possible. The next state budget remains to be crafted, and could reflect shared priorities beyond the majority party's wish list.

So restraint is possible. That's a good sign. Collaboration and consensus building should be next.

QC Times Guest Opinion: Guest view: Trump offered a path forward

Jeff Kaufmann

Top of Form

Bottom of Form

Tuesday night was an incredible moment in American politics.

President Trump delivered an optimistic, forward-looking message of unity and strength. He acknowledged our challenges and reached out to Congress and the American people, to unite us in tapping the great American spirit to overcome them. Democrats, Republicans and independents can all agree that our mission should be to achieve peace and prosperity for every American. And I couldn't agree with the president more – we are one people, with one destiny, and it is time to come together, stand together, and fight together to Make America Great Again.

In his short time in office, President Trump has made fulfilling his campaign promises priority No. 1 — by, among other things, bringing back American jobs and nominating a reliable conservative to the Supreme Court. President Trump's premise is simple: If we can get government out of the way,

American ingenuity and enterprise — the same bedrocks of our society that took us to the moon, that brought us through the Great Depression and the Great Recession — can lead the way in Making America Great Again.

The time for trivial fights is over. We must come together to make it easier for Americans to invent, build, and sell their products. We must make it easier for American businesses to compete with anyone, anywhere, at any time. We must make it easier for Americans to escape the implosion of an unstable, unsustainable Obamacare. We must make it easier for families to choose the educational path that is best for them.

I look forward to our congressional delegation working with President Trump -- particularly Rep. Loebsack, whose district elected President Trump — in seizing this moment and beginning a new chapter in American Greatness.

RI: ISU study: Nitrogen fertilizer, in proper doses, is good for soil health

MARCH 6, 2017 BY RADIO IOWA CONTRIBUTOR

An Iowa State University report shows applying nitrogen fertilizer at certain levels to corn and soybeans helps maintain carbon in the soil, bringing a range of environmental and production benefits.

ISU agronomy professor Michael Castellano co-authored the study and says there's long been disagreement among scientists and farmers over fertilizer's impact on the soil.

"A lot of folks are under the impression that nitrogen fertilizer, particularly anhydrous ammonia, may be bad for soil health, it may degrade the carbon and the organic matter in our soil," Castellano says. "We found just the opposite in our studies across the state, all the way from northwest Iowa to southeast Iowa."

Researchers collected soil samples from the four ISU research farms at Sutherland, Ames, Chariton and Crawfordsville in 1999 and 2000 and then again 15 years later after each site received regimented applications of nitrogen fertilizer.

"We observed that nitrogen fertilizer was in fact very important for maintaining and improving soil health," Castellano says. "The reason why it maintained or improved soil health is because it's critical to increase the production of crop residues in the soil."

The test compared soil health for various levels of fertilizer applications — be it too low, too high or at optimum levels.

"We think by looking at the range in nitrogen fertilizers, we really cleared up this uncertainty about whether nitrogen fertilizer is good or bad for soil health," Castellano says. "We found that it's good right up until that optimum level but beyond that, there's just no improvement to be seen from adding more."

Funding for the study came from the U.S. Department of Agriculture's National Institute for Food and Agriculture.

See the full report [here](#).

RI: Trump supporters held four rallies in Iowa Saturday

MARCH 5, 2017 BY O. KAY HENDERSON

## The Trump Rally.

A series of “March 4 Trump” rallies were held across the country on Saturday, March 4th — including four in Iowa. Gary Leffler of West Des Moines greeted the crowd gathered outside the state capitol.

“You watch the news and you see the other guys and they’re just protesting all the time,” he said. “But I’ll tell you what: we’re here to stand up for something that’s great and something that’s good and see that our country has hope again and thank God for Donald J. Trump being the 45th president of the United States.”

Supporters of President Trump turned out at the Iowa State Capitol.

Senator Brad Zaun of Urbandale was the only elected official in Iowa to endorse Trump before the Iowa Caucuses and he told the crowd he’s “excited about what’s happening in the White House.”

“Now when old Senator Barack Obama became president, I didn’t like it. I didn’t like the policies he did, but I’ll tell you what — I wasn’t out screaming and raising heck everywhere and being disrespectful and I have never seen it as bad as it is right now,” Zaun said. “...It is a culture war that we’re going through and it is time we take back the state of Iowa and America and you guys are all doing it. Thank you!”

Dave McNair of Newton also spoke at the rally. He owns the printing business in Newton featured in the “60 Minutes” story Trump saw in 2010. Trump called the next morning to arrange contracts for McNair at the Trump Tower in Chicago.

“I meet people all over the country...and they’re all backing President Trump,” McNair said, “but, boy, you go to the mainstream media and you see none of it, so we’ve got to keep pushing and we’ve got to keep saying what we’re saying and we’ve got to keep believing in President Trump.”

Trump supporters also gathered for public events in Council Bluffs, Ottumwa and Davenport on Saturday.

The Iowa Democratic Party chairman Derek Eadon issued a written statement in response to the rallies, saying “a new scandal emerges...almost daily” from the Trump Administration that should raise Iowans’ doubts about Trump’s “ability to lead.

RI: Branstad still pushing to cut number of regulated professions in Iowa

MARCH 4, 2017 BY O. KAY HENDERSON

Gov. Branstad’s scissors lapel pin

Governor Terry Branstad says he’s not surprised his fellow Republicans in the legislature have been reluctant to embrace his regulatory reduction plans.

“We knew this was going to be tough,” Branstad says. “You’re going up against all of the organized special-interest groups that want to protect their turf, but I’m still hopeful that we can get parts of it approved.”

Branstad’s bill that would have ended state licensing for barbershops, social workers, mental health counselors and other health care professionals was rejected by a three-member House panel. Republican Representative Bobby Kaufmann of Wilton suggested the move could “harm the public” by inviting pretenders into the state who would act as if they had legitimate training in the health care field.

Branstad says there are too many state-licensed professions in Iowa.

"These licensing boards kind of look at it as something (like), 'We're there to protect the profession, not the public,' and that's my concern," Branstad says. "In some cases we've gone into places where I really don't think we need to be licensed and it drives up the costs and it keeps out the competition."

Another proposal Branstad backed tried to change state regulations to make it easier for health care clinics that are for-profit to set up shop near already existing Iowa hospitals and clinics. That bill failed to advance in the Iowa House, too, because of opposition from Republicans. Branstad says these kinds of regulatory reforms will "never be easy" to get through the legislature.

"Every one of these groups is organized. A lot of 'em have lobbyists and they spend a lot of money and they always sell it on the idea, 'Well, we're going to protect the health, safety and well-being of Iowans,'" Branstad says. "But we have more licensed, regulated professions than anybody else."

Branstad made his comments late Thursday during an interview with reporters from the Radio Iowa and The Cedar Rapids Gazette. Branstad was wearing a red lapel pin at the time. Kentucky's Republican governor, Matt Bevin, gave Branstad the pin, which featured a tiny pair of scissors. It's a symbol of the Kentucky governor's "red tape reduction" campaign.

RI: Study: Iowa sees 61% boost in the number of solar jobs

MARCH 3, 2017 BY MATT KELLEY

Photo by Swinerton Renewable Energy

A report called the Solar Jobs Census finds the number of people working in the solar industry in Iowa rose just over 60% in the past two years.

Avery Palmer, spokesman for the non-profit Solar Foundation, says Iowa had about 350 solar jobs in 2015 versus more than 560 last year. The study finds one out of every 50 new jobs in the country last year was in the solar industry.

Palmer says, "What we're seeing over and over is that the price of solar is going way down and solar is becoming more and more affordable and accessible no matter what part of the country you live in, whether you're in a small town a big city or a rural area."

The census finds solar employment increased in 44 of the 50 states last year, growing by 25% nationwide, while Iowa's increase was 61%.

"As solar becomes more attractive to homes, businesses and communities, companies are building more projects," Palmer says, "and they are hiring more people to do the work."

The subject of solar jobs is wide-ranging, Palmer says, and includes far more than the people who install solar arrays on rooftops.

"If you have a big solar project that's being built out somewhere in the country, you need folks to manage the project and to manage the finances," Palmer says. "You also need people to do sales, to do the marketing, to do the engineering."

Palmer predicts steady growth, with an increase of at least 10% in solar jobs nationwide in 2017. California saw the most growth in solar jobs in 2016, followed by Massachusetts, Texas, Nevada and Florida.



Iowa ranks 41st nationally for the number of solar jobs, 38th in solar jobs per capita.

RI: Pitched battle over more for-profit operations in health care industry

MARCH 3, 2017 BY RADIO IOWA CONTRIBUTOR

The idea of injecting more competition in Iowa's health care industry stalled at the statehouse this week. Governor Branstad wants to change the system that requires new health care facilities to prove to a state board that there's a need for their services.

Large and small hospitals lined up against a bill that would have allowed for-profit clinics to compete against local hospitals.

"I'm a Republican just like you and I've voted Republican all my life," said Doug Cropper, president and CEO of Genesis Health System based in the Quad Cities. "So why am I opposed to this bill? Because health care is different. The free market does not work."

Cropper and other hospital execs argued for-profit clinics could cherry-pick patients and leave hospitals footing the bill for full-service medical care for patients who require the most expensive treatments or who do not have insurance. Representative Rob Taylor of West Des Moines is married to a doctor and he pushed back.

"As a limited government, free-enterprise guy, that angers me," said Taylor, the Republican who sponsored the bill. "...You're holding the independent, entrepreneurial clinics hostage and not being able to expand their clinics."

Taylor's bill failed to advance when Republican Representative Steven Holt of Denison said rural hospitals in his district don't support the change and neither will he.

Bloomberg: Turmoil breaks out in ethanol industry

Iowa association among those that oppose move to change biofuel law

Billionaire Carl Icahn's relationship with President Donald Trump has helped spark a round of recriminations within the \$24 billion American ethanol industry just as it navigates one of the most crucial points in its history.

The discord has emerged in the past few days as ethanol companies react to a proposal from Icahn and a lobby group that would shake up how the industry is regulated.

At the heart of the dispute lies the question of who exactly should be responsible for complying with a 12-year-old law mandating the blending of ethanol in gasoline.

Icahn, a renowned corporate raider, controls one of the largest independent U.S. refiners. He argued loudly and repeatedly during the general election that the burden shouldn't fall on companies like his, but on fuel blenders instead.

Icahn's position is anathema to most of the biofuels industry. That made it all the more surprising when it emerged Feb. 27 that the 81-year-old billionaire — now a special regulatory adviser to President — had won the backing of the Renewable Fuels Association.

The Washington-based lobbying group's president, Bob Dinneen, had long opposed the kind of change

Icahn advocates, yet his group is now backing the proposal, which is being discussed in the White House.

The news roiled the gasoline and corn markets — and triggered an unprecedented display of public disunity from ethanol producers.

“Bob Dinneen sold his soul to the devil,” said Todd Becker, chief executive officer of Green Plains Inc., which isn’t a member of the lobby group. “We believe the Renewable Fuels Association has been bought, sold and delivered on a platter.”

Also under fire is how the proposed deal was presented to the Trump administration without wider consultation.

Poet LLC, the largest U.S. ethanol producer and a founder of Growth Energy, a separate trade group, vehemently opposed to the Icahn move, called the agreement “a backroom deal” made while “leading voices” were absent.

White House officials spent days recently in deliberations with Icahn and with ethanol producers who oppose his proposal, according to people familiar with the talks. The flurry of meetings and phone calls came after Bloomberg News reported a week ago that Icahn had helped broker a compromise with Dinneen’s group. The report led to a surge of more than \$100 million in the value of Icahn’s stake in refiner CVR Energy Inc.

White House spokeswoman Kelly Love said last Wednesday there’s no executive order in the works dealing with ethanol. She didn’t directly respond to questions about the status of discussions.

While ethanol regulation can be esoteric, the industry has considerable political clout in Washington. It’s a major part of the economy in the Corn Belt, where voters helped Trump to the White House. Iowa is the nation’s top ethanol producer and many in the region are waiting to see what Trump will do to support farmers.

Until now, the biofuels industry had been united in fighting against changes to the mandate, arguing that to do so would undermine the intent of the program — to increase use of ethanol and biodiesel.

CVR and other gasoline refiners countered that the current costs of complying with the mandate are excessive. Refineries that can’t add ethanol to gasoline are currently forced to buy credits to meet the requirements. Icahn has warned of bankruptcies.

Just last month, the Renewable Fuels Association filed comments with the Environmental Protection Agency asking that the agency block Icahn’s demands.

But then everything changed, Dinneen said, after he was contacted by the White House and told in “no uncertain terms” that Icahn’s request would be granted.

Dinneen said he then tried to get support from within the industry to get the best deal available.

That deal would be that in exchange for removing the regulatory burden from refiners, the EPA would allow greater sales of gasoline blended with a larger portion of ethanol than 10 percent. As it stands, sales of E15 — that is, fuel containing 15 percent ethanol — are largely restricted in the warm summer months.

But the proposal has led to disarray in the biofuels world. Fuels America, a lobby group with members throughout the agricultural supply chain, said last week it had severed ties with the Renewable Fuels Association.

Both the Iowa Renewable Fuels Association and the Illinois Renewable Fuels Association said they

oppose any efforts to change the law.

Dinneen declined to comment, other than to say he continues to "have great respect for the Fuels America coalition and its members."

Growth Energy said Dinneen's organization doesn't speak for the majority of the biofuels industry. Emily Skor, the group's CEO, said she was caught off guard by the Icahn pact and has spent the past few days talking to policymakers, lawmakers and journalists to explain the distinction between her organization, whose members are still opposed to the deal, and the Renewable Fuels Association. Skor, who started her job in May, says she's been told that the current industry "brouhaha" is unprecedented.

AP: Trump Accuses Obama of Tapping His Phones During Election

By Julie Pace & Darlene Superville

President Donald Trump is accusing former President Barack Obama of ordering Trump's telephones tapped during last year's election, but Trump isn't offering any evidence even as he makes politically charged references to Watergate, Nixon and McCarthyism.

An Obama spokesman said the assertion being made against the former president was "simply false." Lawmakers from both parties called on Trump to offer proof and to say publicly what he knows.

In a series of morning tweets Saturday, Trump suggested Obama was behind a politically motivated plot to upend his campaign. He compared the alleged events to "Nixon/Watergate" and "McCarthyism!" And he called Obama a "Bad (or sick) guy."

The Watergate break-in during the Nixon administration led to President Richard Nixon's resignation and the conviction of several aides. Republican Sen. Joe McCarthy's reckless and unsupported charges of communist infiltration in federal government during the 1950s gave rise to the term "McCarthyism."

After Trump's well-received speech to Congress on Tuesday, the tweets reflected the president's growing frustration with the swirling allegations about his advisers' ties to Russia, which are under FBI investigation, and his team's inability to overcome them. Trump lashed out at his senior team during an Oval Office meeting Friday, according to one White House official.

The White House did not respond to questions about what prompted the president's accusations that Obama had tapped his phones. Presidents cannot legally order wiretaps against U.S. citizens. Obtaining wiretaps would require officials at the Justice Department to seek permission from the Foreign Intelligence Surveillance Court, which is shrouded in secrecy.

Trump said Saturday morning he had "just found out" the information, though it was unclear whether he was referring to a briefing, a conversation or a media report. The president has in the past tweeted about unsubstantiated and provocative reports he reads on blogs or conservative websites.

The morning tweets stand out, even for the perpetually piqued Trump, given the gravity of the charge and the strikingly personal attack on the former president. Trump spoke as recently as last month about how much he likes Obama and how much they get along, despite their differences.

In his morning tweets, Trump said the wiretapping occurred in October at Trump Tower, the New York skyscraper where he ran his campaign and transition. He also maintains a residence there.

"How low has President Obama gone to tapp my phones during the very sacred election process. This is Nixon/Watergate. Bad (or sick) guy!" he tweeted, misspelling 'tap.'

Obama spokesman Kevin Lewis said a "cardinal rule" of the Obama administration was that no White House official ever interfered in Justice Department investigations, which are supposed to be conducted free of political influence.

"As part of that practice, neither President Obama nor any White House official ever ordered surveillance on any U.S. citizen," Lewis said, adding that "any suggestion otherwise is simply false."

Rep. Adam Schiff of California, the senior Democrat on the House Intelligence Committee, said in a statement that Trump was making "the most outlandish and destructive claims without providing a scintilla of evidence to support them."

Sen. Ben Sasse, R-Neb., urged Trump to explain what he knows about the wiretapping allegations, "ideally to the full public, and at a bare minimum to the U.S. Senate."

Trump has been trailed for months by questions about his campaign's ties to Russia. The questions have been compounded by U.S. intelligence agencies' assessment that Russia interfered with the election to help Trump triumph over Hillary Clinton, along with disclosures about his aides' contacts with a Russian official.

Those disclosures have already cost retired Gen. Michael Flynn his job as national security adviser and prompted calls from Democrats for Attorney General Jeff Sessions to resign.

On Thursday, Sessions recused himself from the FBI probe after acknowledging he did not disclose his campaign-season contacts with Russia's ambassador to the United States when asked during his confirmation proceedings. Sessions, a U.S. senator at the time, was Trump's earliest Senate supporter.

The Sessions revelations deepened the president's anger over what he sees as his team's inability to get ahead of the Russia allegations. In the Oval Office meeting Friday shortly before departing for Florida, he angrily told senior advisers that what had the potential to be a good week following his address to Congress had been overtaken by the Russia controversy, according to a White House official who insisted on anonymity in order to discuss the private meeting.

The president's allegations may be related to anonymously sourced reports in British media and blogs, and on conservative-leaning U.S. websites, including Breitbart News. Those reports claimed that U.S. officials had obtained a warrant under the Foreign Intelligence Surveillance Act to review contacts between computers at a Russian bank and Trump's New York headquarters.

The Associated Press has not confirmed these contacts or the investigation into them. Trump's chief strategist Steve Bannon is a former executive chairman of Breitbart News.

Washington Post: FBI Director Comey asked Justice officials to refute Trump's unproved wiretapping claim

Officials didn't issue statement

By Abby Phillip and Ellen Nakashima, The Washington Post

FBI Director James Comey asked the Justice Department this weekend to issue a statement refuting President Donald Trump's claim that President Barack Obama ordered a wiretap of Trump's phones before the election, according to U.S. officials, but the department did not do so.

Comey made the request on Saturday after Trump accused Obama on Twitter of having his “wires tapped’ in Trump Tower.” The White House expanded on Trump’s comments Sunday with a call for a congressional probe of his allegations.

The revelation, first reported by the New York Times, underscores the fraught nature of the FBI’s high-profile investigation into Russian meddling in the 2016 election. A key question fueling that inquiry is whether Trump associates colluded with Russian officials to help Trump win.

Neither Justice nor the FBI would comment Sunday.

The development came as Trump’s charge against Obama — leveled without any evidence — was being rebuffed both inside and outside of the executive branch. It drew a blunt, on-the-record denial by a top intelligence official who served in the Obama administration.

Speaking on NBC News on Sunday morning, former director of national intelligence James Clapper denied that a Foreign Intelligence Surveillance Act (FISA) wiretap was authorized against Trump or the campaign during his tenure.

“There was no such wiretap activity mounted against the president-elect at the time as a candidate or against his campaign,” Clapper said on “Meet the Press,” adding that he would “absolutely” have been informed if the FBI had received a FISA warrant against either.

“I can deny it,” Clapper said emphatically.

In his claims early Saturday morning, the president tweeted that he “just found out” that Obama had “my ‘wires tapped’ in Trump Tower” before the election, comparing it to “McCarthyism.”

“Is it legal for a sitting President to be ‘wire tapping’ a race for president prior to an election?” Trump asked in another tweet. “Turned down by court earlier. A NEW LOW!”

By Sunday morning, the White House doubled down on Trump’s explosive tweetstorm and called for the congressional probe.

Current and former government officials said such surveillance would not have been approved by any senior Justice official in the Obama administration. And Trump’s allegation raised hackles in the FBI leadership, insinuating as it did that the bureau may have acted illegally to wiretap a presidential candidate without probable cause that he was an “agent of a foreign power,” as the foreign intelligence surveillance law requires.

“This is Nixon/Watergate,” Trump tweeted Saturday.

A spokesman for Obama countered several hours later that the former president never authorized a wiretap of Trump or any other American citizen. “Any suggestion otherwise is simply false,” the spokesman said.

White House press secretary Sean Spicer on Sunday cited “reports” of “potentially politically motivated investigations” during the 2016 campaign, calling them “troubling.” But none of the media reports cited by the White House provides evidence of a politically motivated surveillance effort against Trump.

“President Donald J. Trump is requesting that as part of their investigation into Russian activity, the congressional intelligence committees exercise their oversight authority to determine whether executive branch investigative powers were abused in 2016,” Spicer said. “Neither the White House nor the President will comment further until such oversight is conducted,” the statement added.

Congressional committees in both the House and the Senate are probing not just suspected Russian

efforts to undermine the 2016 election but any contacts between Russian officials and the Trump campaign.

Comey's request is sure to raise eyebrows in light of his actions last year in the bureau's investigation into Hillary Clinton's email server.

Last July he held a news conference — without telling the Justice Department what he would say — to announce that the bureau had concluded Clinton did not commit a prosecutable offense. Then, 11 days before the election, Comey wrote Congress despite warnings from senior Justice officials that doing so would violate department policy and said the FBI was examining new emails that had come to light. Nothing came of the bureau's additional review, but Comey took heat for his actions, which Democrats say influenced the outcome of the election.

It is not clear why Comey, who is the senior-most law enforcement officer who has been overseeing the FBI investigation from its inception in the Obama administration, did not himself issue a statement to refute Trump's claims. Nor is it clear to whom he made his request. Attorney General Jeff Sessions recused himself last week from all investigative matters related to the Trump campaign and any potential Russia links. The acting Deputy Attorney General, Dana Boente, a career federal prosecutor in the Eastern District of Virginia, is now overseeing the probe.

Trump's tweets early Saturday may have been prompted by the comments of a conservative radio host, which were summarized in an article on the conservative website Breitbart. The Breitbart story had been circulating among Trump's senior aides on Friday.

The White House's escalation of Trump's claims were kept at arm's length by congressional Republicans appearing on Sunday morning news broadcasts.

When asked about Trump's allegations, Senate Intelligence Committee member Tom Cotton, R-Ark., declined to comment on the tweets but said he has "seen no evidence of the allegations."

"Whether that's a FISA court application or denial of that application or a re-submission of that application, that doesn't mean that none of these things happened. It just means we haven't seen that yet," Cotton added, speaking on Fox News Sunday.

Sen. Marco Rubio, R-Fla., said he is not aware of evidence to back up the president's claim. "I have no insight into exactly what he's referring to," he said on "Meet the Press." "The president put that out there, and now the White House will have to answer for exactly what he was referring to."

Obama's allies were more blunt, denying flatly that the former president had ordered a wiretap of Trump's campaign.

"This may come as a surprise to the current occupant of the Oval Office, but the president of the United States does not have the authority to unilaterally order the wiretapping of American citizens," said former Obama White House press secretary Josh Earnest. Senate Minority Leader Charles Schumer, D-N.Y., told "Meet the Press" that Trump is "in trouble" and acting "beneath the dignity of the presidency."

"The president's in trouble if he falsely spread this kind of information," Schumer said. "It shows this president doesn't know how to conduct himself."

Earnest added that Trump was attempting to distract from the controversy involving contacts between his campaign aides, including now-Attorney General Jeff Sessions, and Russian officials.

"We know exactly why president Trump tweeted what he tweeted," Earnest added. "Because there is one page in the Trump White House crisis management playbook, and that is simply to tweet or say something outrageous to distract from a scandal. And the bigger the scandal, the more outrageous the

tweet.”

Trump’s tweets early Saturday may have been prompted by the comments of a conservative radio host, which were summarized in an article on the conservative website Breitbart. The Breitbart story had been circulating among Trump’s senior aides on Friday.

But appearing on ABCs “This Week,” White House Deputy Press Secretary Sarah Huckabee Sanders repeatedly said that the president’s allegation was worth looking into.

“He’s asking that we get down to the bottom of this, let’s get the truth here, let’s find out,” Huckabee Sanders said. “I think the bigger story isn’t who reported it, but is it true. And I think the American people have a right to know if this happened, because if it did, again, this is the largest abuse of power that, I think, we have ever seen.”

Asked whether Trump truly believes Obama wiretapped him, Huckabee Sanders deflected.

“I would say that his tweet speaks for itself there,” she said.

Clapper’s comments referred only to whether Trump campaign officials had been wiretapped. But their conversations could also have been captured by routine surveillance of Russian diplomats or intelligence operatives.

U.S. monitoring of Russian Ambassador Sergey Kislyak, for example, caught his conversations with Trump adviser Michael Flynn during the campaign. Flynn went on to become Trump’s national security adviser, but he was forced to resign last month after admitting that he had misled other senior Trump officials about the nature of those conversations.

The FBI and the National Security Agency also have obtained intercepted communications among Russians officials in which they refer to conversations with members of the Trump team, current and former U.S. officials have said.

On the broader question of apparent Russian interference in the 2016 election, Clapper urged congressional investigators to attempt to settle the issue, which he said has become a “distraction” in the political sphere.

The intelligence community found no evidence of collusion between the Trump campaign and the Russian government — at least until the end of the Obama administration, he said Sunday.

“We had no evidence of such collusion,” he said on “Meet the Press.” But Clapper added a caveat: “This could have unfolded or become available in the time since I left government.”

Whether there was any collusion is a key question fueling a wide-ranging federal probe into Russian interference in the 2016 presidential campaign.

On Jan. 6, the U.S. spy agencies collectively released a report concluding that Russia carried out cyberhacks and other “active measures” with an intent to help Trump and harm the campaign and potential presidency of Hillary Clinton. The report, Clapper pointed out, included “no evidence” of collusion with the Trump campaign.

But the investigation by the FBI, the NSA and the CIA continues. The Senate and House intelligence committees also are conducting investigations.

South China Morning Post: From tea to soybeans, trade ensures China and the US are inextricably linked

Patrick Mendis says the history of trade between China and the US cannot be ignored in any study of the state of the bilateral relationship today

Chinese tea was once associated with the “cause of freedom” in the American Revolution and the creation of the new commercial republic in 1776. American colonial life – especially in the second half of the 18th century – was infused with Chinese teas, luxuries such as silk, porcelain, wallpaper, Chinese Chippendale furniture and other products. In fact, the new republic attempted to emulate Chinese affluence while developing a tea-drinking socio-economic culture to nurture the promising American civilisation.

Like most of the founding generation, Benjamin Franklin was a habitual tea drinker. He estimated that “a million of Americans drink tea twice a day” either in the morning at home, socially in the afternoon, or in the evening after dinner. In the last quarter of the 18th century, Americans consumed more than one billion cups of tea annually – close to two cups per person each day.

Some 240 years later, a “Trump revolution” appears to have begun with soybeans. President Donald Trump’s “America first” campaign slogan resonated with the rural hinterland communities neglected by the Washington elite and New York financiers. This hinterland electorate has largely resided in the soybean-growing triangle region of upper Midwestern states from the Corn Belt of the Dakotas, Iowa and Nebraska, to Pennsylvania and down into the Mississippi Delta.

In a complete role reversal, China is now fascinated by all things American

In a complete role reversal, China is now fascinated by all things American. Over the past three decades, China has emerged as the largest importer of American soybeans with more than 1 billion bushels last year. The US Department of Agriculture estimated that China imported only about 18 million bushels of soybeans in the mid-1990s. Since then, the Chinese appetite has rapidly increased, making soybeans the leading export industry in the US hinterland, followed by Boeing planes, recyclable materials and automobiles.

Recognising the demographics of his support base, Trump appointed Iowa governor Terry Branstad to be his ambassador to China. It was a strategic move to “open significant opportunities for Iowa and US businesses and farmers”, as China is the leading importer of Iowa agricultural products, especially soybeans and pork.

Trump praised Branstad’s success in developing close trade ties with China while serving as governor of Iowa and said “he represents America’s interests and further develops a mutually beneficial relationship with China’s leadership”.

On his part, Branstad said, “I’ve known President Xi Jinping for many years and consider him an old friend”. Xi visited Iowa and stayed with a farming family in 1985.

On a map, Trump’s voter support base corresponds to the soybean growing region. In a Time magazine article, the authors analysed the county-level results that “show stunning shifts in Trump’s favour through the upper Midwest and Northeast [extending from Iowa and Illinois to Pennsylvania and Maine], demonstrating the success of his trade and economic message in the nation’s heartland”.

This geospatial footprint of Chinese demand for American soybeans, especially for animal feed and cooking oil, led to an increase in investment in the domestic agribusiness sector.

President Barack Obama’s secretary of agriculture Tom Vilsack has enthusiastically endorsed the new envoy to China. Both Trump and Branstad must “have patience” in dealing with America’s largest agricultural import partner, advised Vilsack, who was also a former governor of Iowa. He added that the Obama administration had been “talking with our Chinese friends for quite some time about biotechnology approvals, about resuming US beef exports to China, and other issues that haven’t been



easy". "We've made progress but there is more work to be done," he said.

Like Vilsack, Branstad understands the value of the China connection for US trade expansion, job creation and income generation for Trump's voters. "Farmers understand trade because it impacts their bottom line," Vilsack explained.

As a businessman, Trump also recognises the importance of China – even as he has maligned China in his campaign speeches and interviews. He has incurred enormous loans from the Bank of China while the Trump Tower houses the US headquarters of the Industrial and Commercial Bank of China.

"I love China!" he said at the start of his campaign in June 2015 at the Trump Tower. "The biggest bank in the world is from China. You know where their United States headquarters is located? In this building, in Trump Tower."

Apocalyptic visions of Sino-US relations are a road to nowhere

As president, Trump now realises the trilemma of safeguarding his voters who depend on American exports, proposing a 45 per cent tariff on Chinese imports that risks potential retaliation by Beijing, and finally, continuing trade with China that would benefit his family and business associates. Balancing these three conflicting frontiers of national and personal interests is a formidable challenge for the businessman-turned-politician, who now needs to work on the complexities of global geopolitics within the equally powerful three branches of the US government.

Understanding an assertive China and complicated geo-economics, Jared Kushner, a senior adviser to the president and husband of his daughter Ivanka, reportedly met Chinese ambassador Cui Tiankai ( 崔天凯 ) privately in Washington last month.

Soon after, the White House sent a carefully worded letter to Beijing, saying Trump was looking forward to developing a "constructive relationship" with President Xi Jinping ( 习近平 ).

In an "extremely cordial" follow-up phone conversation, Trump told Xi that he now "agrees to honour the 'one China' policy", after he angered Beijing by accepting a controversial call from the president of Taiwan, which Beijing considers a breakaway province.

It seems that Trump's China-bashing campaign "headlines" are now giving way to the forgotten "trend line" of a historical trade with China that began with tea.

Ignore the media, when it comes to China, there's method in Trump's madness

In colonial America, the ginseng and fur industries connected the rural farmland and hinterland with the coastal metropolises of Boston, New York and other Atlantic port cities. The US is now inextricably linked with China in almost every sector of the American economy and foreign policy.

In all this, an asymmetrical Sino-US relationship still exists in the macroeconomic environment and trade policy framework – including currency exchange, debt service, market access and corporate competition.

As Xi announced at the Sunnylands summit with Obama in 2013, a "new type of major-power relationship" will eventually be required for relations to move forward within the evolving structure of over 100 bilateral dialogues between the two.

As China quietly leads the way, a subdued Trump White House has decided to open a pathway for a "cooperative relationship" with China. Hopefully, Trump will elevate the bilateral relationship from colonial America's "cause of freedom" to a "cause of prosperity" for the benefit of the two nations and the world.

Washington Post: Pentagon plan to seize Raqqa calls for significant increase in U.S. participation

By Karen DeYoung and Liz Sly March 4

A Pentagon plan for the coming assault on Raqqa, the Islamic State capital in Syria, calls for significant U.S. military participation, including increased Special Operations forces, attack helicopters and artillery, and arms supplies to the main Syrian Kurdish and Arab fighting force on the ground, according to U.S. officials.

The military's favored option among several variations currently under White House review, the proposal would ease a number of restrictions on U.S. activities imposed during the Obama administration.

Officials involved in the planning have proposed lifting a cap on the size of the U.S. military contingent in Syria, currently numbering about 500 Special Operations trainers and advisers to the combined Syrian Democratic Forces, or SDF. While the Americans would not be directly involved in ground combat, the proposal would allow them to work closer to the front line and would delegate more decision-making authority down the military line from Washington.

President Trump, who campaigned on a pledge to expand the fight against the militants in Syria, Iraq and beyond, received the plan Monday after giving the Pentagon 30 days to prepare it.

But in a conflict where nothing has been as simple as anticipated, the Raqqa offensive has already sparked new alliances. In just the past two days, U.S. forces intended for the Raqqa battle have had to detour to a town in northern Syria to head off a confrontation between two American allied forces — Turkish and Syrian Kurdish fighters. There, they have found themselves effectively side by side with Russian and Syrian government forces with the same apparent objective.

Approval of the Raqqa plan would effectively shut the door on Turkey's demands that Syrian Kurds, considered terrorists by Ankara, be denied U.S. equipment and kept out of the upcoming offensive. Turkish President Recep Tayyip Erdogan has said that arming and including the Kurdish People's Protection Units, or YPG, in the operation is unacceptable and has vowed to move his own troops and Turkish-allied Syrian rebel forces toward Raqqa.

U.S. officials, some of whom spoke on the condition of anonymity about the still-secret planning, believe Erdogan's tough talk is motivated primarily by domestic politics, specifically a desire to bolster prospects for an April 16 nationwide referendum that would transform Turkey's governing system to give more power to the presidency.

Lt. Gen. Stephen Townsend, the Baghdad-based U.S. commander of the anti-Islamic State coalition, told reporters Wednesday that there was "zero evidence" that the YPG was a threat to Turkey. With some apparent exasperation, Townsend called on all anti-Islamic State forces in northern Syria to stop fighting among themselves and concentrate on the best way to beat the militants.

U.S. talks with Turkey, a NATO ally and coalition member, are ongoing. But events over the past several days in and around the town of Manbij have injected a new element in the conflict that could either help the Americans avoid a direct clash with Ankara, or set the many forces now converging on the town on the path toward a new confrontation.

Manbij, located near the Turkish border about 85 miles northwest of Raqqa, was captured by the Islamic State three years ago and retaken last August by the YPG, backed by U.S. airstrikes and advisers. The town now forms the western edge of a militant-cleared border strip extending to neighboring Iraq.

Mattis makes first official trip to Iraq

Defense Secretary Jim Mattis made his first official trip to Iraq Monday, Feb. 27, telling reporters the U.S. military is "not in Iraq to seize anybody's oil." With that declaration Mattis distanced himself from President Trump, again. (Photo: Thomas Watkins, Getty Images/Reuters)

The United States had promised the Turks that Kurdish control would not extend to the west beyond the nearby Euphrates River, and Manbij was turned over to the Manbij Military Council, Arab fighters within the SDF. Kurdish police are in charge of local security, but the Americans have insisted that YPG fighters have largely left the scene.

Turkey disagrees and has long threatened to forcibly eject the Kurds, who it says are affiliated with the Kurdistan Workers' Party, or PKK, a designated terrorist organization in both Turkey and the United States that is waging an insurgency inside Turkey for greater autonomy. After Turkish troops and their Syrian rebel allies took the nearby Syrian town of Al-Bab from the Islamic State on Feb. 23, the Turkish-led force began advancing toward Manbij and has captured at least two villages.

On Thursday, as Turkish shells reached the outskirts of the town, the Manbij Military Council announced it had invited the government of Syrian President Bashar al-Assad to take over several nearby villages as part of a deal brokered by Russia to avoid conflict with the Turks.

On Friday, Moscow announced that Russian and Syrian "humanitarian" convoys were heading toward Manbij. Pentagon spokesman Capt. Jeff Davis told reporters in Washington that the convoys also included "some armored equipment."

Davis said that the U.S. government had been "informed" of the movements by Russia but that "it's nothing that we're party to."

Meanwhile, photographs posted on social media showed U.S. military vehicles headed into Manbij from the east.

On Saturday, the U.S. military confirmed that it had "increased force presence in and around Manbij to deter hostile acts, enhance governance and ensure there's no persistent YPG presence," effectively inserting U.S. forces to keep two coalition members — Turkey and the Syrian Kurds — from fighting.

In postings on his Twitter account, coalition spokesman Col. John L. Dorrian said the coalition "has taken this deliberate action to reassure Coalition [members] & partner forces, deter aggression and keep focus on defeating ISIS," an acronym for the Islamic State.

The United States and Russia have managed to avoid confrontation in Syria's separate civil war, where they are on opposing sides. Trump has said repeatedly that the two powers should cooperate against the Islamic State, and he has indicated that the future of Russia-backed Assad is of less concern to him.

The Pentagon disapproves of possible U.S.-Russia cooperation, although U.S. officials are not unhappy at the buffer Russia and Syria now appear to be creating between Turkey and the Kurds, or the prospect of the Syrian government moving into Manbij. A positive result, officials said, would not only prevent Turkish forces and their Syrian allies — many of whom are on the jihadist side of the anti-Assad rebel coalition — from moving into the town, but it would also potentially push any remaining YPG forces to the eastern side of the Euphrates.

While Turkey has supported rebel forces fighting against Assad, it has never come into direct conflict with the Syrian military, and U.S. officials believe it would far rather have the Syrian government in charge of Manbij than the Kurds. There are hopes that Moscow, which has been simultaneously working to improve relations with Turkey, can help persuade Erdogan to back off.

What the Americans manifestly do not want to see happen is the creation of a new military front and potential conflagration around Manbij that would drain both attention and resources away from plans for Raqqa. With the city believed to be the center of Islamic State planning for overseas attacks, the offensive is seen as urgent and has already been delayed from original plans to begin in February.

In his final days in office, former president Barack Obama approved plans to send two or three Apache attack helicopters to the Syrian theater but deferred approval of arming the Kurds as part of the SDF. Rather than moving immediately on the plan already in place, Trump at the end of January ordered the Pentagon to draw up new options by the end of February.

With the only real alternative being to use U.S. ground troops against Raqqa, Defense Secretary Jim Mattis has stuck with the basic outline of the plan drawn up under Obama, officials said. The combined Syrian Arab-Kurdish force, now numbering more than 50,000, has moved steadily to within less than six miles of the outskirts of Raqqa in an isolation phase that is expected to be completed in the coming weeks.

Even if Turkey does direct its forces south toward Raqqa, the hope is that the difficult terrain they would have to travel would prevent them from reaching there until after the offensive is well underway.

Rather than a wholesale revision, the new proposal calls for increased U.S. participation, with more personnel and equipment and less-restrictive rules. As they have in support of the Iraqi military in Mosul, U.S. fixed-wing aircraft and attack helicopters would actively back the ground force. U.S. owned and operated artillery would be moved into Syria to pound the militants from afar, while more Special Operations troops would move closer to the front lines — requiring more U.S. military assets to protect them.

The SDF — both Kurds and Arabs — would be supplied with weaponry along with vehicles and equipment to travel through and disarm what are expected to be extensive minefields and other improvised explosive devices along the way.

Trump's executive order also directed the Pentagon to recommend changes to Obama administration restrictions on military rules of engagement that went beyond those required by international law. Principal among them is an Obama executive order, signed last summer, imposing strict rules to avoid civilian casualties. It is not known whether the new military proposal would lift those restrictions.

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High hopes, deep fears – and speaking out against the refugee ban

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Fear of authoritarianism pervades Koch network seminar, as billionaire donors grapple with Trump

Mark Holden, general counsel for Koch Industries, chats with his boss Charles Koch. (Nikki Kahn/The Washington Post)

BY JAMES HOHMANN  
with Breanne Deppisch

#### THE BIG IDEA:

INDIAN WELLS, Calif.—Charles Murray, the political scientist best known for his book “The Bell Curve,” spoke Sunday afternoon to 550 donors who have each agreed to give at least \$100,000 a year to finance the conservative Koch network. He painted a pessimistic picture of decaying institutions, growing dependency on government assistance and the increasing isolation of the rich from the rest of society.

“Completely apart from the individual person of the president, I think we see an environment that is fertile for authoritarianism in the United States now,” he told some of the country’s most affluent business leaders, as they sipped lemonade and ate salad at a desert resort outside Palm Springs.

“As recently as 1960, both the left and the right were united in general support for what was called the American creed. The American creed was the basics of individualism and freedom and opportunity,” Murray explained. “And what we discovered last year was that the proportion of the American electorate on the right that is still devoted to those American creedal principles is way smaller than I thought it was. I’m not talking about how many doctrinaire libertarians there are. I’m talking about the degree to which people buy into what we’ve always considered, ‘This is what America is all about.’”

During a panel discussion later in the afternoon, billionaire industrialist Charles Koch – who has been convening these twice-annual seminars since 2003 – reiterated Murray’s point. “We have a tremendous danger because we can go the authoritarian route,” he said, “or we can move toward a free and open society.”

Koch, who has become a household name over the past few years, was not referring specifically to Trump. But he and others at the three-day conference, which continues until tonight, have warned in stark terms that the “disenchantment” which allowed Trump to become president shows how fragile freedom is in this country. “There’s some that like Trump. There’s some that like Bernie Sanders. But they didn’t like the status quo,” Koch said. “The struggle between opportunity and humanity and control and stagnation is eternal. We can never rest.”

President Trump speaks during a breakfast with small business leaders in the Roosevelt Room the White House this morning. (Jabin Botsford/The Washington Post)

-- The comments come at a surreal moment for the Koch network. On the one hand, it has never been more powerful. Republicans have unified control of government, and no one else has invested more money since the start of this decade to make that happen. Some of their biggest dreams could soon become reality: repealing the Affordable Care Act, rolling back environmental regulations, overhauling the tax code, moving the Supreme Court to the right.

But the network, and the Koch brothers, didn’t support Trump. Several of Trump’s priorities are anathema to them. Yesterday the network, in its first formal break with Trump since the election, criticized his travel ban on some refugees and immigrants, calling it “the wrong approach.” Many here are alarmed that Trump is targeting individual companies, they’re nervous about new tariffs and they don’t like the idea of a big infrastructure package.

Matea Gold and I take a deep look at how the Kochs are recalibrating for the new era in a piece that just posted. We write about how the mixed emotions foreshadow a provocative role for the network in the age of Trump — as a potent resistance movement within the GOP, well-positioned to fight the president and his allies on Capitol Hill when they push policies that run counter to the group’s libertarian credo. But they’re also happy to back him up when he’s on the same page.

In the next two years, the network aims to spend \$300 million to \$400 million on policy and political campaigns — up from \$250 million during the 2016 elections. The plan is to continue building an operation that has 1,600 staffers and thousands of activists spread across 36 states. (Read my story with Matea here.)

George W. Bush arrives for Trump's inauguration. (John Angelillo/EPA/Pool)

-- The network is accustomed to taking on a Republican president. Koch convened his first seminar in 2003, partly driven by frustration with George W. Bush. Brian Hooks, the president of the Charles Koch Foundation, argued last night that Barack Obama’s presidency was only possible because Bush failed to govern effectively.

“Mike Pence, as a congressman, made a video with us. In it, he warns: ‘Beware unified government under either party,’” Hooks told the assembled donors. “When Pence was making that video with us, he was talking about the squandered opportunity of the 2000s. Frankly the promises of limited government and good reforms like tax cuts were overshadowed by the spending and regulatory policies that grew the size and scope of government by 60 percent. .. I’m not here to pick on the Bush people. I just want to tell you the truth. Policies like Medicare Part D, the steel tariffs and No Child Left Behind didn’t help people to improve their lives...

“Barack Obama was an extreme reaction away from the status quo of 2008,” Hooks continued. “Still frustrated, the American people have voted for change again. Donald Trump has made it very clear that’s what he’s offering. Many of the people who voted for President Trump also voted for Obama.”



Hooks, who is co-chairing the seminar, cautioned donors that Trump, too, could lead to a massive backlash. “If things don’t get better, then we should expect history to repeat itself,” he said. “We should expect that the political pendulum will swing with even more force to the other direction the next time. With people even further to the left than Bernie Sanders and Elizabeth Warren! There are people right now who are prepared for the next four years to be a failure, people who cannot wait to be there to address the frustrated American people and introduce them to their own vision of radical hope and change. So the stakes are extremely high.”

Welcome to the Daily 202, PowerPost's morning newsletter.  
With contributions from Elise Viebeck (@eliseviebeck).

Sign up to receive the newsletter.

#### WHILE YOU WERE SLEEPING:

-- Trump blamed Delta Airlines for this weekend's chaos and confusion:

Delta's problems occurred Sunday evening, nearly two full days after Trump signed his order. The airline told Mark Berman that its IT systems went down at 6:30 p.m. on Sunday, causing Delta to cancel 170 flights on Sunday evening and another 80 flights on Monday. The airline's systems were restored after a few hours and all systems were back to normal after midnight, according to Delta.

-- POTUS also said he will reveal his Supreme Court nominee tomorrow night:

#### What we know about the Quebec City mosque attack

-- Gunmen attacked a suburban Quebec City mosque as worshipers were finishing their prayers Sunday night, killing six people and wounding 19 others, five of them critically — a horrific assault that government officials immediately labeled a terrorist act. A spokeswoman for the Sûreté du Québec, the Quebec provincial police, said that two suspects had been arrested. Authorities say they do not believe at this time that others were directly involved in the attack at the Quebec Islamic Cultural Center. Police provided no possible motive as they launched their investigation. But government officials wasted no time calling it an act of terrorism. (Read our team coverage.)

#### Flashback:

-- A federal judge ordered U.S. authorities last night to try to return to this country an Iranian man who was flown back to Dubai as a result of Trump’s executive order. Matt Zapotosky reports: “Ali Khoshbakhti Vayeghan had sued to stop his removal from the U.S., but before the court could rule, he was put on a flight to Dubai as part of a plan to get him back to Iran, according to an order from U.S. District Judge Dolly M. Gee. Gee ordered U.S. authorities to bring Vayeghan back to this country ... declaring that Vayeghan had ‘demonstrated a strong likelihood of success in establishing that removal violates the Establishment Clause, the Immigration and Nationality Act, and his rights to Equal Protection.’ While other courts have blocked the enforcement of Trump’s ban on those from certain countries who actually made their way to U.S. airports, Gee’s order is notable in that it further commands officials to return someone who already had been removed. When and whether that will

happen remains unclear.”

\*Hundreds of lawyers descended on U.S. airports this weekend to offer free legal assistance to travelers and family members of those affected by Trump’s order. Elise Viebeck and Michael Laris report: “By Saturday afternoon, arrival terminals in airports from Dulles, Va., to Chicago to San Francisco were being turned into makeshift hubs for legal aid. Lawyers assembled conference-style tables in restaurants and gathered around electrical outlets with their laptops awaiting work. Some held signs near arrivals gates introducing themselves to families in need. Social justice groups also circulated calls for help. “There’s been a call for LEGAL support at #JFK airport,” the New York City chapter of Black Lives Matter tweeted ... ‘If you’re a lawyer folks on the ground are requesting you.’ Soon, lawyers had set up a base outside the terminal’s Central Diner restaurant.”

\*Trump’s order, parts of which have already been put on hold by U.S. judges, is likely to face a spate of fresh legal challenges about whether it violates the Constitution and a 1965 anti-discrimination law. Michael Kranish and Robert Barnes preview: “Four federal judges have put various holds on the ban, and other courts are expected to consider similar stays. The wording of Trump’s order in particular may expose it to legal challenges, experts said. It cites the need to protect the nation against a terrorist act such as those occurring on Sept. 11, 2001 — even though the terrorists involved in that attack did not come from the seven nations cited in Trump’s order, a fact that legal advocates are likely to cite in their challenges.” Trump also may have encouraged legal challenges by suggesting in press interviews that he would prioritize Christians.

-- Air France blocked 15 passengers from Muslim countries from traveling to the U.S. overnight because they would have been refused entry under the new immigration ban. “An airline spokeswoman said Monday that the passengers were taken back to their point of departure or otherwise taken care of,” the AP reports.

-- During the Screen Actors Guild Awards last night, the majority of celebrities on stage spoke out in some way against Trump’s order on immigration. Emily Yahr rounds up quotes, from Julia Louis-Dreyfus to William H. Macy and Bryan Cranston.

#### GET SMART FAST:

1.A U.S. Special Operations service member died of injuries suffered during a Saturday raid against al-Qaeda militants in Yemen. Three other American troops, members of a Navy SEAL unit, were wounded in the operation against al-Qaeda in the Arabian Peninsula. The incident marks the first time a U.S. military member has died in combat since Trump assumed the presidency. (Missy Ryan, Sudarsan Raghavan and Thomas Gibbons-Neff)

2.Several U.S. law enforcement agency field offices are at risk of being hacked because they are located in foreign-owned buildings without even knowing it, according to a new GAO report slated to be released later today. It reveals that a number of offices in the U.S. – occupied by the FBI, Homeland Security, the Secret Service and the DEA – are potentially vulnerable to espionage. (CNN)

3.Italy has opened an investigation after a 22-year-old Gambian man began drowning in Venice’s Grand Canal – and onlookers, rather than attempting to intervene, simply laughed and filmed his death. “Go on, go back where you came from,” one man can be heard yelling in the footage. “Africa!” shouts another. “He is stupid. He wants to die.” The now-viral video is a bleak reminder of just how deep tensions run between locals and migrants in parts of Europe. (Amanda Erickson)

4.A father and son who went on trial last week for sexually abusing multiple children in their home -- and who used the Bible as their only defense in the courtroom -- have been sent to prison for the rest of their lives. In sentencing them, the judge delivered a scathing rebuke of their decision to “[distort] the word of God for [their] own evil purposes.” (Kristine Guerra)

5.Underwhelmed by the taste of grocery store tomatoes? If so, you’re not alone – and scientists may be able to help. They’ve dedicated more than a decade of research to identifying the chemical compounds responsible for giving the fruit its taste -- and have a genetic fix that may be capable of drastically ramping up its flavor. (New York Times)

## WEEK TWO IN TRUMP'S AMERICA:

Stephen Bannon's White House role expands amid immigration turmoil

### AS OF NOW, STEVE BANNON IS IN CONTROL AT THE WHITE HOUSE:

-- Questions continue to multiply over Bannon getting a seat on the National Security Council – something no previous president has ever bestowed on a political adviser. Karen DeYoung reports: “The same directive appeared to downgrade the status of the chairman of the Joint Chiefs of Staff and the director of national intelligence — the president’s senior intelligence and military advisers under statute — by limiting their attendance to some meetings. A senior NSC official said Sunday that negative interpretations of both measures misunderstood both the intention and the effect of a directive whose overall aim was to make policy formation more inclusive and more efficient. Bannon ‘is a trusted adviser,’ said the official. ... Trump sees Bannon as a generational peer who shares his anti-establishment instincts and confrontational style. According to several people familiar with their relationship, Bannon has cultivated a rapport with Trump over security issues in recent months, and impressed Trump with his grasp of policy in talks they have held together with top intelligence and military officials.”

-- The whirlwind first week of Trump’s presidency had “all the bravura hallmarks of a [Steve Bannon] production,” the New York Times’ Maggie Haberman and Glenn Thrush write. “It is a startling elevation of a political adviser, to a status alongside the secretaries of state and defense ... But his stated preference for blowing things up — as opposed to putting them back together — may not translate to his new role ... People close to Mr. Bannon said he is not accumulating power for power’s sake, but is instead helping to fill a staff leadership vacuum created, in part, by Michael Flynn’s stumbling performance as national security adviser. Mr. Flynn still communicates with Mr. Trump frequently, and his staff has been assembling a version of the Presidential Daily Briefing for Mr. Trump, truncated but comprehensive, to be the president’s main source of national security information.”

-- Former White House officials in both parties are shocked by the move: “The last place you want to put somebody who worries about politics is in a room where they’re talking about national security,” said former CIA director Leon Panetta. That opinion was shared by George W. Bush’s chief of staff, Josh Bolten, who barred Karl Rove from NSC meetings: A president’s decisions made with those advisers, he told a conference audience last year, “involve life and death for the people in uniform” and should “not be tainted by any political decisions.”

-- Michael Flynn’s son, a former top aide, appears to have deleted his Twitter account after he twice referred to Trump’s executive order as a “Muslim ban” and called it a “necessary” step. He was first called out on the language by CNN’s Jake Tapper, who noted it broke with the White House’s official line. (Talking Points Memo)

-- David J. Rothkopf, CEO of the Foreign Policy Group, calls the move dangerous: “First, he essentially demoted the highest-ranking military officer in the United States, the chairman of the Joint Chiefs of Staff, and the highest-ranking intelligence officer. ... Hard as it is to imagine any situation in which their views would not add value, this demotion is even harder to countenance given the threats the United States currently faces and the frayed state of the president’s relations with the intelligence community. A president who has no national security experience and can use all the advice he can get has decided to limit the input he receives from two of the most important advisers any president could have. Worse still, it is a sign of other problems to come. ... Moreover, elevating Bannon is a sign that there will be more than one senior official in Trump’s inner circle with top-level national security responsibility, an arrangement nearly certain to create confusion going forward.”

As Trump team defends travel ban, lawmakers raise strong concerns

## CHAOS AND CONFUSION OVER IMMIGRATION EXECUTIVE ORDER:

-- Even as administration officials tried to clarify the reach of Trump's action — 'This is not a Muslim ban,' the president said in a statement — the exact limits of its scope and legal questions over its constitutionality remained unresolved. So did the question of whether the administration would comply with orders from federal judges to temporarily halt the travel ban. Brady Dennis and Jerry Markon report: "The president reiterated that the country would resume issuing visas to all countries 'once we are sure we have reviewed and implemented the most secure policies over the next 90 days.' Still, barely 48 hours after Trump issued his order, confusion reigned over its reach and its implementation."

Meanwhile, some Trump officials appeared on Sunday to walk back one of the most controversial elements of the action: its impact on green-card holders, who are permanent legal residents of the United States. "As far as green-card holders going forward, it doesn't affect them,' Trump's chief of staff, Reince Priebus, said on NBC News' 'Meet the Press,' contradicting what government officials had said only a day earlier. In a separate statement, Homeland Security Secretary John F. Kelly was less definitive, suggesting that green-card holders' status would help them gain entry to the country but that they nonetheless would be subject to a 'case-by-case' review. Meanwhile, Kelly's department indicated separately Sunday that it would continue to implement Trump's directive, even as it said it 'will comply with judicial orders' issued by federal judges over the weekend, blocking enforcement of the ban to varying degrees."

-- The White House organized a briefing last night with two senior administration officials who agreed to explain the president's executive order — but only on the condition of anonymity. Jenna Johnson reports: "Their overarching message: Everything is going exactly according to plan, nothing has changed since the order was signed, and the news media need to calm down their 'false, misleading, inaccurate, hyperventilating' coverage of the 'fractional, marginal, minuscule percentage' of international travelers who have been simply 'set aside for further questioning' for a couple hours on their way into the greatest country in the world. 'It really is a massive success story in terms of implementation on every single level,' the administration official said at one point."

The official claimed that the White House has provided clear instructions from the beginning on how green-card holders should navigate the system, telling reporters they are "exempt" from the new restrictions. A reporter jumped in: "That's different from what you said when we were in here yesterday, right?" "No," the senior administration official said. "Do you want me to pull the quote?" the reporter said. "You can do whatever you want," the official said. Then another reporter asked the senior White House official to respond to Foreign Relations Committee Chairman Bob Corker (R-Tenn.), who said in a statement Sunday that the executive order "has been poorly implemented, especially with respect to green card holders." The senior administration official said the senator presumably misunderstands the order. "He might have read one of CNN's stories," the senior administration official said. "And, for that, the only responsible party would be CNN."

-- The DHS secretary was kept out of the loop. From the New York Times' Michael D. Shear and Ron Nixon: "As President Trump signed a sweeping executive order on Friday, shutting the borders to refugees and others from seven largely Muslim countries, the secretary of homeland security was on a White House conference call getting his first full briefing on the global shift in policy. Gen. John F. Kelly, the secretary of homeland security, had dialed in from a Coast Guard plane as he headed back to Washington from Miami. Along with other top officials, he needed guidance from the White House, which had not asked his department for a legal review of the order. Halfway into the briefing, someone on the call looked up at a television in his office. 'The president is signing the executive order that we're discussing,' the official said, stunned."

-- The travel ban was something of a secret, even among members of Trump's own inner-circle. From The Wall Street Journal's Peter Nicholas, Damian Paletta and Devlin Barrett: "They kept the circle tight as the work stretched from the campaign to the transition and then the White House. If word seeped out, they said, terrorists would enter the country before the new barriers were in place. There was

another benefit of staying mum: It would keep opponents guessing about precisely what the incoming president had in mind. [Meanwhile,] many immigration officials critical to the implementation of the order were in the dark about the particulars of the policy up until they were called on to enforce it ... [And] senior officials at Customs and Border Protection and agents working at airports were left with key questions unanswered when they began detaining people at the airports on Saturday.”

-- Trump defended the secrecy this morning:

#### THE DIPLOMATIC FALLOUT:

-- Jihadist groups celebrated the decision on Sunday, saying the new policy validates their claim that the U.S. is “at war” with Islam. Joby Warrick reports: “Comments posted to pro-Islamic State social media accounts predicted that [Trump’s] executive order would persuade American Muslims to side with the extremists. One posting hailed the U.S. president as ‘the best caller to Islam,’ while others predicted that Trump would soon launch a new war in the Middle East. Several postings suggested that Trump was fulfilling the predictions of Anwar al-Awlaki, the American born al-Qaeda leader and preacher who famously said that the ‘West would eventually turn against its Muslim citizens.’”

-- “Though cast as measures meant to make the country safe, the Trump administration’s moves during its first week in office are more likely to weaken the counterterrorism defenses the United States has erected over the past 16 years,” senior U.S. officials and other experts tell Greg Miller and Missy Ryan: “Through inflammatory rhetoric and hastily drawn executive orders, the administration has alienated allies, including Iraq, provided propaganda fodder to terrorist networks that frequently portray U.S. involvement in the Middle East as a religious crusade, and endangered critical cooperation from often-hidden U.S. partners — whether the leader of a mosque in an American suburb or the head of a Middle East intelligence service. Already, supporters of the Islamic State ... quickly claimed the travel ban as a victory. [And] those who study extremism fear that the sense of belonging among U.S. Muslims may begin to fray, increasing the likelihood that a U.S. citizen or resident becomes radicalized, and complicates the already-difficult task for the FBI and local authorities to cultivate relationships with Muslim community leaders.”

-- German Chancellor Angela Merkel criticized Trump’s directive and reminded him in a phone call of the Geneva Convention policy regarding refugees. “The ... refugee convention requires the international community to take in war refugees on humanitarian grounds,” a spokesman for Merkel said on Sunday. “All signatory states are obligated to do. The German government explained this policy in their call yesterday.” Seibert said the German government would examine what consequences the ban would have for German citizens with dual citizenship, and would “represent their interests, if necessary, before our American partners”. (The Guardian)

-- “The Iranian government thrives on isolating its population and choking off criticism,” Hadi Ghaemi, who directs the Campaign for Human Rights in Iran, writes in a Post op-ed. “But Iran’s young population has been striving to break free of this isolation. In Iran, public opinion of the United States is much more favorable than in any other country in the Middle East and North Africa. By excluding all Iranians, Trump is only making it harder for the most promising elements of Iranian society to stand up to their repressive system and change their country for the better. This policy will extend the Islamic republic’s longevity, disrupt the lives of 1.5 million Iranian Americans and fan the flames of anti-Americanism in the region. None of these developments will help secure our country from terrorism.”

-- The White House said Trump brought up the idea of building “safe zones” in Syria during calls with the leaders of Saudi Arabia and Abu Dhabi on Sunday – mentioning a concept that appeared in early drafts of the executive order barring Syrian refugees from resettling in the U.S., but did not appear in the final version that was released on Friday. Jenna Johnson reports: Trump had campaigned last year on creating “safe zones” in Syria and then forcing wealthy Persian Gulf nations, such as Saudi Arabia, to foot the bill. “We’re not gonna put up money,” he said in August. “We’re gonna lead it, and we’ll do a

great a job. But we're gonna get the Gulf states to put up the money." In a White House statement released Sunday, officials made no mention of who will fund the safe zones.

Protest erupts in Washington against refugee ban

#### THE RESISTANCE:

-- The ACLU says it has received more than \$24 million in online donations this weekend – a total that supersedes its annual online donations by six times. As of Monday morning, 356,306 people have donated, a spokesman said. (Katie Mettler)

-- Thousands of protesters gathered in major cities across the country to demonstrate against Trump's immigration ban, massing in New York, Philadelphia, Boston and Atlanta, as well as airports in dozens of cities. Michael Laris and Michael Alison Chandler report: "In Washington, swarms of protesters had amassed in front of the White House by 1 p.m. The crowd proceeded to the nearby Trump International Hotel and Capitol building and later made its way back toward the White House, shutting down Pennsylvania Avenue. The tone vacillated between forceful and unifying, as protesters alternately chanted 'Shame!' and partook in renditions of 'America the Beautiful' and 'This Land is Your Land.' By evening, an impromptu Catholic Mass brought hundreds more to bordering Lafayette Square to resist Trump's order." Among the protesters was the mother of a five-year-old boy who was detained for several hours at Dulles Airport after returning from Istanbul on Saturday night.

-- "In Donald Trump's America, there may be no more weekends — just an incessant cycle of shocks, of actions and reactions," Dan Zak and Monica Hesse write. "For the second weekend in a row, Friday to Sunday was wall to wall with resistance and outrage. On Saturday, protesters began heading to the airports to welcome international travelers ... On Sunday, thousands pushed peacefully against the fences around the White House in protest of Trump's order. The signs spelled out embarrassment and resolve — and a cheeky self-awareness that only Washington can muster. 'DEATH TO FASCISM.' 'PROTEST IS THE NEW BRUNCH.' You were out drinking, or at home playing Cards Against Humanity, when suddenly you were wondering how many Syrian refugees you could hide in your basement. Or how many hours you could drive for a protest. Either way, this weekend didn't feel like a drill. This was no longer, 'What would you do if?' Something profound was happening, under the auspices of "extreme vetting." It felt like time to figure out what kind of person you were, or would become."

Schumer tears up while addressing Trump's travel ban

#### THE DEMOCRATS FIGHT BACK:

-- Democrats are launching a full-scale opposition push against Trump's executive order. David Weigel and Ed O'Keefe report: "On Sunday, [Sen. Chuck Schumer] fought back tears as he announced that Democrats would introduce legislation to stop the order. And in an interview, Sen. Chris Murphy said he would introduce legislation to overturn Trump's order by forcing him to comply with the 1965 Immigration and Nationality Act ... 'I think ultimately this ban will be struck down by the courts, but we need to put legislation on the table that Republicans could support that overturns the ban,' Murphy said. '[The president] clearly campaigned on this ban, but the fact that he put no thought into how it was drafted or how it would be implemented is incredibly dangerous.'"

"Schumer and Democrats are eager to move quickly because they believe they have a rare opportunity to ride a wave of GOP opposition to Trump's moves. At his news conference, Schumer said he believed legislation could easily move through the Senate given the growing opposition from key Republicans ... Meanwhile, lawmakers were also exploring options to hold more public events drawing attention to Trump's orders, seeking to tap into the anger and opposition that drove millions of protesters to the streets last week.

People protest at Dulles. (Astrid Riecken/For The Washington Post)

#### THE REPUBLICAN BACKLASH INTENSIFIES:

-- Former Bush adviser Eliot A. Cohen says the first week of Trump's presidency has been a "clarifying moment in American history": "For the community of conservative thinkers and experts, and more importantly, conservative politicians, this is a testing time," he writes in an op-ed for The Atlantic. "Either you stand up for your principles and for what you know is decent behavior, or you go down, if not now, then years from now, as a coward or opportunist. Your reputation will never recover, nor should it. Rifts are opening up among friends that will not be healed. The conservative movement of Ronald Reagan and Jack Kemp, of William F. Buckley and Irving Kristol, was always heterogeneous, but it more or less hung together. No more. New currents of thought, new alliances, new political configurations will emerge. The biggest split will be between those who draw a line and the power-sick—whose longing to have access to power, or influence it, or indeed to wield it themselves—causes them to fatally compromise their values. For many more it will be a split between those obsessed with anxiety, hatred, and resentment, and those who can hear Lincoln's call to the better angels of our nature, whose America is not replete with carnage, but a city on a hill."

-- A number of Republican lawmakers joined all Democrats in speaking out against the order. Here are a few of the most prominent voices: (The Fix's Aaron Blake has a complete list here.)

Republican Sens. John McCain and Lindsey Graham slammed Trump's executive order, saying in a joint statement that they fear his directive "will become a self-inflicted wound in the fight against terrorism" and "may do more to help terrorist recruitment than improve our security." "We are particularly concerned by reports that this order went into effect with little to no consultation with the Departments of State, Defense, Justice, and Homeland Security," they said. "Our government has a responsibility to defend our borders, but we must do so in a way that makes us safer ... It is clear from the confusion at our airports across the nation that President Trump's executive order was not properly vetted." (Kelsey Snell)

Senate Foreign Relations Committee chairman Bob Corker called for the administration to make revisions to the order: "We all share a desire to protect the American people, but this executive order has been poorly implemented, especially with respect to green card holders," he said. "The administration should immediately make appropriate revisions, and it is my hope that following a thorough review and implementation of security enhancements that many of these programs will be improved and reinstated."

Sen. Jeff Flake came out against the measure Saturday evening, saying in a Medium post that the administration is right to be concerned about national security but objected to the measure for broadly blocking those who already have gone through the immigration process. "It's unacceptable when even legal permanent residents are being detained or turned away ..." he wrote. "Enhancing long term national security requires that we have a clear-eyed view of radical Islamic terrorism without ascribing radical Islamic terrorist views to all Muslims."

Sen. Ben Sasse said the order is too broad: "If we send a signal to the Middle East that the U.S. sees all Muslims as jihadis, the terrorist recruiters win by telling kids that America is banning Muslims and that this is America versus one religion," Sasse said. "Our generational fight against jihadism requires wisdom."

"We generally support additional vetting for many of those entering our country from nations where the United States has identified there are serious concerns regarding terrorist activities and planning," Sens. Marco Rubio and Tim Scott said in a joint statement on Sunday. "But given the broad scope and nature of these policy changes, we have some unanswered questions and concerns. We are seeking

clarity on the changes to the Visa Waiver program, which is critical to the economies of our respective states.”

-- A trio of Republican senators who occupy prominent positions on Capitol Hill expressed concern Sunday afternoon — commenting on Trump’s move two days after the fact and in the wake of an explosive public outcry. From Sean Sullivan: “In separate written statements, National Republican Senatorial Committee Chairman Cory Gardner (Colo.), Foreign Relations Committee Chairman Bob Corker (Tenn.), and Health, Education, Labor and Pensions Chairman Lamar Alexander (Tenn.) said the order is too far-reaching and decried its effect on some legal U.S. residents. ... With their statements, Gardner, Alexander and Corker offered more direct criticism than a pair of top Senate Republicans: Majority Leader Mitch McConnell (Ky.) and Republican Policy Committee Chairman John Barrasso (Wyo.). In an interview broadcast Sunday morning on ABC’s ‘This Week,’ McConnell said he is ‘opposed to a religious test.’ But he added: ‘The courts are going to determine whether this is too broad.’ ... Barrasso issued a written statement largely echoing McConnell. ... Even as more Republican lawmakers started to opine on Trump’s order Sunday, many have remained silent on the matter.”

-- Ohio Gov. John Kasich criticized the immigration order as “ham-handed,” saying that while Trump has “a right” to be concerned about immigrants, he and his aides did not prepare properly for the rollout or its aftermath. “Frankly, when I look at this, I think he was ill-served by his staff,” Kasich told Robert Costa in an interview. “If I were the president, I’d be very upset with the staff — that they didn’t say, ‘Hey, wait hold on a second.’ Because that’s what executives do. They have people around them that help them to understand, ‘Hey, your message is fine, but here is what’s going to come from it.’”

A young girl dances with an American flag in baggage claim while women pray behind her during a protest at DFW. (Laura Buckman/Reuters)

#### THE MORAL DIMENSION:

-- “With immigration in spotlight, congregations hear messages of inclusion,” by Julie Zauzmer and Sarah Pulliam Bailey: “The liturgy read in churches across America on Sunday said: ‘Blessed are those who are persecuted.’ What clergy said in many pulpits, reacting to President Trump’s most recent executive order: ‘Blessed are the refugees.’ ... Clergy across the nation scrapped earlier sermons to build on the lesson and urge parishioners to stand up for what they see as a biblical call to care for ‘the stranger.’ But at some conservative churches, pastors and parishioners also voiced concerns about how to balance welcoming the stranger with preserving American security. ... In Roswell, Ga., the Rev. Eric Lee ... [said] followers of Jesus ‘can’t just turn away and say I don’t care, or it’s not my problem.’ ‘Are we willing to take risks on behalf of our faith?’ he asked. ‘Because practicing intentional, even radical hospitality toward strangers is inherent to the Christian ethic.’”

A young girl holds a sign in support of Muslim family members as people protest against Trump's executive order at LAX. (Reuters/Patrick T. Fallon)

#### THE HUMAN FALLOUT:

Here are just a few of the people impacted by Trump’s order:

-- “In Turkey, a Syrian American woman worried that if she tried to enter the U.S. with her Syrian



refugee husband, he could be deported back to Syria,” Sudarsan Raghavan reports. “In Moscow, a young Yemeni Russian man said he was denied a U.S. student visa because U.S. officials deemed he was more Yemeni than Russian. And in Kenya, a young Somali refugee scheduled to fly to the United States on Monday to launch a new life was informed that his trip was canceled. And so, on the second day after President Trump signed his executive order banning visas to nationals of seven Muslim-majority countries, the fallout continues, permeating through the lives of countless people around the globe. ‘I felt the world turning around and I felt crushed,’ said Jameel Almaqtari, 23 ... after his hope of getting an American education was denied ... ‘I feel a great sense of oppression and injustice. It was always my dream to go to the U.S.’”

-- Mo Farah, a Portland-based runner who was knighted for his track success, and who is currently training in Ethiopia, said in a Facebook statement that Trump “seems to have made me an alien.” “I am a British citizen who has lived in America for the past six years — working hard, contributing to society, paying my taxes and bringing up our four children in the place they now call home,” he said. “It’s deeply troubling that I will have to tell my children that Daddy might not be able to come home ...” (Cindy Boren)

-- The wife of a successful California business owner, who is studying at the San Francisco Academy of Art, has been unable to return to the U.S. after visiting her family on a short trip to Iran. She holds a green card but was told by multiple airlines that she could not board a flight back to America. (Steve Hendrix)

-- A family of refugees, who were torn apart three months ago in their admittance to the United States. The parents and youngest children have been resettled in Michigan, while the oldest daughter and her husband are stuck in Turkey – now indefinitely. They are expecting their first child and money is growing tight. (Steve Friess and William Wan)

-- A Somali refugee who has lived in a house made of sticks and plastic tarp since 2009. On Friday morning, he was told his 20-year application for resettlement in the U.S. had been accepted, and his flight to Ohio had been booked. “It was news that changed our lives,” he said. “I gave up my heart to the U.S.” Hours later, his life was changed once more. (Kevin Sieff)

-- An Iraqi father who formerly worked for the U.S., and his family of five. They were excitedly traveling to America to start a new life when Trump’s ban went into effect, and they were told they would have to return to Iraq. “The family had sold their house, their car and all their possessions to aid them in their new life,” Sudarsan Raghavan reports. “The children were pulled out of their schools. [Fuad] Sharef quit his well-paying job at a pharmaceutical company. Also down the drain is their sense of security[:] Sharef once worked for a U.S. government subcontractor in post-invasion Iraq as a translator and a program manager. He got his visas, after two years of vetting, through a special U.S. resettlement program for Iraqi employees of the American government. Working for Americans was filled with perils, he said. He and other colleagues faced death threats; he knew co-workers who were kidnapped or killed. ‘Donald Trump destroyed my life,’ Sharef said. ‘How can he do this to people who risked their lives to help America?’”

‘They wouldn’t let me in to see my sick mother’

-- A Syrian woman who was traveling to the U.S. to care for her hospitalized 76-year-old mother. She was turned away after her flight landed in Chicago on Saturday. “I can’t describe to you how I felt — the disrespect for humanity, I am here to visit my sick mother,” the woman, a first-grade teacher, said in a video. “There is no good reason for me to not be able to enter. It’s a feeling of utter despair.” (Reem Akkad and Sarah Larimer)

#### THE CORPORATE FALLOUT:

-- Technology companies quickly reacted to Trump’s executive order this weekend: Ride-hailing

company Lyft has pledged to donate \$1 million to the ACLU, while Airbnb says it will provide free housing to those affected by the ban. And in both internal and public statements, leaders of Apple, Alphabet and Facebook all expressed concern for their employees while also criticizing Trump's executive order. (Brian Fung and Herman Wong)

-- Starbucks CEO Howard Schultz sought to assuage fears over Trump's immigration ban, telling employees in a Sunday letter that the chain will look to hire 10,000 refugees in its stores around the globe, including some who have aided the U.S. military. (Fortune)

-- Google announced the creation of a \$4 million crisis fund to help the immigration cause. Funds will be donated to the ACLU, the Immigrant Legal Resource Center, the International Rescue Committee, and the UNHCR, USA Today reports. It is Google's largest crisis campaign ever.

-- Coincidence? The seven nations targeted by Trump share one common trait – they are places the president does not appear to have any business interests. (Rosalind S. Helderman)

#### AMATEUR HOUR IN THE WEST WING:

-- Priebus defended the White House's decision to intentionally omit any mention of Jews or anti-Semitism in a statement released on Holocaust Remembrance Day. From Abby Phillip: "In a statement on Friday, President Trump broke with the bipartisan practice of past presidents by failing to include any mention of the anti-Semitic views that fueled the Holocaust and left 6 million Jews and millions of others dead. ;|I don't regret the words,' said White House chief of staff Reince Priebus when asked to defend the statement on NBC News' 'Meet the Press' on Sunday. 'Everyone's suffering [in] the Holocaust including obviously all of the Jewish people affected and miserable genocide that occurs — it's something that we consider to be extraordinarily sad,' Priebus added. Trump's 117-word statement was issued on International Holocaust Remembrance Day, which marks the anniversary of the liberation of the Auschwitz concentration camp. What might have been seen as an oversight was confirmed by White House spokeswoman Hope Hicks to have been an intentional decision. 'Despite what the media reports, we are an incredibly inclusive group and we took into account all of those who suffered,' Hicks told CNN on Saturday."

-- Tim Kaine attacked: "This is what Holocaust denial is," the Virginia senator said on NBC. "It's either to deny that it happened or many Holocaust deniers acknowledge, 'Oh yeah people were killed, but it was a lot of innocent people; Jews weren't targets.'"

-- Conservative commentator John Podhoretz also slammed the White House in his column: "The Nazis killed an astonishing number of people in monstrous ways and targeted certain groups," he wrote. "But the Final Solution was aimed solely at the Jews. The Holocaust was about the Jews. He added: "There is no 'proud' way to offer a remembrance of the Holocaust that does not reflect that simple, awful, world-historical fact ... To universalize it to 'all those who suffered' is to scrub the Holocaust of its meaning."

-- Two influential Jewish Republican groups piled on. "Especially as a child of Holocaust survivors, I and ZOA are compelled to express our chagrin and deep pain at President Trump, in his Holocaust Remembrance Day Message, omitting any mention of anti-Semitism and the six million Jews who were targeted and murdered by the German Nazi regime and others," said Mort Klein, the national president of Zionist Organization of America. The Republican Jewish Coalition also issued a statement on the matter. (Politico)

-- Kellyanne Conway slammed the news media, suggesting that network reporters should be fired for their coverage of the Trump administration: "Who is cleaning house? Which one is going to be the first network to get rid of these people, the people who think things were just not true?" Conway asked on "Fox News Sunday." "Not one network person has been let go. Not one silly political analyst and pundit who talked smack all day long about Donald Trump has been let go," she added. "I'm too polite to mention their names, but they know who they are, and they are all wondering who will be the first to go."

The election was three months ago. None of them have been let go."

#### MORE NON-REFUGEE NEWS:

-- President Trump's newly-signed ethics rule that limits administration officials from parlaying their government posts into lobbying jobs stripped out an Obama-era provision that required public reporting of how well the administration is complying with the order, Matea Gold reports. "The deletion of the clause will make it harder for the public to determine whether the pledge is being enforced and find out how many administration appointees have been granted waivers that allow them to skirt aspects of the rules, government watchdogs said. 'There will be markedly less transparency under President Trump regarding how or whether the ethics [executive order] is being implemented,' said Karen Hobert Flynn, president of Common Cause."

-- Treasury secretary nominee Steve Mnuchin flatly denied during his confirmation hearing that his former company, OneWest, ever used "robo-signing" on mortgage documents. But a Columbus Dispatch analysis shows the bank frequently utilized the questionable practice in Ohio. In three local cases, a judge dismissed OneWest foreclosure proceedings specifically based on inaccurate robo-signings – and the Dispatch analysis found more than 1,900 OneWest foreclosures in the state's six largest counties from 2009 to 2015.

#### WAPO HIGHLIGHTS:

-- "A ship full of refugees fleeing the Nazis once begged the U.S. for entry. They were turned back," by Amy P Wang: "Nine hundred thirty-seven. That was the number of passengers aboard the SS St. Louis, a German ocean liner that set off from Hamburg on May 13, 1939. Almost all of those sailing were Jewish people, desperate to escape the Third Reich. So begins a haunting tale, one that would end tragically for hundreds of those on board ... 'Sailing so close to Florida that they could see the lights of Miami, some passengers on the St. Louis cabled [FDR] asking for refuge,' the Holocaust museum noted. 'Roosevelt never responded.' A State Department telegram stated, simply, that passengers must 'await their turns on the waiting list and qualify for and obtain immigration visas before they may be admissible into the United States.' Finally, the St. Louis returned to Europe. After more than a month at sea, the passengers disembarked in Antwerp, Belgium, where they were divided between four countries ... By the end of the Holocaust, 254 of them would be dead."

-- From the Washington Post Magazine, "The loneliest whale in the world?" by Kieran Mulvaney: "Nobody is certain because nobody has claimed to have seen it. But several people have heard it. And many more have heard of it. And what this latter group has heard about it has turned the whale into an unwitting celebrity, a cultural icon and a cipher for the feelings of many unconnected people around the globe. It is, allegedly, the Loneliest Whale in the World."

#### SOCIAL MEDIA SPEED READ:

This jab of Paul Ryan from California Lt. Gov. Gavin Newsom went viral:

The head of the Council on American-Islamic Relations posted this from outside the White House:

The scene at Dulles:

Muslims prayed at airports around the country:

Meanwhile:

From Saturday:

Ivanka Trump and hubby Jared Kushner posed before Washington's Alfafa dinner Saturday night (the president declined to attend);

Here's John McCain's tweetstorm against the ban:

Trump defended the ban in a number of tweets on Sunday:

And bashed Sens. John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) for criticizing it (their statement is below):

Many Democratic lawmakers joined the protests:

And from a Democratic senator in a state Trump won by 36 points:

And some general reaction and observations to the whirlwind of news:

From Ted Cruz's former communications director:

A reference to the fact that Job's biological dad was from Syria:

Check out this tweetstorm from former NSC Susan Rice, who noted she was tweeting in her personal capacity, about the changes Trump announced to the National Security Council:

Then there was this:

Finally, this 2011 tweet from Trump Hotels elicited some poignant responses:

#### DAYBOOK:

At the White House: Trump holds a breakfast and listening session with small business leaders, then signs an executive order. Later, he meets with Andrew Bremberg, the director of the Domestic Policy Council and staff from the National Economic Council.

On Capitol Hill: The Senate meets at 3 p.m. and resumes consideration of Tillerson's nomination for secretary of State at 5 p.m. The Senate Committee on Small Business & Entrepreneurship votes on Linda McMahon's nomination to lead the Small Business Administration, time TBA. The Senate Committee on Finance votes on Steven Mnuchin's nomination for Treasury secretary around 6 p.m.

The House meets at 2 p.m. for legislative business, with seven suspension votes postponed until 6:30 p.m.

Democrats rally against Trump's executive order at 6 p.m. in front of the Supreme Court.

#### QUOTE OF THE DAY:

“You have an extreme vetting proposal that didn’t get the vetting it should have.” – Sen. Rob Portman (R-Ohio)

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- The D.C. area got hit with some light snow last night – and there could be a bit more to come. Here’s today’s Capital Weather Gang forecast: “The heaviest snow is exiting the area just in time for the commute, but the eastern suburbs may have some visibility issues ... Roads appear to be okay in the Beltway, but watch out for slippery areas. It looks like the immediate metro got a good coating of pasty, wet snow, while areas to the south got a bit more. ... Flurries are possible this morning, even after the heaviest snow moves out, then skies partially clear for a time. But clouds build back up during the afternoon and some snow showers and flurries may zip by. Temperatures should mainly be above freezing but could fall back a bit in any heavier snow showers ... Highs range from the mid-30s to near 40.”

-- After Martin O'Malley came out for a nonpartisan redistricting commission to draw state legislative maps, former Rep. Donna Edwards (D) told him to "get a real job already."

#### VIDEOS OF THE DAY:

Jimmy Kimmel broke down all the times Trump complimented himself during his interview with ABC:

Donald Trump Says Very Nice Things About Himself

The Tonight Show spoke to real Republicans and Democrats on the street:

Jimmy Fallon Gets Real Democrats and Republicans to Find Common Ground

Jimmy Fallon debuted a new segment honoring Kellyanne Conway called "Two Truths and an Alternative Fact":

Two Truths and an Alternative Fact: Kellyanne Conway, Shake Shack

Fallon also interviewed Tom Brokaw about Trump:

Tom Brokaw Evaluates President Trump's First Week and His War on Press

Seth Meyers took a closer look at Trump's executive orders:

Trump's False Claims and Executive Orders: A Closer Look

And next steps for the women's march:

Women's March Next Steps

Finally, Conan O'Brien imagined more conversations between Trump and Obama:

Trump Is STILL Calling Obama - CONAN on TBS

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As-it-happens update · January 25, 2017

#### NEWS

Rubio pushes for student loan aid for victims of terrorism  
MarketWatch

Marco Rubio (R-Florida), reintroduced a bill earlier this month that would allow victims of terrorist attacks to pause payments on their federal student ...  
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Terrorism will disappear when violence stops being a part of human nature  
Pravda

What is modern terrorism? Is the terrorist threat going to reduce in the world against the backdrop of anti-terrorist operations in Syria? Pravda.  
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Man accused of domestic terrorism found judge's address for separate case

WRTV Indianapolis

GREENWOOD, Ind. -- The suspect in a domestic terrorism case will get a different judge for an unrelated case after prosecutors learned he had been ...  
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Trump considering order to reopen CIA prisons for terrorism suspects: Report

Washington Times

FILE - In this June 27, 2006 file photo, reviewed by a US Department of Defense official, US military guards walk within Camp Delta military-run prison, ...  
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Chinese envoy hails Pakistan's efforts to fight terrorism

Aaj Tv (press release) (blog)

Chinese Ambassador Sun Weidong here on Tuesday acknowledged and appreciated Pakistan's efforts in combating terrorism and ensuring security ...  
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Bcc: igovpio@iowa.gov <igovpio@iowa.gov>  
Subject: MORNING CLIPS 1.12.17  
Date: Thu Jan 12 2017 06:00:12 CST  
Attachments:

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## Contents

DMR: GOVERNORSHIP WON'T BE FIRST TEST FOR REYNOLDS. 1

DMR: Iowa leaders warn of teacher shortage. 7

DMR: Official: Medicaid shift not as bad as reported. 9

DMR: Supreme Court chief justice addresses cuts to funding. 10

DMR: ISU announces \$93 million gift to liberal arts, sciences. 13

DMR: Regents hire lawyers for records case. 14

DMR: Regents to hold public hearings in advance of president evaluations. 15

AP: Regent blasts response to Iowa State plane scandal 16

DMR: Fight looms over abortion law, funding. 17

DMR: Bipartisan mental health panel tackles funding issue. 19

AP: Bird flu-plagued S. Korea agrees to buy U.S. eggs. 20

AP: Marshalltown hospital sale moves forward. 21

DMR: Des Moines airport grows 5 percent in 2016. 22

DMR Editorial: Who can replace Planned Parenthood?. 22

DMR: Trump's conflicts aren't just a reality show.. 23

DMR Iowa View: Supervisors urge state: Don't take away wage increases. 25

DMR: Prosecutors seek no jail time for Sorenson. 26

LEE: Chief justice warns budget cuts may 'hinder' Iowa courts, justice. 27

Globe Gazette editorial: Voter ID overhaul unneeded. 29

Iowa Public Radio: Senate Democrat: Let Us Confirm Next Lieutenant Governor. 31

Iowa Capitol Digest: DHS believes it can absorb \$20 million in spending cuts. 32

AP: Branstad pushes new plan to defund Planned Parenthood. 33

Daily Non-Pareil Editorial: Our View: School funding deadline must remain. 35

LEE: Community college cuts could hurt workforce programs. 36

The Gazette: DHS director: Iowa Medicaid insurers paid 'fair' and 'appropriate' rates. 37

The Gazette: Iowa Board of Regents will not vote publicly to reverse meeting change. 38

The Gazette: Public input sought on new social studies standards. 40

The Gazette LTE: Downtown casino is a good fit for Cedar Rapids. 41

QC Times: Sterilite deal prompts meeting over school tax dollars. 42

RI: Iowa State University president announces multi-million dollar gift. 43

RI: Legislators say Iowa's courts operate on 'tight budget' 44

RI: Iowa Supreme Court Chief says courts need 'renewed investment' 45

REUTERS: Trump secretary of state nominee: China should be denied access to South China Sea islands, Russia sanctions should stay for now.. 46

Washington Post: Trump taps Obama official as VA secretary. 50

Governing.com: Branstad Gives Final State Address as Nation's Longest-Serving Governor. 50

REUTERS: China hikes anti-dumping duties on U.S. animal feed in final ruling. 52

POLITICO: Senate OKs budget, moves toward demise of Obamacare. 53

POLITICO: The top takeaways from Tillerson's rocky Hill performance. 54

DMR: GOVERNORSHIP WON'T BE FIRST TEST FOR REYNOLDS

When GOP lieutenant governor becomes state's first female chief executive, it'll just be latest test in lifetime full of them

JASON NOBLE

JNOBLE2@DMREG.COM

Back in 2011, Iowa Gov. Terry Branstad's plans to lead a trade mission to China and South Korea were derailed when a divided Legislature went into overtime, deadlocked on the state budget.

Branstad remained at the Capitol to broker a deal and instead sent Lt. Gov. Kim Reynolds overseas as the head of the delegation. She was at the time five months on the job — green and untested.

“She didn’t know she was going, and she didn’t have a lot of time to prepare,” Iowa Economic Development Director Debi Durham recalled. “And she was suddenly center stage at an international level.”

During nine days in China, Reynolds toured factories, made site visits, led seminars, delivered speeches and met various mayors, governors, ministers and secretaries — not to mention the vice president of China.

Six years later, that situation will replay in reverse: Branstad will soon depart Iowa on a much longer mission to China, while Reynolds will assume control at the Capitol, brokering deals and guiding policy as governor.

Reynolds, a Republican, passed that early test, but the one before her now is surely tougher. Sometime this spring, after Branstad is confirmed as the U.S. ambassador to China, she will succeed him as Iowa’s first female governor.

“She really stepped up, and I’ve seen her step up every time since,” said Durham, who traveled with Reynolds on the mission to China and later shared a work-week apartment with her in Des Moines.

Reynolds, 57, is a daughter of southern Iowa with a small-town compulsion to get involved and a perfectionist’s attention to detail. She’s a one-time college dropout with a hard-earned bachelor’s degree, and after battling alcohol addiction she’s thankful for 16 years of sobriety. She built her political career from an unlikely office in the Clarke County courthouse and honed her skills with on-the-job training from the longest-serving governor in American history.

“I started out serving a county, and then I served seven counties and now I get to serve 3.1 million Iowans,” Reynolds said. “It’s just been really, really fun to have the opportunity and honor to serve in that capacity.”

#### Southern Iowa roots

Reynolds was born Kimberly Kay Strawn in St. Charles in Madison County, and educated at I-35 schools in Truro, class of 1977. As a smalltown kid, she recalls being involved in everything at school, from the honor society to the newspaper and “every single sport imaginable.” Her father was a factory worker at John Deere’s Ankeny Works. Her grandfather worked there, too, along with several uncles and other extended family members.

When asked to describe her politics, Reynolds describes a conservatism based on notions of limited government, personal responsibility and individual initiative — a perspective she ascribes to her father. He declined to join the labor union at Deere even as his father and brothers did, she said, and he maintained a farming operation in addition to his work at the factory.

“That’s just the philosophy I grew up with,” she said. “Government serves a role, but they’re not the answer to everything. You need to have personal responsibility, and if you work hard good things can happen.”

After high school, Reynolds attended Northwest Missouri State University but did not graduate, telling the Register in 2012 that she wasn’t focused during her first foray into higher education and didn’t take it seriously. She later took classes at Southwest Community College but never earned a degree.

In 1982, Kim Strawn married Kevin Reynolds, of Medora, Ia. Now 58, Kevin Reynolds is a soil conservationist, an avid outdoorsman and a 36-year veteran of the U.S. Department of Agriculture. When asked if he would be immortalized as a doll on display in the Iowa Capitol — as all the state’s first

ladies have been — Kim Reynolds joked her husband should be depicted either in denim and flannel or hunter's camouflage.

The Reynoldses have three adult daughters and eight grandchildren, all of whom live in central and southern Iowa. Spending time with them, Kim Reynolds says, keeps her "real" and "grounded." At a press conference in the Capitol last month, Reynolds apologized to reporters that she was rushing away to get to a grandchild's Christmas play.

#### Politics as customer service

Reynolds began her career as an assistant to an independent pharmacist in Mount Pleasant. The job that sent her down the path of public service came a few years later, after her family moved to Osceola in the early 1990s.

The job? Motor vehicles clerk in the Clarke County Treasurer's Office.

Less than four years later, she was the county treasurer, winning the office after the incumbent opted against seeking reelection.

Reynolds says she never intended to get involved in elective politics, but recognized the open seat as a chance to test her ideas about improving the office's efficiency and customer service.

"I like a challenge; I'm not afraid of that," she says. "I'm a little bit competitive by nature, and I thought it could be a great opportunity to take some of those ideas and really implement them."

She was re-elected three times as the Clarke County treasurer, including twice without an opponent. Longtime Osceola real estate agent Helen Kimes got to know Reynolds during her time in the treasurer's office, and remembers her skill at serving constituents — even in the uncomfortable task of explaining a tax bill.

"She's got a tremendous strength there in communicating and relating to individuals," Kimes said.

Early in her tenure, Reynolds was selected for a leadership tour of Taiwan for young politicians. In 1996, she was appointed to the board of the Iowa Public Employees Retirement System.

She later served leadership roles in state and national county treasurers' organizations, and was named national treasurer of the year in 2004.

#### Addiction to redemption

It was during this period that Reynolds faced perhaps her biggest personal and professional challenge. She was arrested in 1999 and again in 2000 for drunken driving, and acknowledges now that she was addicted to alcohol. "Part of the problem is when you feel like you can control every aspect of your life, it's hard to understand why you can't get control of that," Reynolds said of drinking. "The fact of the matter was I couldn't. I needed help, and it just took a really devastating thing for me to realize I couldn't do it on my own." In the wake of the drunken driving incidents, Reynolds said the Osceola community rallied behind her, even bringing food to her family while she was in treatment. After the arrests, she twice won re-election as treasurer. "It just was a community that stood up and stood behind me, and I will never ever forget that," she said. Reynolds says she's "conscientious" now of her ability to be a role model for others struggling with alcoholism.

"I just hope by how I live my life every day that people can see there is another side to addiction," she said. "You can live with it and have a successful life."

It was also in Clarke County that Reynolds first gained experience with statewide policymaking, recalled David Jamison. Jamison, a former Story County treasurer who now serves in the Branstad- Reynolds

cabinet as executive director of the Iowa Finance Authority, worked closely with Reynolds when they were officeholders in the Iowa State Treasurers Association. Through that organization, Reynolds led efforts to create a statewide website for paying tax bills and lobbied to allow county treasurers' offices to issue driver's licenses, a change that expanded access in rural areas. "She's really good at capturing the information, and she's really good at reading people," Jamison said. "She's very perceptive, and she's always very engaging." Reynolds' governing style even then emphasized getting involved and digging into the details.

She describes herself as a "convener and a collaborator." Her resume — dating back to high school, it seems — is one of a compulsive joiner. Back in Clarke County, she served on the county development board and the Osceola Main Street Board. She was a member of Rotary and the Optimist Club.

"I like to be involved, and I like to be at the table," she said. "That's always been a big driver for me."

### Courthouse to the Statehouse

In 2008, after 14 years in the treasurer's office, Reynolds ran for the state Senate. She won her seven-county southern Iowa district by nearly 10 points in a strongly Democratic year to join a chamber in which Republicans held just 18 of 50 seats.

She's remembered as a student of state government who set out to interview every department head to better understand their roles and their budgets. And in a Senate dominated by Democrats, she dug in on what she knew and worked across party lines, managing bills concerning county treasurers and disaster relief.

State Sen. Pam Jochum, D-Dubuque, remembers Reynolds as a "cheery" presence in the chamber who didn't seem too hung up on political ideology. But, Jochum recalled, Reynolds was also one of three Republican women in 2009 to oppose legislation aimed at guaranteeing equal pay for women doing the same jobs as men. The bill in question was Senate File 137, which mirrored the federal Lily Ledbetter Fair Pay Act by allowing women to sue for back pay and damages when they were paid less than male coworkers in equivalent jobs. In a floor speech, Reynolds argued that the measure could burden small business with high legal costs and lead them to cut jobs. Jochum recalled sitting next to then-state Sen. Staci Appel as Reynolds and another female legislator spoke out against the bill, which did pass. "They got up and gave their case for why Republicans were not going to vote for equal pay for equal work for women," she said. "And so after I picked my jaw up off the floor, I looked at Staci and said, 'Did I hear that right? Women are getting up and saying that women who do the same work as a man should not get paid the same?'" Reynolds' legislative tenure proved to be shortlived, as after just two sessions she was tapped by Branstad to join his 2010 campaign for governor.

Branstad, in fact, was an aid and an advocate for Reynolds' career dating all the way back to the 1990s. It was Branstad, then in his first stint and fourth term as governor, who appointed Reynolds to the IPERS board in 1996. And in 1998, he backed Reynolds' bid for the GOP nomination in a special election to the state Senate, writing a letter on her behalf. (Another candidate won the nomination.)

'Just so Iowan'

Twelve years later, as Branstad geared up his campaign to retake the governor's office, his attention turned again to Reynolds. He praised her from the campaign trail in May 2010, and a month later asked her to be his lieutenant governor. From the start, he envisioned her playing a broader role than any previous lieutenant governor.

"He wanted somebody who was very energetic but had a real passion for public service and had experience," said David Roederer, the state Department of Management director who was a top aide to Branstad on the 2010 campaign. "She had run a campaign in one of the largest Senate districts in the state, and she'd had the experience in county government. She just was so Iowan."

Less than a month after elevating her from freshman state senator to gubernatorial running mate, Branstad was talking about her as a possible successor.

“We have to win this election first, but I think she’s got the ability, and I want to do what I can to mentor and encourage her,” Branstad told the Register in July 2010. “I truly think she has leadership ability to be governor someday.”

Still, the pick was seen as a calculated risk. Branstad had just emerged from a tough GOP primary against evangelical Christian activist Bob Vander Plaats, and it wasn’t immediately clear whether socially conservative voters would rally to his candidacy. Choosing Reynolds sent an unmistakable signal: Branstad was more interested in a like-minded, economy- focused partner than placating a particular constituency.

Social conservatives, in turn, attempted — unsuccessfully — to push her off the ballot during a party meeting.

It didn’t matter by November, of course. Branstad and Reynolds cruised to victory over incumbent Democrats Chet Culver and Patty Judge, and have enjoyed wide support among Iowa Republicans since.

Now, Vander Plaats says he sees Reynolds as “pretty strong” on key social conservative issues like opposition to abortion and same-sex marriage and support for government protections on religious freedom. The question, he said, is how she’ll act on those beliefs as governor.

“What are the things that she’s willing to champion, what are the things she’s willing to go to the mat on?” Vander Plaats asked. “It’s not just what will she sign — she can sign a lot of things because the Legislature passed them. But what is she really willing to do? What’s in her heart? That’s going to be revealed over the next year.”

In the governor’s office, Reynolds has played an unprecedented role as partner and confidante to the governor.

Over the last six years, she has traveled extensively with Branstad and appeared at his side for innumerable press conferences and public appearances.

The governor and his staff make clear that she plays a role in all the administration’s key decisions behind closed doors as well, from strategizing to policymaking to appointments.

“What I witnessed was an incredible partnership between her and the governor,” said Robert Haus, a Republican political operative who served as Reynolds’ chief adviser in 2015 and 2016. “She was included in every major policy decision, all the backroom, ongoing discussions and the setting of policy. She understood that it was always the governor at the head of the table. But she was always at the table.”

Bruce Rastetter, a leading Republican campaign donor and Branstad administration appointee to the Board of Regents, said he’s watched Reynolds’ leadership skills grow over the six years she’s held the office.

“Her self-confidence has grown over the past six years and is now really evident,” Rastetter said. “I’ve seen it in our interactions. She’s much more confident in her views and perspectives on things.”

Earning that ‘piece of paper’

Although it had little effect on her two-decade political ascent, one aspect of Reynolds’ resume and personal history always gnawed at her: the fact that she’d never completed her college degree. She knew her courthouse and Statehouse experience were just as valuable as anything she could do on

campus, and she heard her husband when he said it was “just a piece of paper.”

But still.

“Why is it the people who have the piece of paper always tell you you don’t need the piece of paper?” she asks. She resumed her studies in 2012, first at Upper Iowa University in West Des Moines and then at Iowa State University, taking many classes online to work around her official schedule. She graduated with a bachelor’s degree in liberal studies last month, collecting her diploma 10 days after she learned she would become governor. At the ceremony, Reynolds sat next to another nontraditional student — a 42-year-old single mom with young children.

“Every day is an opportunity for me to learn — that’s how I’ve approached life,” Reynolds said. “My message is that it’s never too late. If it’s something you want to do or if it’s important to you, go for it.”

Giving the commencement speech at the graduation ceremony was U.S. Sen. Joni Ernst, a close friend and political ally of Reynolds’ dating back to their overlapping tenures as county officials in southwest Iowa.

“I don’t know how she does it, but in between getting her degree she has also helped run this state as our lieutenant governor — and now soon, will become our first female governor,” Ernst said in her speech. “Kim, you are an inspiration and a tremendous role model.”

Education has figured heavily into Reynolds’ gubernatorial portfolio as well.

Her signature issue has been boosting student interest and achievement in STEM (science, technology, engineering and math), a policy area seen as foundational to the administration’s approach to both education and economic development.

With Reynolds as cochairwoman, the administration says its STEM advisory council has engaged more than 100,000 students in various inschool and after-school STEM education programs since 2012 and that students who have participated in those programs have scored higher on national math, science and reading tests.

The effort has also increased partnerships between schools, colleges and business, including through “externships” in which teachers embed with businesses to bring new STEM skills back to the classroom.

Next: An Iowa milestone

Also prominent in Reynolds’ gubernatorial portfolio: promoting trade. In addition to that early trade mission to China and South Korea, she has led missions to Germany, Brazil, Vietnam, the Philippines and Thailand. She met Israeli Prime Minister Benjamin Netanyahu on a trip to Israel in 2016 sponsored by the Republican Lieutenant Governors Association.

As governor, Reynolds is likely to add rural economic development as a major priority. “If Iowa is going to grow and be successful like I believe it can, we need economic opportunities in every corner of the state,” she said. “You can’t just have pockets of excellence, and we can’t just move people from southern Iowa to Des Moines. You have to make sure they have those opportunities no matter where they live.” In 2013, when U.S. Sen. Tom Harkin announced his retirement, Reynolds was mentioned as a candidate in the race to succeed him. After mulling it over for several weeks (and taking a fact-finding trip to Washington, D.C.), she opted not to run. A year later, Reynolds and Branstad won re-election to the governor’s office. Now, less than three years later, she’s poised to succeed him as governor — and become the first woman in history to hold Iowa’s highest office. Reflecting on that milestone, Reynolds is proud but modest. She notes other Iowa women who have taken prominent political roles in recent years, including Ernst as U.S. senator, Mary Mosiman as state auditor, Linda Upmeyer as speaker of the Iowa House and Jochum as president of the Iowa Senate.



“Here’s what I know about every one of those women: For them, it’s about public service. It’s about giving back and having the passion to serve,” Reynolds says. “And that’s what excites me. That’s what I’m fired up about.”

DMR: Iowa leaders warn of teacher shortage

Districts already have hard time filling some positions

MACKENZIE RYAN

MRYAN@DMREG.COM

While Iowa in recent years has been insulated from a national teacher shortage that’s sent other states scrambling to fill classrooms, Iowa leaders warn that it’s coming. And it might already be here.

Iowa colleges are now graduating 400 fewer teachers, counselors and administrators a year, a 16 percent decline, than they did in 2013. Now, about 2,100 graduates are earning education degrees a year, according to Iowa Department of Education data.

The national data are even more concerning. Between 2009 and 2014, enrollments in teacher prep programs dropped 35 percent, from 691,000 to 451,000 students, according to the Learning Policy Institute.

“There’s a lot fewer applicants,” said Anne Sullivan, chief of human resources in Des Moines schools. “There’s just a lot fewer people going into education.”

Given the number of teachers nearing retirement, Iowa leaders are starting to address the issue with round-table discussions, such as one hosted this month by the School Administrators of Iowa.

“My concern is if we go three to four years, and it sneaks up on us, we won’t have quality teachers to put into classrooms,” said Roark Horn, executive director of the professional association.

In addition, schools are upping recruiting efforts, especially for hard-to-fill areas such as special education, English language learning, and in more rural areas, math and science teachers.

Teaching jobs that once drew hundreds of applicants in Creston Schools 20 years ago are now attracting only 10 or 20 applicants, said lower elementary school Principal Callie Anderson.

Special education jobs have been particularly difficult to fill, and last year she asked contacts in the Des Moines metro area for suggestions.

“They just don’t come to you anymore,” Anderson said. “It takes a nontraditional graduate or a small-town resident to even apply here in southwest Iowa.”

With increased competition for applicants, others are increasing incentives. Des Moines Public Schools is offering a \$3,000 signing bonus to special education teachers, for example, plus an 18-month contract to insulate against unforeseen budget cuts.

Another incentive for beginning teachers is a free master’s program, which helps woo Des Moines applicants, Sullivan said.

Recruitment often starts in early January, with job fairs and on-the-spot interviews. Many cultivate relationships with local colleges to identify prospects.

In some areas, even kindergarten positions — which used to be so popular they often required experience — are now going to rookies.

“I don’t see it changing,” said Anderson. “I don’t know how it could get any worse.”

Why the shortage?

A dearth of new teachers likely has complex reasons, from greater degree requirements to increased challenges and responsibilities in the classrooms.

But some blame a political backlash they believe unfairly scapegoats the profession, weakening its perceived respectability and the interest of college students.

“If my elected leaders, from the top down, really aren’t saying they support or respect education or public schools, it would really make me question whether that’s the route I would want to go,” said Tammy Wawro, president of Iowa’s teachers union.

But others point to a different shift: It’s now harder to become a teacher.

Seeking to overhaul college education programs, in 2009 Education Secretary Arne Duncan derided their reputation as “cash cows” and “profit centers” that do a “mediocre job of preparing teachers for the realities of the 21st century classroom.”

In the years since, many states, including Iowa, rewrote degree stipulations and required a national exam before completion. And while the changes are heralded as a way to better education, it could also be narrowing the “teacher pipeline.” In Iowa, educators must now earn a score in the top 25 percent nationally to pass, said Laurence Bice, an Iowa Department of Education consultant.

More coursework is also required. To become an elementary teacher, for example, students must take 12 subject courses: three each of math, science, social studies and language arts. Before, students only took four — one in each subject.

“We are making sure that we have the most highly qualified teachers,” said Wawro. “One way to do that is by making sure they come out of the teacher prep programs as prepared as possible.”

DMR: Official: Medicaid shift not as bad as reported

Human services director disputes complaints

TONY LEYS

TLEYS@DMREG.COM

A top state administrator disputes complaints that Iowa’s shift to private Medicaid management has been “drastically underfunded” and “a catastrophic experience” for the companies that took on the task.

“I don’t know why they chose the words they did. We believe that our rates are fair, appropriate and actuarially sound,” Department of Human Services Director Charles Palmer said Wednesday.

The three managed-care companies still have not agreed to accept an extra \$127.7 million in state and federal money that Iowa leaders offered in October. The companies have contended the increase would be insufficient to cover the hundreds of millions of dollars they have lost in Iowa over the past year.

Palmer told reporters Wednesday the state will not sweeten the offer, which is for a 15-month period that will end June 30. He predicted the companies will come around to accept the proposed rates. "Ultimately they'll have to agree ... because time is moving on," he said.

The three for-profit companies, Amerigroup, United-Healthcare and Amerihealth Caritas, took over management of the state's \$4 billion Medicaid program April 1, 2016. Supporters, led by Gov. Terry Branstad, have said private management is bringing more efficient, effective care for more than 600,000 poor or disabled lowans who use the public health-insurance coverage. Critics contend the shift has added reams of red tape for patients and care providers.

The companies have reported losing hundreds of millions of dollars on the project. Last month, the Register used Iowa's open-records law to obtain memos in which the companies complained that Iowa's Medicaid members were using much more care than expected. The memos included the companies' rejection of the state's offer to raise their reimbursements for covering Medicaid members.

"We are extremely disappointed in the amended rate offer, as it does not address the significant rate issue identified and documented. ... The department's rate offer is not actuarially sound and is not acceptable to us," AmeriHealth Caritas Regional Vice President Russell Gianforcaro wrote on Oct. 27 to Palmer.

Amerigroup's Iowa president, Cynthia Mac-Donald, wrote to Palmer in November that the program was facing a "catastrophic experience" because of a lack of money. UnitedHealthcare's Iowa leader, Kimberly Foltz, wrote to Iowa Medicaid Director Mikki Stier in November that she appreciated the state's efforts to address some of the issues, "but overall the program remains drastically underfunded."

Palmer was asked Wednesday if any of the three companies have taken steps to bail out of the program. He replied: "We've had no one that has specifically said they would get out." He said state officials and the Medicaid management companies plan to start negotiating next fiscal year's reimbursement rates in April. He declined to predict how much higher those rates might have to be. Amerigroup spokeswoman Denise Malecki released a statement later Wednesday about her company's intentions. "Amerigroup Iowa remains committed to working with our state partners to explore all possible options for building an effective, sustainable Medicaid program in Iowa that enables us to focus on our top priority — continuing to serve our members and making a meaningful impact on improving health outcomes across our state," she wrote. The other two companies did not respond to requests for comment. Palmer spoke to reporters after a meeting of the Iowa Council on Human Services, which advises the Department of Human Services. During the meeting, Palmer told the council his department still expects the shift to private Medicaid management to save the state more than \$110 million over what it otherwise would have spent on the program during the current fiscal year. That money would be especially important at a time when the state is facing deep financial problems. The governor announced Tuesday that state government must cut \$110 million during the current fiscal year because tax revenues have been lower than expected. Branstad critics doubt the state is saving money from the shift to private Medicaid management. "Everything we continue to hear says patients aren't getting care, providers aren't getting paid, and it's going to cost taxpayers more money," state Sen. Amanda Ragan said Wednesday. Ragan, who represents the Mason City area, is the top-ranking Democratic senator on a legislative panel overseeing the new Medicaid system. She said she worries the managed-care companies might try to get out of their contracts if they continue to lose millions of dollars. "If that happens, it will add even more chaos to what is happening," she said.

DMR: Supreme Court chief justice addresses cuts to funding

Cady warns courthouse hours, services could be threatened if Iowa lawmakers don't approve \$194.3M judicial budget

GRANT RODGERS

GRODGERS@DMREG.COM

Inadequate funding for courts threatens to upend valuable programs that keep teens out of prison and help struggling families stay together, Iowa Supreme Court Chief Justice Mark Cady said Wednesday.

The chief justice gave a broad warning to lawmakers during his annual Condition of the Judiciary address about possible outcomes if the Iowa Judicial Branch does not get the \$194.3 million it requested for the next fiscal year. Some county courthouses might have to shift to part-time hours, juvenile court officers will have less time to spend helping at-risk youths and cases will be slowed by delays that are already being noticed, he said.

“The way ahead may be hindered by limited resources, but the will of Iowans for a fair and impartial justice system that meets their needs could not be stronger,” he said. “So, now is not the time to minimize expectations for the future, but to build upon them. It is the time to build the future with an investment that affirms the work of the judicial branch, and affirms the lives of families, children, business owners, employees and all Iowans.”

The judicial branch has already been hampered this budget year because lawmakers chose not to provide any funding increase beyond the \$178.7 million it received the year before, Cady told reporters after the address.

That forced the branch to establish a hiring freeze and hold open judicial vacancies for an average of six months.

The budget freeze “has started to show some chink in the armor,” he said. “We are starting to see delays in our court process, and I fear that this is going to continue if our needs aren’t met.”

Gov. Terry Branstad introduced a budget Tuesday that includes \$7.7 million in proposed cuts to the judicial branch’s current-year budget.

The proposal is part of an overall cost-cutting strategy for the state government through the rest of this fiscal year, which ends June 30.

Cady did not mention the expected cuts in his speech.

He told reporters that it’s still too early to know exactly how the branch’s operations could be affected, but he expressed confidence that legislators would find “the right play for Iowa to move forward.”

Steve Davis, a spokesperson for the judicial branch, said court administrators are beginning to review their options for absorbing cuts.

Democratic lawmakers responded to the address by criticizing Branstad’s proposal, arguing that it would halt achievements highlighted by the chief justice.

An advocacy group, Justice Not Politics, released a statement claiming that budget cuts will “cripple” the judicial branch in the future and threaten services Iowans depend on. “The deep budget cuts to the court system that were unveiled yesterday by the Branstad-Reynolds administration are compounded by significant cuts to public safety and prisons,” said state Sen. Rich Taylor, a ranking member of the Senate Judiciary Committee. “The safety of our neighborhoods and communities is not well-served by these unnecessary, reckless cuts.”

Branstad spokesman Ben Hammes defended the proposed cuts in a statement, writing that the “sacrifice is being shared throughout all state government.” “Gov. Branstad has been saying for months that this budget is very tough due to the downturn in our agricultural economy,” he said. The budget

request submitted by the judicial branch Wednesday for the next fiscal year asks legislators to provide \$194.3 million, including \$8.2 million that would specifically allow all courthouses across the state to remain open full time. That money would keep the state's family treatment courts, juvenile drug courts and mental health courts in operation.

The proposed budget also seeks a 5 percent salary increase for all judges and magistrates, who have received only one pay increase since 2008. District courts across Iowa handle approximately 750,000 civil and criminal cases a year ranging from divorces and business litigation to murder and sexual assault trials.

The branch employs approximately 389 judges, all with different levels of authority to hear certain cases. Clerks of court, court reporters, IT specialists and juvenile court officers are also employed by the branch. Though forewarning trouble, Cady received standing ovations from legislators for highlighting successes the judiciary has seen in keeping more young offenders out of prison and diverting teens to programs that allow them to avoid criminal court. Iowa taxpayers get a sizable return on their investment in these programs and resources, because they save millions that would otherwise be spent on incarceration and court costs, Cady said. Cady highlighted Corrective Thinking, a Davenport initiative that places teens facing simple misdemeanor charges into a program led by juvenile court officers, school officials, police and other community members.

The program uses a curriculum that helps participants learn problem-solving skills and helpful ways to express anger. If successful, a young offender is spared a criminal record or being formally brought before the juvenile court, Cady said. Every teen charged with a misdemeanor in Davenport in 2016 was diverted into the program, and 93 percent have not committed new offenses, Cady said. Lawmakers cheered as he shared the statistics. "This program is keeping youthful offenders out of the criminal justice system, giving them a second chance with an opportunity for a clean slate, and it is working," he said.

The chief justice also lauded a 2013 push by the courts to hire more juvenile court officers, who supervise delinquent youths and make recommendations to judges. Because of that effort and others, the number of offenders entering Iowa prisons who are under the age of 21 has been "cut in half" since 2009, Cady said. "This is true, measurable progress," he said.

Lawmakers cheered and stood again when Cady spoke about the importance of adult drug courts, which often provide opportunities for offenders to seek treatment and get help finding work while avoiding prison.

"The demands on the state's budget are reduced, and all Iowans benefit when, instead of going to prison, our programs pave the way for these Iowans to go to work every day, earn paychecks, support families, and contribute to our communities."

DMR: ISU announces \$93 million gift to liberal arts, sciences

JEFF CHARIS- CARLSON

JCHARISC@PRESS-CITIZEN.COM

The Iowa State University Foundation is receiving a \$ 93 million majority stake in a Massachusetts-based education company, university officials announced Wednesday.

Once the company is sold, ISU's share will be designated for various projects within the College of Liberal Arts and Sciences.

The donation is an equity stake representing majority ownership of Curriculum Associates, LLC, which

is headquartered in Billerica, Mass.

“ It is the dream of every dean to accept a gift of this magnitude,” Beate Schmittmann, dean of the college, said during Wednesday’s announcement.

The majority interest is being donated under a structure similar to nonvoting shares of stock, foundation officials report.

It is expected that the equity interest will be sold through a management- led sale of the company that will be directed by Rob Waldron, the company’s CEO and second- largest equity holder.

This is the ISU Foundation’s first donation of a majority stake in a company, said President and CEO Larissa Holtmyer Jones.

“ Given the impact that ( Curriculum Associates) has had, that made this seem like a logical fit for the foundation and the university,” she said.

Holtmyer Jones was unable to speculate whether the foundation would accept similar donations in the future involving non- education- oriented companies.

Wednesday’s announcement came one day after Iowa Gov. Terry Branstad called on the regents to have Iowa’s three public universities cut spending by \$ 25.5 million over the next five months.

The governor’s proposal requires approval by the budget committees of the Iowa House and Senate.

Founded in 1969, Curriculum Associates is a leader in the educational publishing and technology industry. The company has more than quadrupled in size since 2012 and was recently named among the fastest-growing private companies by the Inc. 5000 and Boston Business Journal.

Frank Ferguson, a founding investor and former CEO of Curriculum Associates, attended ISU from 1947 to 1950 majoring in science journalism and minoring in education and psychology, according to ISU.

In a 2012 profile of Ferguson and Waldron, Education Week magazine reported that Ferguson’s stock in the company would transition to a perpetual trust, with future distributions flowing to charities that include ISU and Massachusetts Institute of Technology.

The Boston Globe is reporting that the sale of Curriculum Associates, which is expected to occur within the next five years, also will provide \$28 million for the Boston Foundation, a nonprofit charity. Citing the donors’ request for confidentiality, ISU Foundation officials declined Wednesday to identify the donor couple — other than to say they are ISU alumni. Although the anonymous donation could wind up being the largest in ISU’s history, university officials are describing it in more qualifying terms until the sale is finalized and the exact amount is known. “It could go down, but it’s also possible it could go up,” Holtmyer Jones said. “It’s more complicated, of course, but it’s basically like an appraisal on a house. You don’t entirely know what you’ll get until you go to market.” The foundation initially had planned to announce this gift in December, but those plans were postponed because of scheduling conflicts, Holtmyer Jones said.

Because the donation is to the ISU Foundation, rather than to the university, officials with the Iowa Board of Regents confirmed Wednesday that the agreement does not require additional approval by the regents.

Regent Katie Mulholland, who attended Wednesday’s announcement, described the donation as “transformational” and said “private support has become increasingly important” as the demands on Iowa’s universities “continue to change.”

Proceeds from the sale will fund an endowment that will generate revenue for the college on an annual basis, foundation officials said. Initial investments will support the Greenlee School of Journalism and Communication, the ISU theatre program as well as programs focused on data science and computing.

“What’s really important is the breadth of impact on a college that is really the centerpiece of our campus,” Holtmyer Jones said. The ISU Foundation announced last year that it was undertaking a \$1.1 billion fundraising campaign, “Forever True, For Iowa State,” which has already raised more than \$500 million.

Foundation officials report that more than \$200 million already has gone directly to scholarships and student support.

More than 23,000 students have received support through the initiative, and 35 faculty positions also have been created.

DMR: Regents hire lawyers for records case

The leaders of the Board of Regents have retained private lawyers to defend themselves against an open meetings lawsuit stemming from the University of Iowa presidential search.

Documents filed Monday show that the Nyemaster, Goode law firm is representing Board President Bruce Rastetter, Board Pro Tem Katie Mulholland and former regent Mary Andringa in their individual capacities.

The Iowa Attorney General’s Office had already been defending five regents named in the lawsuit, which alleges a majority of the board met illegally with Bruce Harreld before his hiring as UI president in 2015.

The regents have said the meetings didn’t violate the open meetings law because five of them never met Harreld at once.

Instead, four regents met with Harreld in two separate meetings at Rastetter’s business. Rastetter met with Harreld on other dates.

Board spokesman Josh Lehman says some regents have chosen to retain counsel at their own expense while the attorney general’s office will continue to represent them in their official capacities.

Public officials can be ordered to pay fines and legal fees for open meetings violations.

DMR: Regents to hold public hearings in advance of president evaluations

JEFF CHARIS- CARLSON

JCHARISC@PRESS-CITIZEN.COM

The board overseeing Iowa’s public universities will host public hearings Thursday and Friday in advance of next week’s scheduled evaluations of institutional heads. The Iowa Board of Regents is scheduled to meet Jan. 17 and 18 for its year evaluation of the presidents of Iowa State University and the University of Iowa.

The board also will evaluate its executive director.

The meeting will be the first time the regents have gathered since a special meeting last month to discuss concerns over ISU President Steven Leath's use of university-owned aircraft for trips that combined personal and professional business.

Board members, at that time, praised Leath for reimbursing the university for questionable travel expenses and for pledging not to pilot any other state-owned planes. The regents oversee Iowa's public universities.

Regent Subhash Sahai, who missed the meeting due to illness, later criticized the board's decision to take no action against Leath, according to emails obtained by the Associated Press.

The regents will hold six hour-long public hearings Thursday and Friday in which members of the public are invited to speak for up to five minutes. Their comments will be video-recorded and posted to the regents website.

The hearings on Thursday are scheduled to begin at noon at UI, 4 p.m. at the Iowa Braille and Sight Saving School and 5 p.m. at UNI. The hearings for Friday are scheduled to begin at noon at ISU, 4 p.m. at the Iowa School for the Deaf in Vinton and 5 p.m. at the board's office in Urbandale.

No members of the regents are scheduled to be present during the public hearings. The comment periods, instead, will be overseen by the designated transparency officer at each institution.

The regents implemented the pre-meeting public hearing system in 2013 in response to recommendations from the board's task force on transparency.

Critics at the time predicted that, because no regents attended the hearings, the public would not take advantage of the opportunity.

Supporters said the video option meant commenters would not have to travel to the meetings, which rotate among the institutions. The vast majority of the hearings have attracted zero comments in the four years since the regents implemented the video comment process.

Negative reaction to the 2015 hiring of UI President Bruce Harreld did bring out record numbers of commenters to the comment periods in November 2015 and February and April 2016. The number of commenters over the past few meeting schedules has become more sporadic.

The regents' recent hiring of Mark Nook as UNI president has not sparked a similar backlash from the university community. Nook, who is coming from the University of Montana Billings, is scheduled to begin his new job Feb. 1.

Regents President Bruce Rastetter has said that the regents' video system is a more organized alternative to the chaos that sometimes accompanies a town hall or the public comment section of a public meeting.

Members of the UI community, however, have called repeatedly on the regents to implement a system in which they can speak directly to the board.

AP: Regent blasts response to Iowa State plane scandal

RYAN J. FOLEY

ASSOCIATED PRESS

The Board of Regents' decision to take no action against Iowa State University President Steven Leath



for misusing university airplanes was “a slap in the face” to taxpayers, a regent later complained to his colleagues.

Regent Subhash Sahai told board leaders in a Dec. 20 email that he was embarrassed that the board let Leath off the hook, saying that any other professional “would have been severely sanctioned.” He rebutted Regent Larry McKibben, who had praised Leath’s apology and corrective actions by saying “Glory Hallelujah.” “It was not ‘Glory Hallelujah’ but a slap in the face of common sense of the people of State of Iowa, what ISU stands for, transparency and accountability that we have been working so hard on for past 3 years,” Sahai wrote to McKibben, Board President Bruce Rastetter and Pro Tem Katie Mulholland in the email, which was obtained Wednesday through an open records request. He said university presidents should be held to the highest standards because they set “legal, ethical but also moral standards for our future citizens.” Sahai was sick and missed a Dec. 12 meeting in which the board received an audit questioning dozens of flights that Leath took on two university planes he purchased and upgraded with nearly \$4 million in private donations. Leath routinely piloted one of the planes and once damaged it in a hard landing while returning home from a North Carolina vacation, an incident not shared with Sahai and some other board members.

Leath has paid back nearly \$40,000 for damage to the plane and trips related to his personal flight training, medical appointments at the Mayo Clinic in Minnesota and taking relatives to and from an NCAA tournament basketball game. Rastetter and McKibben praised Leath for taking that action and indicated his job was safe. In a statement, Rastetter said it was “unfortunate” that Sahai was unable to attend the meeting, which included a lengthy closed-door evaluation of Leath’s performance. He said the eight regents who were present “unanimously came to a different conclusion.”

In a statement emailed to the Register, Leath his disappointment, as well.

“I’m disappointed by Regent Sahai’s comments as he was not in attendance at the audit committee meeting or my evaluation,” Leath said in the email. “His comments are clearly not consistent with the conclusions of either the preliminary review or the comprehensive audit. They are also not consistent with the views conveyed by Board members who did attend my evaluation and read the relevant audit and reports.”

Other emails released Wednesday to the AP show that several members of the public, whose names were redacted, asked the board to terminate Leath before and after the meeting. One retired corporate executive said he would suspend donations to Iowa State as long as Leath is president, rescinding a plan to give his estate to the school.

A retiree who had been an Iowa State professor for 38 years said that retaining Leath sets a “double standard for university administrators” compared to other students and employees, who would be expelled or fired for similar conduct. Another resident wrote to the board that it was “time for this high-flying, hard landing embarrassment of a university president to be grounded.”

Rastetter didn’t respond to those emails but told reporters last month that Leath had paid back the university for any questionable flights and deserved “our continued trust and support.”

The board refused to release a list of 52 trips that Leath claimed were for his personal flight training.

Auditors obtained the list by reviewing Leath’s personal flight log but didn’t retain the document, and any notes from the log are confidential, board spokesman Josh Lehman said.

DMR: Fight looms over abortion law, funding

WILLIAM PETROSKI

Leaders of nine Iowa organizations opposed to abortion signed a unity pledge at the Iowa Capitol Wednesday, vowing to block government funding to organizations that perform abortions and backing legislation that declares life in Iowa begins at conception.

"This is marking the first time in more than 40 years that Iowa's pro-life community has been resolved together. We are uniting for the defense of life," said Jenifer Bowen, president of Life Right Action. Bob Vander Plaats, president and chief executive officer of The Family Leader, a social conservative group, said the activists see a "new day" at the Iowa Capitol with Republicans controlling the Iowa House and Senate, as well as the governor's office.

He said the makeup of the 2017 Iowa Legislature more strongly supports pro-life issues than any group of state lawmakers he can recall. In addition to Life Right Action and The Family Leader, the organizations supporting the unity document included Iowa Right to Life, Iowans for Life, Iowa PAC for Life, Restored by Grace, Personhood Iowa, Lutheran Family Service and the Thomas More Society Leaders. Vander Plaats said the groups that signed the unity pledge support spending government money on women's health care, but they don't want the money going to the abortion industry. His comments were a veiled reference to Planned Parenthood, which receives about one-fourth of its Iowa financing, or nearly \$2.7 million per year, from public sources. However, none of that money is spent on abortions, officials said.

Another priority is legislation that would ban

abortion in Iowa. The bill is still being drafted, but there is no doubt it will have multiple co-sponsors, officials said. "We believe that life begins at conception," Vander Plaats said. Rep. Walt Rogers, RCedar Falls, urged activists to work more closely with Iowa church congregations.

He said that when Republican lawmakers tried to press the issue of defunding Planned Parenthood last year, there was a "dismal" level of support. "We should really engage the church on this," he said. Rep. Sandy Salmon, RJanesville, said she believes there is a good chance of legislation opposing abortion winning approval this session. "I am excited. I think we can go forward with more protection for babies, for women, for more and better health care, where it really needs to go," she said. Gov. Terry Branstad, a Republican, offered his support in his Condition of the State address Tuesday by proposing to eliminate taxpayer funding to organizations that perform abortions.

His move is intended to block funding to Planned Parenthood, the state's largest abortion provider.

Legislators who support reproductive rights for women responded Wednesday by pledging to oppose anti-abortion activists or expressing disagreements with their arguments.

Rep. Mary Mascher, DIowa City, said proposals to block government funding to Planned Parenthood and banning abortions would ultimately be overturned in the courts.

Mascher defended Planned Parenthood, saying the family planning organization does far more than perform abortions, which represent only a small part of its work.

"My concern about cutting funding for Planned Parenthood is that abortions will increase because what we will see is more people not having access to family planning, that being birth control pills or whatever else they need to be able to prevent unwanted pregnancies," Mascher said.

In addition, declaring that life begins at conception and banning all legal abortions would force Iowa women to obtain dangerous back-alley procedures, Mascher said.

"This would be truly an infringement on a woman's right to do what she needs to do to take care of herself," Mascher said.

Sen. Amanda Ragan, DMason City, said Senate Democrats have been consistent in believing that family planning services are important to prevent abortions. She questions the idea of shifting family planning money away from Planned Parenthood, which is known for its expertise in reproductive health care, to other Iowa medical facilities.

“People want to be comfortable with these issues” Ragan said. “This is about preventing abortions and making them rare.” Rachel Lopez, a spokeswoman for Planned Parenthood of the Heartland, issued a statement criticizing the proposed legislation. “Bills like the ones these radical religious and conservative interest groups are proposing only impose their extremist personal agendas on the average citizen,” the statement said. “If enacted, this type of legislation could have a devastating effect on the private health care decisions of a woman and her family.”

Similar bills passed in other states have been repeatedly rejected by the courts, and Planned Parenthood anticipates the same outcome in Iowa, Lopez said.

DMR: Bipartisan mental health panel tackles funding issue

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

An informal group of Republican and Democratic lawmakers met at the Capitol Wednesday to begin seeking solutions for mental health funding inequities across the state. 'Advocates were clamoring for more voice, more options,' said Rep. Kevin Koester, R-Ankeny and one of the task force leaders. 'They really wanted a bipartisan approach.'

The task force is headed by members of each party from both the House and Senate as well as leaders from the advocacy group AMOS, A Mid-Iowa Organizing Strategy. At the top of the group's agenda is addressing disparities in the way counties use property taxes to support mental health services in their region.

Iowa is divided into 14 regions that are required to offer a basic level of mental health services, ensuring that Iowans across the state have access to nearby care. Within each region, counties are tasked with collecting property taxes that go to collectively fund those services.

But the property tax rates were calculated and capped in 1996. Advocates and some lawmakers of both parties agree that the 20-year freeze has resulted in wide-ranging funding inequities that threaten to upend the regional system.

Polk County, which encompasses its own mental health region, has seen massive population growth in Ankeny and Waukee during the last 20 years. That region now is providing services for thousands more Iowans than the funding stream was originally intended for. In other regions, like the one that includes Davenport, one county is driving the costs while others pay more in property taxes to subsidize those expenses. Still others have substantial cash reserves while others have been tapped out.

'I'm nervous that we might not keep all of our regions intact if we don't make some adjustments,' said Koester. But lawmakers who attended Wednesday's meeting said they hoped to discuss other mental health funding issues across the state, including a workforce shortage for mental health professionals and a shortage of beds at mental health facilities.

Sen. Joe Bolkcom, DIowa City, said the state should be eminently concerned about the future of the Affordable Care Act, also known as Obamacare. As President-elect Donald Trump is set to take office with a Republican- controlled Congress, Republicans at the federal level have made repealing

President Barack Obama's signature piece of legislation one of their top priorities. But it remains unclear when they intend to repeal the law or how they would replace it. About 132,000 Iowans have gained access to health insurance since the ACA was enacted in 2010, according to the U.S. Department of Health and Human Services, reducing the state's overall uninsured rate by 46 percent. Bolkcom warned that medical providers and county coffers have been bolstered by all of those Iowans who are newly insured under the program. Rather than seeking taxpayer-funded services through emergency rooms or other charity care, health insurance companies can help cover their costs. 'The cushion, the relief that has come to county budgets as a result of having (thousands of) new people with a payer for mental health and substance abuse services has created this huge reduction in the demand for county property taxes,' Bolkcom said. 'And by God, if the ACA goes away without some sort of plan, the county taxpayers are going to be on the hook. People are going to look back at the counties and say, 'Counties, regions, take care of these people.'" And the state of Iowa — already tasked with trimming \$110 million from the current year's budget — also will face lean budgets in 2018 and 2019. Members of the task force all agreed on one thing: They should not count on new funding from the state to support whatever changes they recommend.

AP: Bird flu-plagued S. Korea agrees to buy U.S. eggs

DAVID PITT

ASSOCIATED PRESS

DES MOINES, Ia. — South Korea is in the throes of a bird flu outbreak and for the first time has asked the United States to ship it shell eggs.

The demand is good for a U.S. egg industry that's awash in the product, having replenished its flocks after the 2015 bird flu outbreak and ending up with an oversupply that sent domestic prices to industry lows — about 79 cents a dozen earlier this month.

South Korea had been one of a few nations that issued a blanket ban on egg and poultry imports during the United States' 2015 outbreak that resulted in the deaths of 49 million turkeys and chickens. But it seeks help now that it has lost about 26 million chickens — and a third of its egg-laying hens — to the H5N6 strain since November. It's South Korea's worst bird flu outbreak surpassing the 14 million birds killed in 2014.

The agreement to export shell eggs was announced Friday by the U.S. Department of Agriculture, which kept prices from sliding further, according to Urner Berry protein market analyst Brian Moscoquiari. Although deals are still being signed, Moscoquiari said he is aware of contracts for three or four airline flights of eggs — equivalent to as many as three or four million eggs.

"We had never shipped shell eggs there before so we did not have a formal protocol between our two governments," said Jim Sumner, president of the U.S. Poultry and Egg Export Council, an industry trade group which promotes the global export of U.S. poultry and eggs.

Some of the eggs are coming out of Iowa, which is the nation's leading egg producer. Marcus Rust, the CEO of Rose Acre Farms, which supplies the second-most eggs in the U.S., says that the demand comes at a good time for producers, who usually see a lull in the first few months of a new year.

The U.S. has been called upon to help because it remains free of the bird flu in commercial poultry production. But the disease is a problem in Asia, Europe and other locations. Birds have died in Bulgaria, China, Iran, Japan, Nigeria and Taiwan, and at least three people have died and 19 people are sick in China from infections of H7N9 strain.

The bird flu is still a threat in the United States, however, with the USDA saying this week that a wild

mallard duck in Montana tested positive for the H5N2 virus.

AP: Marshalltown hospital sale moves forward

## ASSOCIATED PRESS

MARSHALLTOWN, Ia. — Leaders of a Marshalltown hospital are moving ahead with selling the facility as part of bankruptcy proceedings.

The sale of Central Iowa Healthcare's assets to Unity Point Health-Waterloo was unanimously approved by corporate members at a Tuesday meeting. Unity Point Health-Waterloo offered \$12.5 million for the assets, the Times Republican reported.

CIH members also outlined the loss of more than \$18 million as of Nov. 30, 2016. If the sale is approved by bankruptcy court, the downtown Marshalltown hospital will no longer be an independent hospital. The hospital is the only full-service medical center in its area and has more than 60,000 residents depending on it for health care services.

A second measure approved at the Tuesday meeting retains 13 trustees until the end of the bankruptcy proceeding.

DMR: Des Moines airport grows 5 percent in 2016

Traffic at the Des Moines International airport increased 5 percent in 2016, making it the fifth straight year the airport has set a ridership record. Roughly 2.48 million travelers passed through the airport last year, up from 2.37 million the previous year.

A bulk of the new passengers came on United Airlines, which increased its ridership 12.1 percent in 2016, overtaking Delta Air Lines as the second largest carrier in Des Moines. United did not add any new routes in 2016, but airport officials say the airline began flying larger jets on its Des Moines routes.

Passenger counts remained steady on American Airlines, Des Moines' largest carrier.

Smaller carriers saw big growth. Frontier Airlines grew its Des Moines ridership 37 percent in 2016, adding new seasonal flights to Orlando and Phoenix and bringing back daily flights to Denver.

Allegiant Air, the vacation-oriented budget airline, grew 16 percent in Des Moines. It launched a flight to Phoenix in late 2015.

Airport officials are keeping a close watch on passenger counts. A \$500 million plan to re-arrange the airport and build a larger terminal depends on the airport traffic growing at least 3 percent a year.

If the growth continues and airport officials can find millions of dollars needed for the project, construction would start in 2022.

Central Iowa will be farm-central over next few weeks

DMR Editorial: Who can replace Planned Parenthood?

Governor should list providers of family planning services

During his Condition of the State address on Tuesday, Gov. Terry Branstad proposed eliminating state funding for Planned Parenthood. He said his two-year budget blueprint “redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions.”

The governor should specify exactly which organizations those would be. He should sit down and write the names of the entities that can provide comprehensive family planning services in Iowa. Then he should scratch those no longer in business, like Central Iowa Family Planning.

After serving Iowans for nearly 40 years, it recently closed its remaining clinics in Marshalltown and Grinnell. It did not provide abortions, but did provide contraception, testing for sexually transmitted diseases and numerous other services. Among the reasons the CIFP board cited for its closure: “much lower reimbursements from the new Managed Care Organizations that replaced traditional Medicaid in Iowa.” Translation: Gov. Terry Branstad’s Medicaid privatization helped shutter the exact type of entity he apparently believes can replace Planned Parenthood.

While making the list, the governor should also ensure the health providers actually provide family planning services.

Florida lawmakers learned that lesson the hard way. After passing an anti-Planned Parenthood bill last year, they sought to demonstrate there were numerous, alternative providers. Their list became a national joke because it included the names of elementary and middle schools, dental practices and at least one eye clinic.

Then there is the rest of the story about the “family planning money” the governor referenced in his speech. Those dollars largely come from Washington. To encourage states to expand these services, the federal government has paid for 90 percent of the cost for decades.

Branstad was happy to accept this money. Again last year, his administration sought and received a federal waiver to fund the Iowa Family Planning Network. The program provides Iowans a sort of limited health insurance that covers only services related to family planning, including counseling, birth control and voluntary sterilization. One of its main goals is to reduce the number of unintended pregnancies and births that would ultimately be billed to Medicaid.

The governor must know that many of the more than 30,000 Iowans obtaining services made possible by the waiver receive them from Planned Parenthood.

“There are not enough providers in Iowa to absorb the patients Planned Parenthood of the Heartland currently serves,” the organization said in a statement responding to the governor’s speech.

Planned Parenthood has been providing birth control, pregnancy testing, health care, disease treatment, teen pregnancy prevention programs and other services to Iowans for decades. It has the infrastructure in place to reach thousands of people, including those in rural and low-income areas.

If the governor rejects this particular organization, he should specify exactly who has the statewide ability to take its place. And he should remember school nurses and optometrists do not provide pap smears.

DMR: Trump’s conflicts aren’t just a reality show

HIS OWN REMARKS UNDERMINE HIS PLAN TO AVOID BUSINESS CONFLICTS WHILE SERVING AS PRESIDENT

It was a cheesy, throwaway line at the end of Donald Trump's news conference Wednesday, but it spoke volumes about the president-elect's commitment to divorcing himself from his business interests. Trump gestured to a table full of papers that he said represented many businesses that would be put into a trust to be run by his two sons. "And I hope at the end of eight years, I'll come back and I'll say, 'Oh, you did a good job.' Otherwise, if they did a bad job, I'll say, 'You're fired.'"

Sure, it was a joke, which refers back to Trump's trademark bromide from his former reality TV show, "The Apprentice." And we've already been warned, repeatedly, about the dangers of taking Trump's words literally. I'm fully aware of the pitfalls of that, believe me. Believe me!

And yet Trump's jibe also could be read as putting his sons, Donald Jr. and Eric, on notice that their father intends to resume his position at the head of his company when he leaves office. Furthermore, he will hold his sons accountable for their performance while he's busy running the country. Trump may not profit from business deals while he's president, but he's apparently expecting to profit after he leaves office — or else. Trump had his lawyer outline the steps he would take to avoid actual or perceived conflicts of interest while he serves in office. Some of these plans are sensible and reasonable, such as suspending all deals with foreign partners for the duration of his presidency.

Trump sent a mixed message, however, when he made a point of disclosing that he had recently been offered a \$2 billion deal by a Dubai businessman. He didn't blast this person for offering what could be perceived as an unethical bribe that could compromise the president-elect's reputation. Nope, he praised the guy and seemed pleased by the offer, even though he said he declined it.

Some of the other ideas seem like marketing gimmicks. Trump is going to donate hotel profits from foreign governments to the U.S. treasury. Is that supposed to discourage foreign dignitaries from trying to curry favor by staying in a Trump property? The hotels are still branded with the Trump name and hardwired into the Trump ego.

And if President Trump truly can't get his hands on business money put in trust, it's fair to say that will not be true of money in the U.S. treasury. The use of government money may not be for personal benefit, but it certainly could result in political benefit.

Trump said he will appoint an ethics adviser who will vet business deals to avoid conflicts of interest and ensure that Trump's sons are not discussing the business with the president. He hasn't named this adviser or explained how that person will be accountable to the American people for avoiding conflicts. That's vital. In light of the Washington Post's fine investigative reporting on the dealings of the Trump Foundation, we can't even be sure promised donations will ever be completed without public scrutiny. The ethics adviser will need to fully disclose his or her own interests and operate in a scrupulously transparent manner.

Why should Americans care whether Trump or any president separates himself from his business interests? If you trusted him enough to vote for him, you probably trust him to act in your interests, even if his own business might suffer.

But you may not trust the next president, who will benefit from the precedents that Trump sets. The fact is that throughout our country's history, Republican and Democratic presidents of the United States have either divested themselves of business interests or put them in a blind trust to make it clear their focus is on the best interests of the American people. Trump isn't coming close to that standard.

Alternatively, you might figure Trump's positions on issues have been formed over decades as a wealthy businessman and are unlikely to change regardless of whether he might make a buck from any given presidential decision. In other words, Trump will act instinctively in a way that benefits his business. In that case, the perception of conflict can become a major distraction as foreign and domestic political enemies seek to undermine Trump's every move.

It seems obvious that many people don't care, which is worrisome. Trump pointed out Wednesday that

voters didn't mind that he never released tax returns. He claimed, falsely, that more information comes from government financial disclosures, which are notoriously vague and misleading.

It is hard to focus on business conflicts when there are so many more titillating topics trending on the Internet, such as what Trump is accused — without any corroboration — of doing in Russia. There are some serious questions related to Trump's attitudes toward foreign hacking and the U.S. intelligence services. But we should not let all of that distract from insisting that our new president is independent and incorruptible in pursuing America's interests.

If Trump does a bad job as president, voters can tell him in four years, "You're fired." But first, we have to put ourselves in a position to judge whether he's doing a good job or not. To do that, we need to stop acting like this is just a reality show and start paying attention to reality.

DMR Iowa View: Supervisors urge state: Don't take away wage increases

MIKE CARBERRY, KURT FRIESE, LISA GREEN-DOUGLASS, JANELLE RETTIG and ROD SULLIVAN of the Johnson County supervisors; JAMES HOUSER, BEN ROGERS and STACEY WALKER of the Linn County supervisors; ANGELA CONNOLLY, TOM HOCKENSMITH and JOHN MAURO of the Polk County supervisors; and GREG KENNING, JERRY PARKER AND STEVE SIEGEL of the Wapello County supervisors.

To Iowa Senate Majority Leader Bill Dix and House Speaker Linda Upmeyer: We write as elected officials from the first four Iowa counties to have adopted a long-overdue increase in the minimum wage. We have proudly supported increases in the minimum wage beyond \$10 in our counties, and are dismayed that some state leaders are now threatening to undo or prevent such increases — effectively lowering thousands of Iowans' wages.

Collectively, our counties are home to more than one third of the state's private-sector jobs and some of Iowa's fastest-growing communities. As county supervisors, we heeded calls from our constituents to take action because we could not afford to ignore the crisis created by low wages in our communities. One out of every six of our kids lives in poverty. For nearly a decade, our state government has refused to address this crisis — leaving Iowa families behind while 29 other states, including five bordering Iowa, took action to raise their minimum wages. So local government had to step up.

Over the next two years, Wapello County's minimum wage will rise in stages to \$10.10, Linn County's to \$10.25 and Polk County's to \$10.75. Johnson County's minimum wage is now \$10.10 after having already increased twice to \$8.20 in 2015, then \$9.15 in 2016. Subsequent annual increases in Johnson, Wapello and Polk counties will be based on inflation as measured by the Consumer Price Index.

We intervened because too many of our neighbors work two to three jobs, yet still cannot get ahead. Families double up because they cannot afford rents. They use food banks to get through the week. Cars go unrepaired. Kids go to school without coats and with shoes that do not fit. One small anomaly — an illness, an unexpected repair — and a family's world comes crashing down.

Raising the minimum wage has improved the lives of those already affected, and upcoming increases will positively affect more families and our local economies. Why would the state take that away? Does the state of Iowa really want to take money out of the pockets of tens of thousands of the state's lowest-paid workers?

As low-wage workers have more money to spend, consumer demand, responsible for 70 percent of the U.S. economy, is creating jobs. Grocery stores, restaurants, repair shops, clothing stores, etc.: all have more customers with more money. They need to hire to meet demand. That means jobs.

Other jurisdictions have seen increases in employment follow increases in the minimum wage. In Iowa,



we are beginning to see that in locations where increases have been in effect for over a year. Some claim jobs will move elsewhere but minimum wage jobs are primarily service-sector jobs, which follow population and demand and cannot move to China. So far, local statistics reflect this reality — unemployment in Johnson County remains less than 2.5 percent, one of the lowest rates in the whole country!

Whenever possible, public policy decisions should be based upon data and assessment of public benefit. Both the data and the benefits here are clear: raising the minimum wage is good for workers, families and for our local economies. It's why across the state, 69 percent of voters surveyed by the Iowa Poll favor a minimum wage increase.

Rather than hear threats to undo the many recognizable benefits of local increases, we suspect Iowa voters would prefer hearing about how state leaders will encourage similar increases in Iowa's other 95 counties, where they are just as badly needed and deserved.

DMR: Prosecutors seek no jail time for Sorenson

GRANT RODGERS

GRODGERS@DMREG.COM

A former state senator whose political career fell apart amid an Iowa caucus payola scandal could receive no prison time for his guilty plea to two federal criminal charges.

Prosecutors in the U.S. Department of Justice Public Integrity Section filed a recommendation on Wednesday urging a judge to sentence Kent Sorenson to two years of probation, citing his role as the linchpin in the successful prosecution of three Ron Paul 2012 presidential campaign operatives.

The former Republican lawmaker from Milo would also have to perform 80 hours of community service if the recommendation is approved by a judge. Sorenson was a rising figure in the state's tea party movement until he came under scrutiny for infamously endorsing Paul days ahead of the 2012 Republican caucus. Sorenson had been a supporter of then-Rep. Michele Bachmann and immediately denied allegations that he was wooed over to the Paul campaign with cash. But an investigation uncovered evidence that Paul operatives gave Sorenson \$73,000 in exchange for the endorsement, secretly paying him through an audio/visual production company to keep the senator's name out of public campaign expenditure reports. Sorenson began cooperating with prosecutors in July 2014 after FBI agents searched his home, and testified in front of a grand jury. He was also a key witness at the operatives' trials on conspiracy and other charges. "Sorenson performed every available form of assistance to the investigation when and where the government asked," prosecutor Richard Pilger wrote in the brief recommending probation. "While he suffered no physical harm or threat as a result of cooperating, Sorenson unquestionably suffered personal loss in the form of public humiliation in his community by admitting his criminal conduct."

As part of his cooperation, Sorenson pleaded guilty in August 2014 to two criminal charges: a violation of federal election law and an obstruction of justice count for lying under oath during a deposition by a special prosecutor assigned to investigate the matter for the Iowa Senate Ethics Committee. Altogether, Sorenson could have faced 25 years in prison and \$500,000 in fines.

The prosecutors also wrote in the brief that Sorenson should not be required to pay a fine, because he is unable to make payments. Sorenson's defense attorney, F. Montgomery Brown, filed his own sealed sentencing memorandum earlier this month.

The prosecutors' recommendation will still be subject to the approval of Senior Judge Robert Pratt, who will sentence Sorenson at a hearing Tuesday.

The sentencing brief does not mention legal troubles Sorenson has had while awaiting sentencing. He pleaded guilty in March 2016 to a state disorderly conduct charge and received a fine after reportedly becoming aggressive with law enforcement officers investigating a domestic dispute at his home.

Rather, the brief credits Sorenson with giving "extensive, truthful" testimony in the trials of former campaign chair Jesse Benton, campaign manager John Tate and deputy campaign manager Dimitri Kesari. His testimony was "indispensable" particularly in winning the convictions against Benton and Tate, because the bulk of the incriminating email evidence gathered by the FBI tied back to Kesari, Pilger wrote. "He attended numerous preparation sessions for trial," the prosecutor wrote. "And, most importantly, he testified for hours at each of two separate trials over eight months. In no instance was the investigation aware that he made any statement that appeared false in light of the other evidence." Benton and Tate each were each sentenced to two years of probation for their convictions on conspiracy, causing false records and other charges, over the strong objections of prosecutors who sought prison sentences. Kesari was sentenced to serve three months in federal prison. The scandal forced Sorenson to resign from the senate in October 2013 after the special prosecutor issued a report finding that he broke ethics rules by accepting payments from the Bachmann campaign. The report presented evidence that those funds were filtered to Sorenson through consulting firms. Sorenson testified at an October 2015 trial for Benton and Kesari that politics was "a waste of my life, and I wish I had not done it."

LEE: Chief justice warns budget cuts may 'hinder' Iowa courts, justice

James Q. Lynch

Iowa's courts could be hampered by a lack of resources, Chief Justice Mark Cady said Wednesday, but he didn't spell out how the Judicial Branch will absorb the loss of \$7.725 million in the last half of the budget year.

The court system has hiring freeze, is holding open judicial vacancies, reducing travel and other expenses, but Cady said he cannot assure Iowans they won't see courthouse hours and services reduced if the proposed reduction is approved by lawmakers.

"The way ahead may be hindered by limited resources," Cady said in his annual Condition of the Judiciary address to a joint session of the Iowa Legislature a day after Gov. Terry Branstad itemized the cuts in the state's \$7.2 billion general fund budget.

Although he promised to work with lawmakers to minimize the impact of a budget cut, Cady put the ball in the Legislature's court.

"Each year, the level of your investment determines the level of services we provide," he said.

Cady, chief justice of the seven-member Iowa Supreme Court since 2010, acknowledged "this is a time of scarce financial resources," but called for a 6.9 percent budget increase to \$194,304,740 for the budget year beginning July 1. That includes:

--- \$8.25 million to allow all 99 county courthouses to remain open on a full-time basis and continue operation of specialty courts such as family treatment courts, juvenile drug courts and mental health courts.

--- \$2.26 million for a 5 percent salary increase for approximately 390 judges and magistrates who have received one pay increase since July 2008.

--- \$2 million to restore a portion of day-to-day operating costs for the IT department that was moved

from the state general fund to the enhanced court collections during a previous budget shortfall.

Already the Judicial Branch's limited resources are starting to show "some chink in the armor," he said after his speech. "We are starting to see delays in our court processing. I fear this is going to continue if our needs aren't met through resources. If we don't get the money to perform our services there will be less services to Iowa and there are a lot of negative consequences."

Leaders of the Justice Systems Appropriations Subcommittee that makes budget recommendations for the court system are in agreement with Cady.

"I think the chief justice hit the nail on the head," said Rep. Gary Worthan, R-Storm Lake. "What we struggle with as legislators is to try to quantify what the court system does for us and he laid it out in extremely plain terms this morning."

Cady focused much of his speech on the success of the courts – success, he said, that not only serves justice and improves the overall quality of life. However, he also gave lawmakers hard numbers to support his argument that through their investment the courts save taxpayers money.

"When 329 fewer young adults go to prison, taxpayers save more than \$11 million," Cady said. When juvenile courts provide early treatment of youth offenders, taxpayers save \$5.8 million and family treatment courts allow taxpayers to avoid an additional \$4.9 million in costs. All told, he said the three programs generate close to a \$22 million return on investment.

The courts are doing a lot of good, said Rep. Todd Taylor, D-Cedar Rapids, the ranking member of the Justice System subcommittee.

"I don't want to change that," he said, so before approving the governor's recommended cuts lawmakers have to ask whether the courts are doing what's asked of them and whether it's working.

Bottom of Form

"I would say 'yes,'" Taylor said. "They've actually saved us money. We don't want to undermine their ability to save us money."

The success of any organization comes from having the right people, the right vision and the right investment, Cady said. The state's investment has contributed to the success of the Judicial Branch "and it is critical for continued success."

However, in recent months, Iowans have begun to experience a disruption in court services and the level of investment is not allowing the courts to sustain its current level of service to Iowans.

"This signals that our successes cannot be maintained," Cady warned. "It means delays will return. It means efficiencies lost. It means specialty courts may be eliminated. It means our troubled youth will see less of our juvenile officers. It means part-time hours may return for courthouses."

Sen. Mark Chelgren, R-Ottumwa, doesn't want to see that happen, but said it will be the Judicial Branch's decision.

"The Judicial Branch decides how that money is spent," Chelgren said. "If they choose to close courthouses that will be their decision. We have to trust they will make the best use of the money."

The Judicial Branch will continue to earn that trust, Cady said, but that will require continued funding. He warned against using budget difficulties as a reason to lower expectations for courts.

The courts have the will to succeed, Cady said, but it will take more than will to continue that success.

“It is time to build the future with an investment that affirms the work of the Judicial Branch, and affirms the lives of families, children, business owners, employees and all Iowans,” he said. “It is time to build a future united by one will to achieve success for all.”

Globe Gazette editorial: Voter ID overhaul unneeded

Top of Form

Bottom of Form

With the state of Iowa facing budget woes, we have a suggestion for Secretary of State Paul Pate and others who might support his new voter verification plan: Forget about it.

Pate grabbed headlines last week when he proposed the so-called upgrade to the state’s election system that he said would guard against fraud. “I want to make it easy to vote but hard to cheat,” he said.

Changes would, according to a story by our Des Moines Bureau, take effect by 2020 and involve using electronic poll books statewide and requiring voter or signature verification both at polling places and for absentee ballots. Those lacking approved identification would be issued free ID cards with ID numbers. A registration ID number would be required for all voters requesting absentee ballots. Voters will scan IDs or voter registration cards upon checking in at polling places.

It would cost \$500,000 up front to create the voter ID cards and another \$35,000 annually after the initial start-up cost. Another \$500,000 would establish a revolving fund to provide electronic poll books in all 99 counties, although 72 currently have some form of the books.

And as if the ID system and financing isn’t complicated enough, other parts of the proposal would require that county auditors certify compliance to all laws and report suspected misconduct to Pate’s office, and ensure uniform, ongoing training for election staff and poll workers.

Maybe we’re spoiled in Cerro Gordo County where Auditor Ken Kline has established an efficient, smoothly operating system. He even developed the Precinct Atlas system that uses a simple electronic process to help guide precinct staff through the voting process. It has proven so popular that it is in wide use around the state.

So, we wonder, what’s the big need for anything new and perhaps improved, although not everyone agrees that it would be? Pate says it would “instill confidence” in the voting system. Like there’s not now?

Advertisement

The Cedar Rapids Gazette, which partners with our Des Moines Bureau in covering the Statehouse, reported that of the hundreds of potential cases of election misconduct investigated by authorities, only 23 people were convicted in the last five years. Of those, 15 were for felony charges of election misconduct and eight were for misdemeanors.

Those low numbers seem to prove the system is doing its job now, that there’s hardly a need for a major revamp.

Bottom of Form

Or as Johnson County Auditor Travis Weipert said, Pate’s proposal appears to be a fix for a system that isn’t broken and ranks among the top in the nation. He wonders if long lines at polling places wouldn’t

result, and fears that some costs would result in unfunded mandates for counties.

Predictably, Democrats criticized the proposal by Pate, a Republican. Sen. Jeff Danielson, D-Cedar Falls, said it would suppress voter turnout with voter IDs disenfranchising “older lowans, younger lowans and people of color” – and that the plan would “turn back the clock by making election policy a partisan issue.”

That the issue immediately became partisan is predictable. But from a more commonsense standpoint, we do not see any pressing cause to spend \$1 million or more to revamp a system that’s already working very well as evidenced by extremely low cases of voter fraud. Or as one North Iowa legislator told us, who would want to risk going to jail just to vote? No one we know.

Thanks to hard-working auditors and loyal poll workers, Iowa’s system seems to be working well as it is.

We say let county auditors continue their good work, and put the \$1 million toward education, social services, public safety or any of the myriad things that could use additional money.

Iowa Public Radio: Senate Democrat: Let Us Confirm Next Lieutenant Governor

By JOYCE RUSSELL

As Lt. Gov. Kim Reynolds prepares to succeed Governor Branstad in the state’s highest office, a Democratic state senator wants a say in who becomes the next lieutenant governor.

Sen. Tony Bisignano (D-Des Moines) has filed a bill to require House and Senate confirmation for anyone becoming lieutenant governor without having been voted into office.

The bill would require a simple majority vote, so Bisignano says Republicans could easily confirm Reynolds’s choice.

“They’ll still be able to control everything,” Bisignano said. “That’s what lowans voted for.”

But Bisignano says without a confirmation vote, the public would have no role in choosing the person who could eventually become governor.

“So I don’t want it to be partisan,” Bisignano said. “I want it to be just something the legislature looks at in the interim for the voters.”

It’s a check and balance

Bisignano says legislative confirmation provides an important check and balance to the executive branch.

The bill has been assigned to the Republican-controlled State Government Committee. Chairman Roby Smith (R-Davenport) declined to comment on the bill.

Bisignano admits that in the future, confirmation could become partisan if a split legislature were required to confirm a lieutenant governor appointment.

I don’t want it to be partisan

“This one would be a rubber stamp based on the large numbers the Republicans have here,” Bisignano said.

A researcher in the Senate Democratic caucus says eight states require a lieutenant governor to be confirmed by the legislature.

In Iowa history, Lt. Gov. Robert Fulton became governor very briefly after Harold Hughes left to serve in Congress in 1969. Fulton did not choose a replacement because Governor Robert Ray and Lt. Gov. Roger Jepsen took office only 14 days later.

Iowa Capitol Digest: DHS believes it can absorb \$20 million in spending cuts

Top of Form

Bottom of Form

**DHS BUDGET CUTS:** The head of Iowa's Department of Human Services (DHS) said Wednesday he believes his agency will be able to absorb the \$20 million in spending cuts for this fiscal year without negatively impacting staff or programs.

On Tuesday, Gov. Terry Branstad directed officials in the state general-fund's second-largest budget area – behind education – to reduce spending by \$20 million by June 30 as part of a plan to address an overall \$110 million shortfall in state government brought on by slipping revenue growth.

DHS Director Charles Palmer and his budget director, Jean Slabaugh, told members of the state's Council on Human Services that most of the money will come from a surplus in the Temporary Assistance for Needy Families (TANF) program, which has seen a drop in usage that freed up about \$16 million.

Slabaugh said the agency also had some unspent technology money that will forego the need for cuts in DHS operations.

Of bigger concern, said Palmer, was the governor's fiscal 2018 budget request that was about \$25 million under his agency's \$1.88 billion request to the Legislature.

**EDUCATION KICKOFF:** The Senate Education Committee opened its 2017 run Wednesday with new chairwoman Sen. Amy Sinclair, R-Allerton, pledging to move quickly to pass a new allotment of supplemental state aid to Iowa's K-12 school districts.

Sinclair said district administrators should not be "left in the lurch" concerning their fiscal 2018 funding level.

Gov. Terry Branstad proposed a 2 percent boost for each of the next two fiscal years during his Condition of the State address Tuesday but Sinclair was noncommittal on an amount at Wednesday's kickoff committee meeting, saying only the amount "probably won't be as much as they want."

She also said she is interested in expanding school choice options for parents this session.

Sen. Herman Quirnbach, D-Ames, past chair and now ranking member, said he hoped K-12 funding, third-grade reading, preschool access, rural district transportation costs, anti-bullying efforts, reducing high-school dropout rates and addressing per-pupil funding disparities among districts all would get attention this year.

Bottom of Form

Independent Sen. David Johnson of Ocheyan was granted unanimous consent to address the

committee as a non-voting member and asked other senators to consider joining him in “tri-partisan” cooperation in a policy area where he has 18 years of experience.

**AWARD FOR DHS ADMINISTRATOR:** Wendy Rickman, the administrator of the Adult, Children and Family Services Division for the Iowa Department of Human Services, has been selected as a recipient of a distinguished national award that honors leaders for their dedication to improving the lives of children and families.

Rickman, a licensed social worker who joined DHS in 1987, this week was presented the 2017 Casey Excellence for Children Award in Leadership, which recognizes achievements in improving outcomes, which include safely reducing the need for foster care, increasing pathways to permanency and improving child well-being. Under Rickman, Iowa has developed several initiatives aimed at strengthening families and improving outcomes for children.

Over the past five years, Iowa has experienced an overall reduction of 6 percent in the number of children in foster care.

**QUOTE OF THE DAY:** “Mr. Chairman, would it be in order to adjourn for the year?” – Sen. Bill Dotzler, D-Waterloo, in addressing the Senate Labor Committee, which is expected to be the venue for proposed changes to Iowa’s collective bargaining law this session that could become contentious.

**AP: Branstad pushes new plan to defund Planned Parenthood**

Gov. Terry Branstad urged Iowa legislators on Tuesday to defund Planned Parenthood and prohibit public workers from bargaining for their health insurance, positions expected to create tension with Democrats unable to stop such efforts.

Branstad made the remarks during his annual Condition of the State address at the Iowa Capitol. The Republican governor kept the remarks on abortion brief, but its inclusion in the roughly 30-minute speech also signified what he may push during his remaining time in office. Branstad is expected to resign soon to become the next ambassador to China, but the timing is dependent on the U.S. Senate confirmation process.

“This budget ... redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions,” he said before receiving a standing ovation from Republicans. Democrats remained seated.

Lt. Gov. Kim Reynolds, the incoming governor, supports all of Branstad’s Condition of the State remarks, a spokesman said.

Republicans have complete control of the Iowa Legislature and the governor’s office for the first time in nearly 20 years. No state taxpayer money is currently used on abortions, but their focus on eliminating funding for Planned Parenthood highlights a longstanding ideological effort that’s been stopped by Democrats over the years.

Republicans with control in other statehouses around the country have passed legislation in recent years aimed at abortion restrictions, and similar action is expected in Iowa this session.

**VIDEONC Republicans try to strip powers from governor**

Other states that pulled the plug on using state dollars toward Planned Parenthood ran into legal challenges over federal funding, but Iowa Republicans are seeking a somewhat different course.

They plan to stop accepting federal Medicaid money that goes toward family planning services and

instead replace it with state money for some of those services. It's unclear how much a new state program would cost, though the issue may evolve if the new Republican Congress and President-elect Donald Trump change how Medicaid federal dollars are distributed.

Ben Hammes, Branstad's spokesman, confirmed the governor supports a state-run program. House Speaker Linda Upmeyer, R-Clear Lake, also indicated support.

Rachel Lopez of Planned Parenthood of the Heartland released a statement Monday night criticizing the bill and arguing the legislation would hurt low-income women and men accessing family planning services through their organization.

"These extremist politicians are under the mistaken and dangerous assumption that other providers will be able to absorb the patients that Planned Parenthood of the Heartland currently serves," she said.

Branstad also said he wants to create one statewide health care contract for public workers, a move that would require removing language in the state's collective bargaining law that currently allows public workers to work with their employers on setting the conditions of health insurance. Unions have said Branstad's proposal would increase costs for public workers such as police officers, firefighters and other first responders.

Republicans have been clear that they support the governor's initiative, but they have been vague about whether they would make other changes to the collective bargaining law. Statehouses in at least Kentucky and New Hampshire are considering legislation that progressive groups say will weaken unions, a move that would be similar to action in Wisconsin in 2011.

For now, Branstad has focused on health insurance, arguing that one statewide contract "can provide quality health care at a significantly lower cost and give local governments more flexibility to provide better wages and meet other needs." The governor did not provide more details on the plan or the savings.

Branstad's speech comes shortly after he released his formal spending recommendations for the budget year that begins in July. They include a directive to state agencies to make cuts to plug in a roughly \$110 million shortfall in the current \$7.2 billion budget.

Democrats pounced on the budget shortfall, but they expressed disdain for the proposals regarding abortion and collective bargaining. House Minority Leader Mark Smith, D-Marshalltown, said Democrats could organize public hearings and slow down legislative debate through procedural moves.

"We will be exercising all options that we have available to us as members of the General Assembly," he said.

Daily Non-Pareil Editorial: Our View: School funding deadline must remain

On Monday, the day the Iowa Legislature reconvened for business, lawmakers discussed school funding – something it's struggled to do early for years.

The problem, however, is that it wants to remove the law that requires two-year budgets for state aid to schools finalized in the session's first 30 days. While Republicans plan to set funding levels for the 2017-18 school year, they said they won't 2018-19 school year until next January at the earliest.

"It's very difficult to pass that for the second year," House Majority Leader Chris Hagenow, R-Windsor Heights, told The Des Moines Register. "I think we will be poised to change that law."

GOP majorities in both houses have defended the measure as a way to more appropriately respond to



budgetary changes. This is in spite of Republican Gov. Terry Branstad's opposing it, urging lawmakers to stick to the existing law – a move we endorse.

Instead, the Iowa Legislature has chosen to change the law rather than follow it, conveniently moving the goalposts to inconvenience the state's education system – arguably its most important investment.

The proper solution would have been fixing the workflow to ensure the law was followed and that schools had adequate time to learn and react to their state funding. Instead, the solution being proposed is to remove that troublesome statute that the Legislature can't follow.

But that hasn't happened in years, and the legislators seem to consider themselves above the law on this topic. As a result, Iowa's schools will inevitably find themselves in the lurch and make the chaos of 2014 more likely to repeat itself.

For those who don't remember, the Legislature willfully disregarded the codified date and debated school funding into late June. When a hollow compromise to make Republicans and Democrats feel good about sticking to their guns was approved, Branstad vetoed a large portion of the one-time funding that sealed the accord.

Three wrongs didn't make a right then – and won't in the future.

With only a little more than a month left before classes started, Iowa's school districts watched as millions of dollars that had been approved for them were yanked away – even as they'd followed the law and passed budgets in the spring despite complete uncertainty as to their state aid.

We fear similar situations may come to fruition more often – particularly in the second year of a two-year General Assembly, when re-election fever grips the capitol.

Past actions have given us reason to harbor deep fears about this proposal to remove the 30-day limit on setting education funding during the two-year legislative cycle.

Therefore, we encourage lawmakers to make the tough choices needed simply to follow the law in place for the benefit of Iowa schools rather than rewriting it.

LEE: Community college cuts could hurt workforce programs

Ed Tibbetts

Top of Form

Bottom of Form

Iowa Gov. Terry Branstad's proposed cuts to community college funding will contribute to likely increases in tuition or student fees at Eastern Iowa Community College campuses for the 2017-2018 school year, an official there said Wednesday.

The governor on Tuesday proposed \$110 million in cuts for the current budget year, including \$8.7 million for community colleges.

State revenues are coming in lower than expected this fiscal year, and although Branstad did not ask for reductions in K-12 spending, he is seeking more than \$34 million in cuts from higher education, including \$25.6 million from the three regents institutions.

For the Eastern Iowa college district, which includes Scott Community College, the proposed cuts for

this fiscal year would amount to \$750,000, or about a 4.25 percent reduction in state funding, said Alan Campbell, a spokesman for the district.

He said the college would do its best to shield students from the impact, but the proposed cuts and proposed spending levels going forward could mean program cuts and would likely lead to higher student costs. "They probably will," Campbell said.

The college district has a \$43 million annual budget, but Campbell said \$31 million is committed to salaries, so the cuts would have to come from the remaining \$12 million. He added this doesn't take into account other annual contracts the district has.

The Eastern Iowa district, the state's third-largest community college system, has 7,900 students, along with 30,000 others who are involved in workforce development and adult and continuing education courses.

Campbell added that community colleges are heavily engaged in preparing the state's workforce.

"These cuts are negatively impacting our ability to fulfill that mission," he said.

In his Condition of the State address Tuesday, Branstad conceded the \$110 million in reductions would be "difficult." But he said "they do maintain funding for mutual priorities."

In addition to walling off K-12 schools from this year's cuts, he also said there are no employee furloughs being proposed and payments to local governments for property tax credits would be maintained.

The Iowa Legislature must approve any cuts, and two area lawmakers blanched at the idea of cutting community college spending.

Bottom of Form

State Sen. Jim Lykam, D-Davenport, said the cuts would impinge on the state's ability to meet employer needs, citing workforce programs that have helped employers, such as the Rock Island Arsenal.

"I think it's very short-sighted," he said. "I'm very disappointed."

State Rep. Gary Mohr, R-Bettendorf, also expressed reservations because of the potential effect on employers. Mohr is a former community college executive.

"I just hope we're looking at all options at where to find the cuts, because the community college cuts would also affect our employers," he said.

Mohr said he's eager to see proposals from within the Legislature on how to address the expected shortfall in revenues.

The Gazette: DHS director: Iowa Medicaid insurers paid 'fair' and 'appropriate' rates

The MCOs have reported hundreds of millions in losses

The state believes it's paying the three private insurers now caring for its Medicaid population "fair," "appropriate" and "actuarially sound" rates despite documents that show the managed-care organizations describing the program as "drastically underfunded."

"We believe that what we offered was actuarially sound. We believe that the basis upon which we

established those rates made sense,” said Department of Human Services Director Charles Palmer on Wednesday.

The state of Iowa handed over its Medicaid program with nearly 600,000 enrollees to AmeriHealth Caritas Iowa, Amerigroup Iowa and UnitedHealthcare of the River Valley on April 1. In early December, two of the three MCOs reported hundreds of millions of dollars in losses, with financial reports filed with the Iowa Insurance Division showing that Amerigroup saw losses of more than \$147 million and AmeriHealth had losses of more than \$132 million.

UnitedHealthcare does not have to file financial reports with the state of Iowa, but did say in the second DHS quarterly report it had a loss of 25 percent.

What’s more, correspondence between the MCO leaders and DHS officials reveal that the insurers have been lobbying for increased rates since the start of the transition. The documents, first reported by the Des Moines Register, show the MCOs believed the rates to be inadequate from the start.

Amerigroup’s Cynthia MacDonald said in early May that the company “has some lingering important areas of concern regarding rate adequacy” due to the “impact of delays in overall program implementation, transition of (fee for service) to managed care experience within the data pharmacy savings opportunities and other issues.”

And despite an additional \$33 million the state announced it would pay the MCOs in November, Kim Foltz, chief executive officer of UnitedHealthcare Community Plan of Iowa, said that “the program remains drastically underfunded.” She added that “not only have medical claims exceeded premium rates, but deficits reported do not include administrative costs of managing the (Medicaid) program, which are above and beyond what was included in the rates.”

Data provided in the most recent quarterly report put together by DHS shows that all three MCOs paid out more in claims than they received in payments from the state and federal government.

- Amerigroup paid at least \$288 million in claims in the second quarter while it was paid \$238 million.
- AmeriHealth paid at least \$500 million in claims in the second quarter and was paid \$444 million.
- UnitedHealthcare paid at least \$247 million in claims in the second quarter and was paid \$209 million.

“We believe there is some differences of opinion on the severity of what they would consider to be the gap between their expenditures and our funding of that,” Palmer said Wednesday. “We are working closely with them and our actuarial firm to identify areas where we can — in our terms — close that gap and get the projections of their loss and our projections of what the actual expenditures should be.”

Palmer suggested that start-up costs are among the reasons for the initial losses, saying the MCOs had to invest in hiring staff, renting facilities and setting up infrastructure.

The state and the insurers will begin negotiating capitation rates for the second rate period — which starts July 1 — in April, Palmer said. DHS officials project the privatized managed-care contract that runs through June 30 of this year is “roughly \$4 billion.”

He added he does not know if they are using dramatic language as a negotiating tactic, and he does not believe the state is at risk of seeing an MCO pull out before its contract is up.

“We put out what we were willing to pay. They saw that. They saw how we arrived at those payments. They signed a contract,” Palmer said.

“What we offered was actuarially acceptable. It has to be OK’d by (the Centers for Medicare and Medicaid Services). ... Also, you have a period of time before your managed-care strategies can really

fully go into place, so there is some lag time on their being able to realize some of the benefit that would come from managing the populations.”

The Gazette: Iowa Board of Regents will not vote publicly to reverse meeting change

'There are no plans at this time to do that'

After confirming earlier this month that it will not follow the 2017 meeting schedule it approved last summer, Board of Regents officials on Wednesday said they don't plan to vote publicly to amend the calendar.

That counters recent comments from Board of Regents President Bruce Rastetter, who said staff will add the question of amending the approved 2017 meeting schedule to the Jan. 17-18 board agenda.

“You'll see us bring that up and vote on the final meeting schedule in public at our January meeting,” Rastetter told The Gazette.

But an agenda for next week's meeting released this week has no mention of a vote to amend the approved 2017 schedule. And the board's Executive Director Bob Donley on Wednesday said he “doesn't anticipate that changing,” according to board spokesman Josh Lehman.

“Executive Director Donley and the board office are responsible for coordinating, scheduling and running meetings,” Lehman said in an email. “During the process of attempting to schedule the committee meetings, the revised schedule for committees was set due to logistical challenges.”

Regent policy states the board shall conduct its meetings according to Robert's Rules of Order, meeting structure guidelines commonly used by governing boards. Those rules outline procedures for rescinding or amending previously-approved actions — all of which involve public votes.

But when asked specifically if the board will cast a public vote to amend its approved meeting schedule, Lehman said, “There are no plans at this time to do that.”

The revised 2017 meeting schedule — the one the board will not vote on publicly — reduces the total number of meeting times and dates and looks more like the schedule the board has been following for years.

The board had approved a new schedule in July calling for 14 meetings this year — including eight one-day full board meetings and six committee meetings on different dates. That was up from the typical seven or eight two-day meetings, during which committees and the full board would meet.

The change in July, in part, aimed to give board members more time to consider items presented during committee meetings before approving them the next day at full board meetings. Although the revised schedule goes back to the two-day combined committee and full board schedule, Rastetter said committee items won't be approved until a subsequent meeting.

That means, for example, university projects presented in the property and facilities committee meeting in February will have to wait for approval until April. Rastetter told The Gazette last week that if a project coming before a committee needs more urgent approval, the regents will accommodate.

“But I would hope we could adjust to this schedule pretty quickly,” he said.

The board approved schedule with more meetings in July after The Gazette in June reported on an internal memo informing university officials the board was cutting its number of meetings to just four a year.

But after talking to other regents and committee members, Rastetter said, the feedback showed 14 separate meetings would be too imposing.

“We would be creating another full trip for people and interrupting their schedules,” he said.

Lehman reiterated that point, saying the earlier-approved 2017 was too problematic to pull off. And, he said, the revised schedule removes “the worry of people having to travel every couple weeks for a couple different regents meetings” while also allowing them more time to consider agenda items.

The Gazette: Public input sought on new social studies standards

Grant Wood Area Education Agency hosts meeting Thursday

The Iowa Department of Education is collecting public input on the first update to the state’s social studies standards since they were adopted in 2008.

The Grant Wood Area Education Agency, 4401 Sixth St. SW, is hosting an input meeting from 4:30 to 6 p.m. on Thursday.

The update embeds Iowa history and financial literacy throughout K-12 standards, which are not currently in the state’s social studies standards, Iowa Department of Education Social Studies Consultant Stefanie Rosenberg Wager said in an email.

It also creates separate standards for U.S. history and world history at the high school level and introduces “anchor standards” that appear across multiple grades. Those are meant to “provide cohesiveness throughout the document and to outline what a graduate should know and be able to do in social studies,” Rosenberg Wager said.

“For example, one of the anchor standards is ‘apply civic virtues and democratic principles,’ ” she said. “This anchor standard shows up throughout the document, but the (standard) in Kindergarten looks different from the standard in high school.”

The proposed draft of the updated standards is under consideration by the department’s Social Studies Standards Review Team, which includes teachers and school administrators from around the state.

The team will consider public comments and is expected to make its final recommendation to the State Board of Education in the spring, according to a news release.

The overview of the draft standards identifies the following key concepts students at each grade level should be learning:

- Kindergarten — Spaces and places
- First grade — Communities and culture
- Second grade — Choices and consequences
- Third grade — Immigration and migration
- Fourth grade — Progression and regression
- Fifth grade — Rights and responsibilities

- Sixth grade — World regions and cultures
- Seventh grade — Contemporary global studies
- Eighth grade — U.S. history and civil ideals
- Ninth through 12th grades — U.S. and world history, behavioral sciences, geography, civics and government and economics.

Comments about the draft plan can also be made Thursday at satellite sites at the Prairie Lakes Area Education Agency in Pocahontas and the Mississippi Bend Area Education Agency in Bettendorf.

The Gazette LTE: Downtown casino is a good fit for Cedar Rapids

Steve Emerson and Hunter Parks, guest columnists

Building a thriving Cedar Rapids is something that we hope everyone can get behind. Many times we have seen development in our community stifled and threatened by Mother Nature, and yet our resilience has prevailed. Living, working, and investing in the community, we are working toward the goal of revitalization in a very tangible way — one project at a time.

If you live in or near Cedar Rapids, you may have heard of Aspect Architecture and Hunter Companies. Both of our companies are local, both contribute to the community, and both are drivers of urban renewal. The products of our investment, new construction, and restoration can be seen all over Cedar Rapids and Eastern Iowa — from St. Luke’s and Rockwell Collins, to Edgewood Station and the Linn County Sherriff’s Office.

One of our many priorities is to drive growth in the downtown area. Not only would we like to spark new residential and commercial projects, but we’d also like to make downtown a destination — driving business to existing retailers, eateries, and amenities. This is why we sought out Wild Rose as a partner and together, put forth a proposal for an urban, boutique casino in downtown Cedar Rapids.

Wild Rose, like Aspect and Hunter Companies, is an Iowa-based company that has driven growth in communities like Jefferson, Emmetsburg, and Clinton. Wild Rose has a successful track record of working with local stakeholders to develop thriving casinos that ultimately contribute to local economies in a very positive way.

In Cedar Rapids, we have introduced a unique casino project. This “boutique” casino, unlike those previously proposed, would not include a hotel or formal restaurant component. The casino would be right-sized and allow the many local restaurants and nearby hotels to benefit from the influx of visitors. Also unique is the fact that Aspect and Hunter Companies would design and develop the project, which would also include commercial office space, and Wild Rose would simply lease the space for the casino.

Development of this project represents tens of millions in direct investment, and operations at the casino alone would create over 200 jobs and result in millions of dollars in payroll and benefits for Cedar Rapidians. A relationship between Wild Rose and the Cedar River Alliance for Gaming (CRAG) was also recently announced. This nonprofit organization, comprised of local leaders and chaired by Dick Meisterling, would oversee the distribution of a portion of the Wild Rose Cedar Rapids’ gambling revenues. These dollars would go to worthy community causes, such as shelters, education initiatives, and first response efforts.

For these reasons and many more, we feel our proposed project is an ideal fit for Cedar Rapids, and is truly designed with our community in mind. Its development would be a catalyst for the area, helping

Aspect, Hunter Companies, and an array of Cedar Rapids' businesses and residents realize the dream of a vibrant downtown.

QC Times: Sterilite deal prompts meeting over school tax dollars

Devan Patel

Top of Form

Bottom of Form

The economic impact of Davenport's proposed Sterilite Corp. deal is significant, but one detail about potential tax revenue generation for schools has caught the eye of city officials.

Davenport has approved a resolution in support of providing economic incentives to Sterilite, North America's largest manufacturer of plastic goods, offering more than \$17 million in the form of infrastructure improvements and tax rebates.

Besides a total economic impact of \$143.6 million, \$30.4 million in new payroll and creation of 814 jobs, the construction of a 2.4 million square-foot facility on 160 acres in the Eastern Iowa Industrial Center could generate \$834,000 in new property tax revenue for the first year.

Those revenues are split between four different taxing authorities, including \$305,000 for schools.

The cumulative increase in property tax revenue to the city would be approximately \$5.5 million for year one through 15 and would not exist without the proposed deal taking place.

The current land, which has an assessed value of \$640,000, generates slightly under \$12,000 per year in tax revenue, including \$4,383 for schools.

The problem for Davenport city officials, however, is that the potential revenue for schools will not go to the Davenport Community School District. Instead, due to boundary lines, it would benefit North Scott Community Schools.

With the Davenport school district already facing troubles due to the state school funding formula, city officials have scheduled a meeting to discuss potential solutions to the problem.

"The schools benefit is not our schools," Alderman Mike Matson, 7th Ward, said. "This project and others, because it's in another district when it says schools, it doesn't mean Davenport schools."

Matson said because the incentives are coming from Davenport taxpayers, Davenport schools needed to reap the benefits.

Mayor Frank Klipsch said he will meet next week with representatives of the North Scott school district and Eldridge Mayor Martin O'Boyle about Davenport's options.

"What I told them was 'What's the incentive?'" Klipsch said. "I'm going to talk to them about where we are and what we can do about it. It's not a matter of them saying we can do it, but it's a big deal because you have to get state approval and board of education approval."

While Klipsch said it was not realistic to expect that the city would just receive money the money back, he said the outcome from the discussion could pave the way for Davenport to look at economic development sites that fall within the Davenport school district's boundaries.

In related action, a contingent of local workers petitioned the Davenport City Council on Wednesday to do what they could to make sure Sterilite hires local labor.

Bottom of Form

Bret Lacher, a Davenport resident, pipefitter and member of Local Union 25, who told aldermen he would prefer that the city holds Sterilite to using local labor like himself.

"Last winter, I had to pack a suitcase and leave my wife and three young children at home and go find a job where there was work eight hours north," Lacher said. "Only coming back every couple of weeks to see my wife and kids while local construction projects were filled with license plates that weren't Iowa or Illinois."

Brinson Kinzer, an electrician and member of the Scott County Board of Supervisors, did not speak on the county's behalf. But he did echo Lacher's sentiments of supporting the use of local workers.

"We need to use local contractors if we're going to give the incentives," Kinzer said.

Ryan Drew said the city often hears the same story about developers needing economic incentives to succeed only for local labor not to be utilized.

"We fast forward to the start of construction for the project and we begin to see workers imported from other communities, other states and other countries," Drew said. "This is the same work that our local school districts ask us on a routine basis to come to them and showcase to the youth the skills and careers available in the community."

Having listened to their pleas, several aldermen championed the quality of local workers and said they would work to promote hiring local labor.

"They need to be educated on the quality of the folks that can do the job," Matson said.

RI: Iowa State University president announces multi-million dollar gift

Iowa State University received a huge donation to its ongoing fundraising campaign today.

University President Steven Leath announced the gift to the ISU Foundation. "We have received a gift of an equity stake representing majority ownership in Curriculum Associates — which is an education company headquartered in Massachusetts," Leath says. "The gift is currently valued at approximately 93 million dollars — making it one of the largest gifts in the history of this university."

The gift will be used to create a permanent endowed fund to the school's College of Liberal Arts and Sciences. "Since the College of Liberal Arts and Sciences provides core curriculum for students in every major and every program, this gift will impact virtually every student at Iowa State and every student that comes in the future," Leath says.

The donors are a husband and wife who graduated from Iowa State. "They ask that their names be kept confidential, so we will respect their wishes. We'd love to give them credit, but we will respect their wishes," according to Leath. "On behalf of everyone at Iowa State I want to say how grateful we as a university — as an Iowa State community — are to these folks for their gift. There really aren't words to express the appreciation we have for this very special couple and their generosity."

The contribution will go toward eight-year fundraising campaign called "Forever True, For Iowa State," which is named after the words to the school's fight song. "It will support generations to come of innovators, creators, communicators and problem solvers, who will go out and do great things in this



world,” Leath says. “Never before have Iowa State’s unique strengths been so relevant in addressing problems in this complex world. And never before has philanthropy been so important and such a powerful tool in making a difference and enabling us to reach those goals.”

The ISU campaign seeks to raise \$1.1 billion for the university by July 2020. The final valuation of this gift will depend on market considerations at the time the sale of the equity occurs.

RI: Legislators say Iowa’s courts operate on ‘tight budget’

A key legislator is hoping to spare the state’s courts from a deep budget cut.

“The programs that they’re developing are doing a lot to keep people out of prison, keeping a lot of juveniles from going down that path,” says Republican Representative Gary Worthan of Storm Lake.

Worthan is co-chair of the group of legislators who develop a budget outline for the state’s court system. He says the chief justice of the Iowa Supreme Court “hit the nail on the head” in today’s speech to legislators, by arguing court programs that intervene early with juveniles, troubled families and those accused of drug crimes are saving the expense of costly prison time.

“You can pay me now or you can pay me later,” Worthan says. “I hope my fellow legislators take that to heart.”

The court system will have to shoulder some sort of budget cut over the next six months, but Worthan’s hoping legislators will agree on a cut that’s less than seven-million dollar reduction the governor has proposed for the courts.

Senator Mark Chelgren, a Republican from Ottumwa, is the other co-chair of the group that drafts the court system’s budget.

“The justice system has been run relatively efficiently and on a tight budget for quite a while, so I think we’re going to have a hard time really squeezing the money out of it,” Chelgren says.

But Chelgren says no section of state government should be immune from examination as legislators compile about \$100 million in cuts to the current year’s state budget.

“There’s no question that we need to make sure that we’re doing budget cuts in a targeted manner,” Chelgren says. “I think it’s important that we take our responsibility seriously, go through each of the programs...and decide whether we’re getting the best bang for our buck out of it.”

Chelgren says that means even “good” programs will suffer, because of the budget reality legislators face.

RI: Iowa Supreme Court Chief says courts need ‘renewed investment’

The chief justice of Iowa’s Supreme Court says Iowa judges and magistrates have had just one pay raise in the past eight years and he’s asking legislators for more than \$2.2 million to raise those salaries by five percent.

“The success of any organization comes from having the right people, the right vision for future success and the right investments,” Chief Justice Mark Cady said this morning. “...Our vision is not to just recognize judges and magistrates for their work, it is to provide them with regular salary increases in line with the practices followed by other successful businesses.”

The chief justice delivered the annual "Condition of the Judiciary" message to legislators this morning.

"I do so knowing this is a time of scarce financial resources," he said in the first paragraph of his prepared remarks. "My hope is my message will be heard in a way that leaves you, and all Iowans, better informed about the critical services the Iowa court system performs for Iowans and the importance of investing in those services."

Nearly 400 people serving on the state's court of appeals, the supreme court or as magistrates and judges throughout the state. Cady said because of stagnant salaries, there's been a "significant decline" in applications to fill vacancies when a judge or magistrate retires or takes a job in the private sector. The chief justice is asking legislators for a nearly seven percent boost for the entire judicial branch budget.

"Iowa's court system needs a renewed investment," Cady said.

Cady isn't suggesting how he may deal with the current year's budget dilemma. Governor Branstad is recommending the court's budget be cut by \$7.25 million. Cady hinted the courts are starting to reduce the hours clerks of court offices are open to the public.

Cady cited a lot of numbers in his speech. He argued court programs to intervene early with juvenile offenders, troubled families and those accused of drug crimes are saving taxpayers millions of dollars, money that would otherwise be spent putting those people in prison.

"Instead of going to prison, our programs pave the way for these Iowans to go to work every day, earn paychecks, support their families and contribute to communities," Cady said.

But the chief justice acknowledged court programs like these and court operations in general may be "hindered" in the coming months because of budget constraints.

REUTERS: Trump secretary of state nominee: China should be denied access to South China Sea islands, Russia sanctions should stay for now

U.S. President-elect Donald Trump's nominee for secretary of state set a course for a potentially serious confrontation with Beijing on Wednesday, saying China should be denied access to islands it has built in the contested South China Sea.

In comments expected to enrage Beijing, Rex Tillerson told his confirmation hearing before the U.S. Senate Foreign Relations Committee that China's building of islands and putting military assets on those islands was "akin to Russia's taking Crimea" from Ukraine.

Asked whether he supported a more aggressive posture toward China, he said: "We're going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed."

The former Exxon Mobil Corp chairman and chief executive did not elaborate on what might be done to deny China access to the islands it has built up from South China Sea reefs, equipped with military-length airstrips and fortified with weapons.

Trump's transition team did not immediately respond to a request for specifics on how China might be blocked from the artificial islands.

Tillerson also said Washington needed to reaffirm its commitment to Taiwan, which Beijing regards as a renegade province, but stopped short of Trump's questioning of Washington's long-standing policy on

the issue.

“I don’t know of any plans to alter the ‘one China’ position,” he said.

Tillerson said he considered China’s South China Sea activity “extremely worrisome” and that it would be a threat to the “entire global economy” if Beijing were able to dictate access to the waterway, which is of strategic military importance and a major trade route.

He blamed the current situation on what he termed an inadequate U.S. response. “The failure of a response has allowed them just to keep pushing the envelop on this,” Tillerson said.

“The way we’ve got to deal with this is we’ve got to show back up in the region with our traditional allies in Southeast Asia,” he said.

Democratic President Barack Obama’s administration conducted periodic air and naval patrols to assert the right of free navigation in the South China Sea. These have angered Beijing, but seeking to blockade China’s man-made islands would be a major step further and a step that Washington has never raised as an option.

Under his strategic “pivot” to Asia, Obama has increased the U.S. military presence in the region, and Trump has vowed a major naval buildup.

Tillerson’s words also went beyond Trump’s own tough rhetoric on China.

Obama has sought to forge a united front in Southeast Asia against China’s pursuit of its territorial claims, but some allies and partners who are rival claimants have been reluctant to challenge Beijing.

Tillerson called China’s South China Sea island-building and declaration of an air defense zone in waters of the East China Sea it contests with Japan “illegal actions.”

“They’re taking territory or control, or declaring control of territories that are not rightfully China’s,” he said.

Tillerson also said the United States could not continue to accept “empty promises” China had made about putting pressure on North Korea over that country’s nuclear and missile programs.

He said his approach to dealing with North Korea - which recently declared it is close to carrying out its first test of an intercontinental ballistic missile - would be “a long-term plan” based on sanctions and their proper implementation.

Asked if Washington should consider imposing “secondary sanctions” on Chinese entities found to be violating existing sanctions on North Korea, Tillerson said: “If China is not going to comply with those U. N. sanctions, then it’s appropriate ... for the United States to consider actions to compel them to comply.”

He accused China of failing to live up to global agreements on trade and intellectual property, echoing past remarks by Trump, who has threatened to impose high, retaliatory tariffs on China. But Tillerson also stressed the “deeply intertwined” nature of the world’s two biggest economies.

“We should not let disagreements over other issues exclude areas for productive partnership,” he said.

(Reporting by David Brunnstrom and Matt Spetalnick; Editing by Jonathan Oatis)

Tillerson supports keeping Russia sanctions for now

By Patricia Zengerle and Yeganeh Torbati, Reuters

WASHINGTON — President-elect Donald Trump's nominee for secretary of state, Rex Tillerson, said on Wednesday he favored maintaining current U.S. sanctions against Russia for now and that NATO allies were right to be alarmed by Moscow's growing aggression.

Tillerson's backing for a more assertive policy toward Russia than Trump has espoused was tempered, however, by his refusal to commit to support maintaining President Barack Obama's executive order authorizing additional sanctions against Moscow because of its interference in the 2016 U.S. presidential election.

Tillerson, oil company Exxon Mobil's former chairman and chief executive who had extensive business dealings in Russia, refused to call President Vladimir Putin a war criminal and kept the door open to a possible change in U.S. sanctions policy against Russia, saying he had not seen classified information on Russian meddling.

"I would leave things in the status quo so we are able to convey this can go either way," Tillerson said, suggesting "open and frank" dialogue with Moscow to better understand its intentions.

Tillerson stopped short of endorsing some of Trump's most hardline positions on a number of foreign policy issues, including the Trans Pacific Partnership trade deal, relations with Mexico, and climate change, which could lead to areas of disagreement between him and the White House if he is confirmed.

He left room for broad reversals or changes to Obama policies, including trade with Cuba and the Iran nuclear deal, which he said ought to undergo a full review.

The hearing was interrupted sporadically by protesters opposed to Tillerson's nomination. He is expected to be confirmed.

#### 'ABSENSE OF AMERICAN LEADERSHIP'

Tillerson's responses were calm and measured, without any obvious reliance on notes. But he appeared unsure of the facts around Exxon Mobil's lobbying on sanctions and sidestepped questions on pressing issues such as human rights worldwide and matters like whether he would allow a traveling press corps at the State Department.

He blamed Russia's increasing aggression toward Ukraine since 2014 on an "absence of American leadership" and said there should have been a defensive military response by the United States to deter the Russians from further encroachments.

"I'm advocating for responses that will deter and prevent further expansion of a bad actor's behavior," he said.

Tillerson said it was a "fair assumption" Putin was aware of Russian efforts to interfere in the U.S. election. He said he had not discussed Russia policy with Trump, which Democratic Senator Robert Menendez said was "pretty amazing."

Some of Tillerson's answers may reassure skeptical Republicans and Democrats concerned that Trump, who takes office on Jan. 20, will act on his stated aim to improve ties with Russia by revoking all, or some, sanctions against Moscow.

In one of the most tense exchanges, Republican Senator Marco Rubio pushed Tillerson hard on whether he believed Putin was a war criminal, specifically referring to Russia's military actions in support of Syria's government.

"I would not use that term," Tillerson said, adding: "Those are very, very serious charges to make and I

would want to have much more information before reaching a conclusion.”

Rubio, who ran against Trump for the Republican presidential nomination and whose vote on the committee is key, shot back: “There’s so much information out there. It should not be hard to say that Vladimir Putin’s military has conducted war crimes in Aleppo.”

He added: “I find it discouraging, your inability to cite that which I think is globally accepted.”

On another contentious matter, Tillerson said he would recommend a “full review” of the nuclear deal with Iran reached with the United States and other world powers, but he did not call for an outright rejection of the 2015 accord in which Tehran agreed to curtail its nuclear program in exchange for relief from crippling economic sanctions.

Trump has made contradictory statements about the nuclear deal and threatened at one point to dismantle it.

Tillerson also faced questions on China’s response to North Korean missile tests and whether he would be able to make unbiased decisions after a long career at Exxon Mobil, the world’s largest publicly traded oil producer.

Tillerson was also grilled on his views on climate change but dodged a direct question about whether he believed it was caused by human activity.

“The risk of climate change does exist and the consequences of it could be serious enough that action should be taken,” he said, adding: “The increase in greenhouse gas concentrations in the atmosphere are having an effect. Our abilities to predict that effect are very limited.”

His hearing came at a time of fraught ties with Russia. U.S. intelligence agencies have concluded that Russia was behind the hacks of U.S. political figures in an effort to help the Republican Trump defeat Democratic candidate Hillary Clinton in the Nov. 8 election. Moscow has denied the allegations.

In another disclosure, also denied by Moscow, two U.S. officials said on Tuesday that classified documents that the heads of four U.S. intelligence agencies presented last week to Trump included claims that Russian intelligence operatives had compromising information about him. Trump dismissed the reports, first made by CNN, as “fake news.”

Tillerson opposed U.S. sanctions against Russia in 2014 over its annexation of Crimea from Ukraine because he said he thought they would be ineffective.

On Wednesday, he said he never personally lobbied against sanctions and emphasized that he was not aware of Exxon Mobil directly doing so.

Tillerson later acknowledged he spoke to U.S. Treasury Secretary Jack Lew regarding gaps between American and European sanctions on Russia.

Democratic Senator Chris Murphy vigorously challenged Tillerson on the issue, saying he called a U.S. senator to express concerns over the measures, which “likely constitutes lobbying.”

Washington Post: Trump taps Obama official as VA secretary

President-elect Donald Trump announced Wednesday that he has tapped David Shulkin, a physician who is currently serving in the Obama administration as VA undersecretary, to lead the Department of Veterans Affairs.

The decision ends a protracted search for a secretary for the second-largest federal agency and makes Shulkin the first VA leader who is not a veteran.

Shulkin was confirmed unanimously for the post in June 2015 — assuring that he should breeze through the Senate confirmation process.

Shulkin is an internist who has led the sprawling veterans health system, the country's largest, since last year. In keeping Shulkin, Trump passed over the current secretary, Robert McDonald, a Republican appointed by President Barack Obama in 2014 to lead the agency after a scandal over fudged wait times for medical appointments. The large veterans service organizations had pushed Trump to keep McDonald in the job.

It is unclear how Shulkin will approach Trump's biggest priority for veterans: A significant expansion of VA medical care to private doctors outside the system.

During his campaign, Trump called VA a "broken" system that treats illegal immigrants "better than our vets."

Governing.com: Branstad Gives Final State Address as Nation's Longest-Serving Governor

Gov. Terry Branstad used his final Condition of the State speech Tuesday to urge the GOP-run Legislature to "seize the opportunities" to reshape government in ways that "challenge the status quo" to improve education, public safety, health care and water quality.

"This new General Assembly brings new dynamics, new expectations and new opportunities to deliver positive results for Iowans," according to prepared remarks Branstad was to deliver Tuesday morning to a joint legislative convention for the 22nd time in his run as the longest-serving governor in U.S. history.

Branstad, who likely will leave office later this year to become U.S. ambassador to China, spoke of past challenges and successes the state has seen while charting a new budget and future expectations for a smaller, smarter government to a statewide televised audience and a Legislature where Republicans control the Senate 29-20-1 and the House 59-40.

"Today, America and Iowa exist in a challenging world," he said, according to a copy of his speech. "But we must seize the opportunity to make it a better place."

To that end, Branstad called on lawmakers to re-examine the system whereby government delivers health benefits to its employees for savings and efficiencies, explore ways to make the state's highways safer, establish a long-term funding stream to clean Iowa's waterways, and beef up Iowa's "talent pipeline" through workplace skills and educational innovations.

The governor also spelled out ways he hopes to erase a roughly \$110 million shortfall yet this fiscal year and proposed a new two-year spending plan that included increased state aid to K-12 schools of \$78.8 million for fiscal year 2018 and \$63.5 million the following year -- calling on lawmakers to approve both 2 percent hikes in the session's first 30 days.

"It prioritizes education, health care, economic development and public safety," Branstad said of his two-year budget blueprint, "and it redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions."

He said this year's budget process should include a commitment to examine every dollar of revenue and expenditure in order to maximize efficiency and respect hardworking taxpayers with an eye on downsizing and streamlining government.

"We are committed to a smaller, smarter government that seeks innovative ways to provide services rather than blind adherence to the way things have always been done," the governor said.

"I'm asking the General Assembly to take a comprehensive review of all of our state's boards and commissions to address unnecessary barriers that prevent competition and raise costs," he added. "I encourage you to ask the tough questions that challenge the status quo."

One of the governor's proposals called for changing the state's "antiquated" collective bargaining system by establishing a single comprehensive statewide health care contract for public employees at the state and local level to "spread the risk and dramatically reduce costs."

"Using a uniform health-care benefit system similar to the IPERS program for retirement we can provide quality health care at a significantly lower cost and give local governments more flexibility to provide better wages and meet other needs," he said.

Branstad said he hoped 2017 would be the year to approve a bipartisan water-quality improvement plan that would provide funding for community conservation practices and improvements to wastewater and drinking water facilities via a long-term, dedicated and growing source of revenue.

Branstad said a starting point of this year's discussion could be a plan that won bipartisan support in the Iowa House last session that proposed to shift \$478 million over 13 years to water quality projects from a water-metering tax and the gambling-funded state infrastructure account. Then-majority Senate Democrats balked at that plan fearing it would shift money from other priorities like education.

During his remarks, Branstad called the rise in traffic deaths from 315 in 2015 to 402 in 2016 "unacceptable" in urging legislators to consider recommendations from public safety officials on ways to reverse "a troubling trend."

"Modern technologies should come with new responsibilities," he said. "I ask that all Iowans join the Iowa law-enforcement community, first responders, the League of Cities, all the major cellphone carriers, the insurance industry, and the medical community in demanding real change in the laws for distracted and impaired drivers."

To highlight past challenges the state has overcome, Branstad pointed to successes in Bloomfield, Woodbine and Waterloo.

Branstad was to recognize students from Des Moines, Bondurant-Farrar and Waukee on hand for his speech to emphasize the need for STEM and comprehensive computer science initiatives, work-based learning programs, and the administration's Future Ready Iowa effort that seeks to have 70 percent of Iowans in the workforce with education or training beyond high school by 2025.

Branstad also paid tribute to his wife, Chris, for her patience and volunteer work, as well as his family for their sacrifices during his years of public service and the prayers and encouragement of friends he has made in Iowa's 99 counties during his years in elective office.

"I've been so blessed to serve as your governor, leading the state I love, for 22 years.

I am confident Iowa will continue to move forward because Iowans care deeply about their neighbors, their communities and creating an even better future," he said.

"As I approach the U.S. Senate confirmation process my main priority is to continue serving the people of Iowa with the same energy and passion that I have brought to this office each and every day," he added in conclusion.

REUTERS: China hikes anti-dumping duties on U.S. animal feed in final ruling

China has increased punitive tariffs on imports of a U.S. animal feed ingredient known as distillers' dried grains (DDGS) from levels first proposed last year, potentially escalating a trade spat between the world's two largest economies.

The ruling is a major victory for China's fledgling ethanol industry, which had complained the U.S. industry was unfairly benefiting from subsidies, and followed a year-long government probe.

It also deals a blow to U.S. ethanol manufacturers already bracing for Beijing's higher import taxes on their main product. DDGS are a byproduct of the corn-based biofuel that have become a key contributor to profits. The industry is pumping out record volumes of biofuel and is facing domestic political uncertainty as they wait for President-elect Donald Trump to take office.

In a final ruling, the Commerce Ministry said on Wednesday that anti-dumping duties would range from 42.2 percent to 53.7 percent, up from 33.8 percent in its preliminary decision in September. Anti-subsidy tariffs will range from 11.2 percent to 12 percent, up from 10 percent to 10.7 percent.

Beijing said it found the domestic DDGS industry had "suffered substantial harm" due to subsidized imports from the United States. China is the world's top buyer of DDGS and buys almost all of its needs from the United States, the largest exporter.

The U.S. Trade Representative did not respond to request for comment. U.S. Grains Council President and Chief Executive Officer Tom Sleight said in a statement on Wednesday the group is "deeply disappointed" by the news and by the increase in China's ethanol import tariffs from 5 to 30 percent.

The moves are "effectively stopping a growth market for U.S. farmers and ethanol producers," he said.

U.S. producers have been seeking new markets, notably China. Companies hit by the new tariffs include global traders Archer Daniels Midland Co (ADM) and Louis Dreyfus [AKIRAU.UL], biofuel producer Poet LLC, oil refiner and ethanol producer Valero Energy Corp and grains group Andersons Inc.

The penalty hike was larger than experts expected, and came amid growing tensions between the two countries over China's corn subsidies and its steel and aluminum exports.

Trump, who takes office on Jan. 20, has threatened to impose punitive tariffs on Chinese goods coming into the United States.

Many Chinese businesses have already started to wind back imports of U.S. DDGS since the preliminary ruling in September, switching to domestic suppliers or alternatives like soymeal.

"I don't buy DDGS from the U.S. anymore and have turned to domestic DDGS, soymeal and rapemeal," said Mr. Hu, who is in charge of buying protein in southern China for feed manufacturer New Hope Liuhe. He declined to give his first name as he is not authorized to speak to the media.

Shipments in October and November fell to 135,000 tonnes and 163,000 tonnes respectively, about a third of the total in August before the first ruling.

The new rates will take effect from Thursday and be in force for five years.

POLITICO: Senate OKs budget, moves toward demise of Obamacare



After a marathon session of votes that lasted into the early hours of Thursday morning, the Senate passed a Republican budget that sets in motion repeal of Obamacare.

The 51-48 vote came after a 7-hour “vote-a-rama” — a rapid-fire series of more than a dozen votes on some of the hottest political issues of the day. The budget, which is expected to be taken up by the House Friday, does not become law. It does, however, provide for a powerful procedural tool known as reconciliation to let Republicans dismantle the health law with simple majorities in the House and Senate. Senate adoption of the budget is the first step in that process.

The quirky Senate ritual of vote-a-rama can be a potent political weapon for the minority to force tough votes, and Democrats sought to squeeze the GOP repeatedly for targeting Obamacare. Republicans, for their part, easily rejected the Democrats’ proposals, which they said they would upend the repeal effort for procedural reasons.

Democrats sought to drive a wedge between Senate Republicans and President-elect Donald Trump by pushing multiple amendments to curb the skyrocketing cost of prescription drugs. Trump slammed the pharmaceutical industry as “getting away with murder” at his Wednesday press conference and promised the federal government would soon start negotiating with the industry for better prices. An amendment from Sen. Amy Klobuchar (D-Minn.) and Sen. Bernie Sanders (I-Vt.) to allow the importation of drugs from Canada failed 46-52, but 12 Republicans voted for it.

Democrats also forced Republicans to balk at supporting popular provisions in the health law. Sen. Bob Casey (D-Pa.) offered an amendment to prevent discrimination against people with pre-existing conditions; Sen. Kirstin Gillibrand (D-N.Y.) tried to block “legislation that makes women sick again” by stripping women’s health care services provided under Obamacare. Both proposals went down to defeat, 49-49.

Senate Republicans dismissed the Democratic efforts to put them in a bind. “I’m sure the political strategists over here are trying to figure out the votes that can be used in the political process,” said Sen. Cory Gardner (R-Colo.). “But the voters of people’s states understand that they’re just playing politics.”

In perhaps the most significant move of the night, Sen. Bob Corker (R-Tenn.) withdrew an amendment he and several moderate Republicans had proposed to delay by more than a month the deadline for committees to draft the Obamacare repeal bill. A growing number of rank-and-file Republicans have expressed unease about repealing the law without having a replacement ready, for fear of the chaos that could be unleashed on the health system.

But Corker said he was reassured after GOP leadership told him the original Jan. 27 target was “a placeholder” and not a firm deadline to write a reconciliation bill. “We plan to withdraw this amendment,” he said, “and place our faith in the fact that we’re going to do this in a manner that works well for the American people.”

Sanders was not impressed. “I understand Sen. Corker wants more time,” he said. “Maybe they will develop a plan, but right now, what they are talking about is repealing legislation which has brought millions of people health care and they have no substitute.”

The bitter partisan feelings extended until the very end. Democrats stood at their desks to oppose the budget in a sign of solemnity. And when the senators tried to make a brief statement explaining their vote, they were sternly interrupted by the chair and told that “debate is not in order during a vote.”

POLITICO: The top takeaways from Tillerson’s rocky Hill performance

Florida Republican Marco Rubio seemed exasperated with some of his answers on Russia.

Rex Tillerson will only need Republican votes to become secretary of state — and the GOP was largely kind to him during Wednesday's audition to be Donald Trump's top diplomat.

Everyone, that is, except for Marco Rubio.

The Senate Foreign Relations Committee is narrowly divided, with the GOP holding just a one-seat advantage. And most Democrats, if not all, sounded skeptical about Tillerson's performance before the panel. So Rubio may determine whether Tillerson's nomination can successfully win committee approval — or come to a floor vote after being given an “unfavorable” recommendation by the panel.

On Wednesday during multiple rounds of questioning, Tillerson largely failed to satisfy Rubio's obvious desire for tough talk on Russian President Vladimir Putin, Filipino President Rodrigo Duterte and Saudi Arabia's treatment of women. Tillerson, the former chief executive at oil giant ExxonMobil, wouldn't call Putin a “war criminal,” or criticize reports of extrajudicial killings by Duterte's police forces, leading a seemingly exasperated Rubio to repeatedly ask Tillerson what it would take for him to do so.

The clashes forced Committee Chairman Bob Corker (R-Tenn.) to step in several times, in an effort to get Tillerson to clarify that if he had access to classified information detailing atrocities by Putin or Duterte he would endorse Rubio's critiques. And remarkably, at one point Tillerson protested that he and Rubio had gotten off on the wrong foot and insisted they share the same values.

Rubio said he was not trying to get Tillerson to engage in “international name-calling,” but said if he wants to feel comfortable with Tillerson after the Obama administration, he needs straighter answers. As the hearing ended, Rubio circled back to his exchange with Tillerson, in an effort to make sure the nominee understood the “purpose of the questions I've asked you.”

It had the air of a lecture — and a warning that Tillerson still has work to do.

“We need clarity. We can't achieve moral clarity with rhetorical ambiguity,” Rubio said. “I have no questions about your character, your patriotism. You don't need this job ... [but] we need a secretary of state who can fight for these principles.”

Rubio was the only Republican to ask three rounds of questions of Tillerson. Other Republicans went much easier on him, leading both Sens. Todd Young (R-Ind.) and Cory Booker (D-N.J.) to predict he would win confirmation. Top panel Democrat Ben Cardin of Maryland said most people in his party hadn't made up their mind, but Tillerson may struggle to win any Democratic votes so the potential for opposition from Rubio raises the possibility of a nail-biting committee vote sometime ahead of Inauguration Day.

Here's POLITICO's takeaways of Tillerson's confirmation hearing:

Rubio stays cool to Tillerson

The Florida senator jolted the hearing to life with his sharp questioning of Tillerson on Russia and kept up the pressure as the day-long hearing dragged on. Rubio didn't tip his hand on how he will vote, but he seemed unswayed by many of Tillerson's answers, particularly on human rights issues.

As he was leaving the hearing, Rubio told reporters that he will decide how he'll vote on Tillerson “very soon” after submitting additional written questions to the former oil executive.

“The president deserves wide latitude in their nominations. But the more important the position is, the less latitude they have,” he said. Asked if he's prepared to be the only Republican on the committee to oppose Tillerson's nomination, Rubio said, “I'm prepared to do what's right. I'm not analyzing it from a partisan perspective.”

Rubio wanted Tillerson to come out tough against Putin and label him a war criminal, but Tillerson would not. Then Rubio tried to get Tillerson to commit to keeping the Obama administration's Russia sanctions. Again Tillerson demurred. Rubio flashed frustration when he ticked off Russia's actions in Aleppo and Chechnya that led to civilian deaths.

"It should not be hard to say that Vladimir Putin's military has conducted war crimes in Aleppo because it is never acceptable, you would agree, for a military to specifically target civilians," Rubio said. "I find it discouraging your inability to cite that, which is globally accepted."

The second round of questioning was just as prickly, as Tillerson refused to entertain media reports about extrajudicial killings in the Philippines or label Saudi Arabia a human-rights violator. Over and over again, Tillerson said he needed more information.

"You're not familiar with the state of affairs for people in Saudi Arabia, what life is like for women? They can't drive. People jailed and lashed. You are familiar with that?" Rubio asked the longtime oil executive incredulously.

Tillerson indicated he was familiar with the issues, but said it would not be helpful for him to come down hard on anyone at this point.

"I share all of the same values that you share and want the same things for people in terms of world freedom. But I'm also clear eyed and realistic about dealing with centuries-old cultural differences," Tillerson said.

Coach Corker

Whenever Tillerson seemed to make a misstep, there was Chairman Corker to keep things on course.

In a clear reference to Rubio, Corker said at the end of the hearing that people with "questions of clarity" should take into account Tillerson's private sector background and continue asking questions.

"I hope that [Rubio] and Tillerson will talk some more and hopefully there will be some understanding of [Tillerson] ... not wishing to get out over their skis," Corker said.

Early on, Corker chose not to ask questions, preferring to use his time to interrupt lines of questioning he did not like and attempt to re-frame them. He paced the dais at times and stood for much of the hearing, monitoring troublesome exchanges.

In addition to Rubio, Tillerson failed to satisfy hawkish Democratic Sen. Bob Menendez of New Jersey when asked about Russian bombings on hospitals in Syria. But Corker was quick to offer Tillerson a bridge to safety.

"If you had sufficient evidence though, in looking at classified information that had taken place, would that not be a war crime?" Corker asked.

"Yes sir," responded Tillerson.

The dynamic played out over and over again. Corker asked that if State Department officials concluded Duterte ordered "extrajudicial killings," would Tillerson believe it? Tillerson responded that he would. When Cardin began to needle Tillerson over his personal finances, Corker interrupted and shut down the line of inquiry.

And after Tillerson explained that the United States should have worked with Ukraine to build up defensive forces on the Ukrainian border, Booker said that "it seems to be me you are advocating for greater use of U.S. military power, U.S. military engagement."

But Corker again swooped in, reminding Tillerson — and new committee member Booker — that many senators on the committee had supported arming Ukraine.

Tillerson rattled by tough questions

Tillerson spent much of his career at the highest echelons of one of the world's biggest companies — but it seemed clear that he's not used to being challenged so aggressively.

Facing pointed questions from Republicans and Democrats alike, Tillerson at times seemed rattled and even annoyed.

When Sen. Tim Kaine (D-Va.) asked the former oil company executive if he didn't have enough information to answer his climate change questions or if he was simply refusing to answer, an exasperated Tillerson quipped, "A little of both."

He repeatedly struggled to explain Exxon's lobbying on Russia sanctions. To the bewilderment of Democrats on the committee, Tillerson argued that public documents showing that his company repeatedly met with lawmakers to discuss sanctions aren't an indication that the company was lobbying against them.

"I know you weren't lobbying for the sanctions," Sen. Bob Menendez said at one point, holding up the company's lobbying disclosure forms.

And instead of agreeing to check with his former employer about its associations with a group opposed to sanctions, he told Booker to do it himself.

"You might want to put the question to ExxonMobil," Tillerson said.

Tillerson also rebuffed Cardin's questions about his tax returns, calling on lawmakers to respect his privacy.

"I hope you'll also respect the privacy of myself and my family," he said.

Tillerson breaks with Trump

Tillerson contradicted some of Trump's policy statements and sought to strike a more moderate tone on key issues.

While Trump said during the campaign that he plans to "cancel" the Paris climate agreement, Tillerson argued that the U.S. should continue to engage in international global warming talks.

"I think we're better served by being at that table than leaving that table," he said.

Tillerson also distanced himself from Trump's previous comments that Mexico is "bringing drugs. They're bringing crime. They're rapists. And some, I assume, are good people."

"I would never characterize an entire population of people with any single term at all," Tillerson said when asked about Trump's remarks.

Tillerson also said he does not support a "blanket-type rejection of any particular group of people."

In 2015, Trump called for banning all Muslims from entering the United States. But he later altered that stance, calling for "extreme vetting" of people arriving from countries wracked by terrorism, many of which have Muslim majorities.

Asked about the possibility of a Muslim registry, Tillerson said he would "need to have a lot more

information around how such an approach would even be constructed.”

Tillerson also said he disagreed that countries like South Korea and Japan should develop their own nuclear weapons. Trump said last year that he is open to allowing those countries to build a nuclear arsenal.

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING CLIPS 1.12.17  
Date: Thu Jan 12 2017 06:00:12 CST  
Attachments:

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## Contents

DMR: GOVERNORSHIP WON'T BE FIRST TEST FOR REYNOLDS. 1

DMR: Iowa leaders warn of teacher shortage. 7

DMR: Official: Medicaid shift not as bad as reported. 9

DMR: Supreme Court chief justice addresses cuts to funding. 10

DMR: ISU announces \$93 million gift to liberal arts, sciences. 13

DMR: Regents hire lawyers for records case. 14

DMR: Regents to hold public hearings in advance of president evaluations. 15

AP: Regent blasts response to Iowa State plane scandal 16

DMR: Fight looms over abortion law, funding. 17

DMR: Bipartisan mental health panel tackles funding issue. 19

AP: Bird flu-plagued S. Korea agrees to buy U.S. eggs. 20

AP: Marshalltown hospital sale moves forward. 21

DMR: Des Moines airport grows 5 percent in 2016. 22

DMR Editorial: Who can replace Planned Parenthood?. 22

DMR: Trump's conflicts aren't just a reality show.. 23

DMR Iowa View: Supervisors urge state: Don't take away wage increases. 25

DMR: Prosecutors seek no jail time for Sorenson. 26

LEE: Chief justice warns budget cuts may 'hinder' Iowa courts, justice. 27

Globe Gazette editorial: Voter ID overhaul unneeded. 29

Iowa Public Radio: Senate Democrat: Let Us Confirm Next Lieutenant Governor. 31

---

Iowa Capitol Digest: DHS believes it can absorb \$20 million in spending cuts. 32

AP: Branstad pushes new plan to defund Planned Parenthood. 33

Daily Non-Pareil Editorial: Our View: School funding deadline must remain. 35

LEE: Community college cuts could hurt workforce programs. 36

The Gazette: DHS director: Iowa Medicaid insurers paid 'fair' and 'appropriate' rates. 37

The Gazette: Iowa Board of Regents will not vote publicly to reverse meeting change. 38

The Gazette: Public input sought on new social studies standards. 40

The Gazette LTE: Downtown casino is a good fit for Cedar Rapids. 41

QC Times: Sterilite deal prompts meeting over school tax dollars. 42

RI: Iowa State University president announces multi-million dollar gift. 43

RI: Legislators say Iowa's courts operate on 'tight budget' 44

RI: Iowa Supreme Court Chief says courts need 'renewed investment' 45

REUTERS: Trump secretary of state nominee: China should be denied access to South China Sea islands, Russia sanctions should stay for now.. 46

Washington Post: Trump taps Obama official as VA secretary. 50

Governing.com: Branstad Gives Final State Address as Nation's Longest-Serving Governor. 50

REUTERS: China hikes anti-dumping duties on U.S. animal feed in final ruling. 52

POLITICO: Senate OKs budget, moves toward demise of Obamacare. 53

POLITICO: The top takeaways from Tillerson's rocky Hill performance. 54

DMR: GOVERNORSHIP WON'T BE FIRST TEST FOR REYNOLDS

When GOP lieutenant governor becomes state's first female chief executive, it'll just be latest test in lifetime full of them

JASON NOBLE

JNOBLE2@DMREG.COM

Back in 2011, Iowa Gov. Terry Branstad's plans to lead a trade mission to China and South Korea were derailed when a divided Legislature went into overtime, deadlocked on the state budget.

Branstad remained at the Capitol to broker a deal and instead sent Lt. Gov. Kim Reynolds overseas as the head of the delegation. She was at the time five months on the job — green and untested.

“She didn’t know she was going, and she didn’t have a lot of time to prepare,” Iowa Economic Development Director Debi Durham recalled. “And she was suddenly center stage at an international level.”

During nine days in China, Reynolds toured factories, made site visits, led seminars, delivered speeches and met various mayors, governors, ministers and secretaries — not to mention the vice president of China.

Six years later, that situation will replay in reverse: Branstad will soon depart Iowa on a much longer mission to China, while Reynolds will assume control at the Capitol, brokering deals and guiding policy as governor.

Reynolds, a Republican, passed that early test, but the one before her now is surely tougher. Sometime this spring, after Branstad is confirmed as the U.S. ambassador to China, she will succeed him as Iowa’s first female governor.

“She really stepped up, and I’ve seen her step up every time since,” said Durham, who traveled with Reynolds on the mission to China and later shared a work-week apartment with her in Des Moines.

Reynolds, 57, is a daughter of southern Iowa with a small-town compulsion to get involved and a perfectionist’s attention to detail. She’s a one-time college dropout with a hard-earned bachelor’s degree, and after battling alcohol addiction she’s thankful for 16 years of sobriety. She built her political career from an unlikely office in the Clarke County courthouse and honed her skills with on-the-job training from the longest-serving governor in American history.

“I started out serving a county, and then I served seven counties and now I get to serve 3.1 million Iowans,” Reynolds said. “It’s just been really, really fun to have the opportunity and honor to serve in that capacity.”

#### Southern Iowa roots

Reynolds was born Kimberly Kay Strawn in St. Charles in Madison County, and educated at I-35 schools in Truro, class of 1977. As a smalltown kid, she recalls being involved in everything at school, from the honor society to the newspaper and “every single sport imaginable.” Her father was a factory worker at John Deere’s Ankeny Works. Her grandfather worked there, too, along with several uncles and other extended family members.

When asked to describe her politics, Reynolds describes a conservatism based on notions of limited government, personal responsibility and individual initiative — a perspective she ascribes to her father. He declined to join the labor union at Deere even as his father and brothers did, she said, and he maintained a farming operation in addition to his work at the factory.

“That’s just the philosophy I grew up with,” she said. “Government serves a role, but they’re not the answer to everything. You need to have personal responsibility, and if you work hard good things can happen.”

After high school, Reynolds attended Northwest Missouri State University but did not graduate, telling the Register in 2012 that she wasn’t focused during her first foray into higher education and didn’t take it seriously. She later took classes at Southwest Community College but never earned a degree.

In 1982, Kim Strawn married Kevin Reynolds, of Medora, Ia. Now 58, Kevin Reynolds is a soil conservationist, an avid outdoorsman and a 36-year veteran of the U.S. Department of Agriculture.



When asked if he would be immortalized as a doll on display in the Iowa Capitol — as all the state's first ladies have been — Kim Reynolds joked her husband should be depicted either in denim and flannel or hunter's camouflage.

The Reynoldses have three adult daughters and eight grandchildren, all of whom live in central and southern Iowa. Spending time with them, Kim Reynolds says, keeps her "real" and "grounded." At a press conference in the Capitol last month, Reynolds apologized to reporters that she was rushing away to get to a grandchild's Christmas play.

#### Politics as customer service

Reynolds began her career as an assistant to an independent pharmacist in Mount Pleasant. The job that sent her down the path of public service came a few years later, after her family moved to Osceola in the early 1990s.

The job? Motor vehicles clerk in the Clarke County Treasurer's Office.

Less than four years later, she was the county treasurer, winning the office after the incumbent opted against seeking reelection.

Reynolds says she never intended to get involved in elective politics, but recognized the open seat as a chance to test her ideas about improving the office's efficiency and customer service.

"I like a challenge; I'm not afraid of that," she says. "I'm a little bit competitive by nature, and I thought it could be a great opportunity to take some of those ideas and really implement them."

She was re-elected three times as the Clarke County treasurer, including twice without an opponent. Longtime Osceola real estate agent Helen Kimes got to know Reynolds during her time in the treasurer's office, and remembers her skill at serving constituents — even in the uncomfortable task of explaining a tax bill.

"She's got a tremendous strength there in communicating and relating to individuals," Kimes said.

Early in her tenure, Reynolds was selected for a leadership tour of Taiwan for young politicians. In 1996, she was appointed to the board of the Iowa Public Employees Retirement System.

She later served leadership roles in state and national county treasurers' organizations, and was named national treasurer of the year in 2004.

#### Addiction to redemption

It was during this period that Reynolds faced perhaps her biggest personal and professional challenge. She was arrested in 1999 and again in 2000 for drunken driving, and acknowledges now that she was addicted to alcohol. "Part of the problem is when you feel like you can control every aspect of your life, it's hard to understand why you can't get control of that," Reynolds said of drinking. "The fact of the matter was I couldn't. I needed help, and it just took a really devastating thing for me to realize I couldn't do it on my own." In the wake of the drunken driving incidents, Reynolds said the Osceola community rallied behind her, even bringing food to her family while she was in treatment. After the arrests, she twice won re-election as treasurer. "It just was a community that stood up and stood behind me, and I will never ever forget that," she said. Reynolds says she's "conscientious" now of her ability to be a role model for others struggling with alcoholism.

"I just hope by how I live my life every day that people can see there is another side to addiction," she said. "You can live with it and have a successful life."

It was also in Clarke County that Reynolds first gained experience with statewide policymaking, recalled

David Jamison. Jamison, a former Story County treasurer who now serves in the Branstad- Reynolds cabinet as executive director of the Iowa Finance Authority, worked closely with Reynolds when they were officeholders in the Iowa State Treasurers Association. Through that organization, Reynolds led efforts to create a statewide website for paying tax bills and lobbied to allow county treasurers' offices to issue driver's licenses, a change that expanded access in rural areas. "She's really good at capturing the information, and she's really good at reading people," Jamison said. "She's very perceptive, and she's always very engaging." Reynolds' governing style even then emphasized getting involved and digging into the details.

She describes herself as a "convener and a collaborator." Her resume — dating back to high school, it seems — is one of a compulsive joiner. Back in Clarke County, she served on the county development board and the Osceola Main Street Board. She was a member of Rotary and the Optimist Club.

"I like to be involved, and I like to be at the table," she said. "That's always been a big driver for me."

### Courthouse to the Statehouse

In 2008, after 14 years in the treasurer's office, Reynolds ran for the state Senate. She won her seven-county southern Iowa district by nearly 10 points in a strongly Democratic year to join a chamber in which Republicans held just 18 of 50 seats.

She's remembered as a student of state government who set out to interview every department head to better understand their roles and their budgets. And in a Senate dominated by Democrats, she dug in on what she knew and worked across party lines, managing bills concerning county treasurers and disaster relief.

State Sen. Pam Jochum, D-Dubuque, remembers Reynolds as a "cheery" presence in the chamber who didn't seem too hung up on political ideology. But, Jochum recalled, Reynolds was also one of three Republican women in 2009 to oppose legislation aimed at guaranteeing equal pay for women doing the same jobs as men. The bill in question was Senate File 137, which mirrored the federal Lily Ledbetter Fair Pay Act by allowing women to sue for back pay and damages when they were paid less than male coworkers in equivalent jobs. In a floor speech, Reynolds argued that the measure could burden small business with high legal costs and lead them to cut jobs. Jochum recalled sitting next to then-state Sen. Staci Appel as Reynolds and another female legislator spoke out against the bill, which did pass. "They got up and gave their case for why Republicans were not going to vote for equal pay for equal work for women," she said. "And so after I picked my jaw up off the floor, I looked at Staci and said, 'Did I hear that right? Women are getting up and saying that women who do the same work as a man should not get paid the same?'" Reynolds' legislative tenure proved to be shortlived, as after just two sessions she was tapped by Branstad to join his 2010 campaign for governor.

Branstad, in fact, was an aid and an advocate for Reynolds' career dating all the way back to the 1990s. It was Branstad, then in his first stint and fourth term as governor, who appointed Reynolds to the IPERS board in 1996. And in 1998, he backed Reynolds' bid for the GOP nomination in a special election to the state Senate, writing a letter on her behalf. (Another candidate won the nomination.)

'Just so Iowan'

Twelve years later, as Branstad geared up his campaign to retake the governor's office, his attention turned again to Reynolds. He praised her from the campaign trail in May 2010, and a month later asked her to be his lieutenant governor. From the start, he envisioned her playing a broader role than any previous lieutenant governor.

"He wanted somebody who was very energetic but had a real passion for public service and had experience," said David Roederer, the state Department of Management director who was a top aide to Branstad on the 2010 campaign. "She had run a campaign in one of the largest Senate districts in the state, and she'd had the experience in county government. She just was so Iowan."

Less than a month after elevating her from freshman state senator to gubernatorial running mate, Branstad was talking about her as a possible successor.

“We have to win this election first, but I think she’s got the ability, and I want to do what I can to mentor and encourage her,” Branstad told the Register in July 2010. “I truly think she has leadership ability to be governor someday.”

Still, the pick was seen as a calculated risk. Branstad had just emerged from a tough GOP primary against evangelical Christian activist Bob Vander Plaats, and it wasn’t immediately clear whether socially conservative voters would rally to his candidacy. Choosing Reynolds sent an unmistakable signal: Branstad was more interested in a like-minded, economy- focused partner than placating a particular constituency.

Social conservatives, in turn, attempted — unsuccessfully — to push her off the ballot during a party meeting.

It didn’t matter by November, of course. Branstad and Reynolds cruised to victory over incumbent Democrats Chet Culver and Patty Judge, and have enjoyed wide support among Iowa Republicans since.

Now, Vander Plaats says he sees Reynolds as “pretty strong” on key social conservative issues like opposition to abortion and same-sex marriage and support for government protections on religious freedom. The question, he said, is how she’ll act on those beliefs as governor.

“What are the things that she’s willing to champion, what are the things she’s willing to go to the mat on?” Vander Plaats asked. “It’s not just what will she sign — she can sign a lot of things because the Legislature passed them. But what is she really willing to do? What’s in her heart? That’s going to be revealed over the next year.”

In the governor’s office, Reynolds has played an unprecedented role as partner and confidante to the governor.

Over the last six years, she has traveled extensively with Branstad and appeared at his side for innumerable press conferences and public appearances.

The governor and his staff make clear that she plays a role in all the administration’s key decisions behind closed doors as well, from strategizing to policymaking to appointments.

“What I witnessed was an incredible partnership between her and the governor,” said Robert Haus, a Republican political operative who served as Reynolds’ chief adviser in 2015 and 2016. “She was included in every major policy decision, all the backroom, ongoing discussions and the setting of policy. She understood that it was always the governor at the head of the table. But she was always at the table.”

Bruce Rastetter, a leading Republican campaign donor and Branstad administration appointee to the Board of Regents, said he’s watched Reynolds’ leadership skills grow over the six years she’s held the office.

“Her self-confidence has grown over the past six years and is now really evident,” Rastetter said. “I’ve seen it in our interactions. She’s much more confident in her views and perspectives on things.”

Earning that ‘piece of paper’

Although it had little effect on her two-decade political ascent, one aspect of Reynolds’ resume and personal history always gnawed at her: the fact that she’d never completed her college degree. She

knew her courthouse and Statehouse experience were just as valuable as anything she could do on campus, and she heard her husband when he said it was “just a piece of paper.”

But still.

“Why is it the people who have the piece of paper always tell you you don’t need the piece of paper?” she asks. She resumed her studies in 2012, first at Upper Iowa University in West Des Moines and then at Iowa State University, taking many classes online to work around her official schedule. She graduated with a bachelor’s degree in liberal studies last month, collecting her diploma 10 days after she learned she would become governor. At the ceremony, Reynolds sat next to another nontraditional student — a 42-year-old single mom with young children.

“Every day is an opportunity for me to learn — that’s how I’ve approached life,” Reynolds said. “My message is that it’s never too late. If it’s something you want to do or if it’s important to you, go for it.”

Giving the commencement speech at the graduation ceremony was U.S. Sen. Joni Ernst, a close friend and political ally of Reynolds’ dating back to their overlapping tenures as county officials in southwest Iowa.

“I don’t know how she does it, but in between getting her degree she has also helped run this state as our lieutenant governor — and now soon, will become our first female governor,” Ernst said in her speech. “Kim, you are an inspiration and a tremendous role model.”

Education has figured heavily into Reynolds’ gubernatorial portfolio as well.

Her signature issue has been boosting student interest and achievement in STEM (science, technology, engineering and math), a policy area seen as foundational to the administration’s approach to both education and economic development.

With Reynolds as cochairwoman, the administration says its STEM advisory council has engaged more than 100,000 students in various inschool and after-school STEM education programs since 2012 and that students who have participated in those programs have scored higher on national math, science and reading tests.

The effort has also increased partnerships between schools, colleges and business, including through “externships” in which teachers embed with businesses to bring new STEM skills back to the classroom.

Next: An Iowa milestone

Also prominent in Reynolds’ gubernatorial portfolio: promoting trade. In addition to that early trade mission to China and South Korea, she has led missions to Germany, Brazil, Vietnam, the Philippines and Thailand. She met Israeli Prime Minister Benjamin Netanyahu on a trip to Israel in 2016 sponsored by the Republican Lieutenant Governors Association.

As governor, Reynolds is likely to add rural economic development as a major priority. “If Iowa is going to grow and be successful like I believe it can, we need economic opportunities in every corner of the state,” she said. “You can’t just have pockets of excellence, and we can’t just move people from southern Iowa to Des Moines. You have to make sure they have those opportunities no matter where they live.” In 2013, when U.S. Sen. Tom Harkin announced his retirement, Reynolds was mentioned as a candidate in the race to succeed him. After mulling it over for several weeks (and taking a fact-finding trip to Washington, D.C.), she opted not to run. A year later, Reynolds and Branstad won re-election to the governor’s office. Now, less than three years later, she’s poised to succeed him as governor — and become the first woman in history to hold Iowa’s highest office. Reflecting on that milestone, Reynolds is proud but modest. She notes other Iowa women who have taken prominent political roles in recent years, including Ernst as U.S. senator, Mary Mosiman as state auditor, Linda Upmeyer as speaker of

the Iowa House and Jochum as president of the Iowa Senate.

“Here’s what I know about every one of those women: For them, it’s about public service. It’s about giving back and having the passion to serve,” Reynolds says. “And that’s what excites me. That’s what I’m fired up about.”

DMR: Iowa leaders warn of teacher shortage

Districts already have hard time filling some positions

MACKENZIE RYAN

MRYAN@DMREG.COM

While Iowa in recent years has been insulated from a national teacher shortage that’s sent other states scrambling to fill classrooms, Iowa leaders warn that it’s coming. And it might already be here.

Iowa colleges are now graduating 400 fewer teachers, counselors and administrators a year, a 16 percent decline, than they did in 2013. Now, about 2,100 graduates are earning education degrees a year, according to Iowa Department of Education data.

The national data are even more concerning. Between 2009 and 2014, enrollments in teacher prep programs dropped 35 percent, from 691,000 to 451,000 students, according to the Learning Policy Institute.

“There’s a lot fewer applicants,” said Anne Sullivan, chief of human resources in Des Moines schools. “There’s just a lot fewer people going into education.”

Given the number of teachers nearing retirement, Iowa leaders are starting to address the issue with round-table discussions, such as one hosted this month by the School Administrators of Iowa.

“My concern is if we go three to four years, and it sneaks up on us, we won’t have quality teachers to put into classrooms,” said Roark Horn, executive director of the professional association.

In addition, schools are upping recruiting efforts, especially for hard-to-fill areas such as special education, English language learning, and in more rural areas, math and science teachers.

Teaching jobs that once drew hundreds of applicants in Creston Schools 20 years ago are now attracting only 10 or 20 applicants, said lower elementary school Principal Callie Anderson.

Special education jobs have been particularly difficult to fill, and last year she asked contacts in the Des Moines metro area for suggestions.

“They just don’t come to you anymore,” Anderson said. “It takes a nontraditional graduate or a small-town resident to even apply here in southwest Iowa.”

With increased competition for applicants, others are increasing incentives. Des Moines Public Schools is offering a \$3,000 signing bonus to special education teachers, for example, plus an 18-month contract to insulate against unforeseen budget cuts.

Another incentive for beginning teachers is a free master’s program, which helps woo Des Moines applicants, Sullivan said.

Recruitment often starts in early January, with job fairs and on-the-spot interviews. Many cultivate

relationships with local colleges to identify prospects.

In some areas, even kindergarten positions — which used to be so popular they often required experience — are now going to rookies.

“I don’t see it changing,” said Anderson. “I don’t know how it could get any worse.”

Why the shortage?

A dearth of new teachers likely has complex reasons, from greater degree requirements to increased challenges and responsibilities in the classrooms.

But some blame a political backlash they believe unfairly scapegoats the profession, weakening its perceived respectability and the interest of college students.

“If my elected leaders, from the top down, really aren’t saying they support or respect education or public schools, it would really make me question whether that’s the route I would want to go,” said Tammy Wawro, president of Iowa’s teachers union.

But others point to a different shift: It’s now harder to become a teacher.

Seeking to overhaul college education programs, in 2009 Education Secretary Arne Duncan derided their reputation as “cash cows” and “profit centers” that do a “mediocre job of preparing teachers for the realities of the 21st century classroom.”

In the years since, many states, including Iowa, rewrote degree stipulations and required a national exam before completion. And while the changes are heralded as a way to better education, it could also be narrowing the “teacher pipeline.” In Iowa, educators must now earn a score in the top 25 percent nationally to pass, said Laurence Bice, an Iowa Department of Education consultant.

More coursework is also required. To become an elementary teacher, for example, students must take 12 subject courses: three each of math, science, social studies and language arts. Before, students only took four — one in each subject.

“We are making sure that we have the most highly qualified teachers,” said Wawro. “One way to do that is by making sure they come out of the teacher prep programs as prepared as possible.”

DMR: Official: Medicaid shift not as bad as reported

Human services director disputes complaints

TONY LEYS

TLEYS@DMREG.COM

A top state administrator disputes complaints that Iowa’s shift to private Medicaid management has been “drastically underfunded” and “a catastrophic experience” for the companies that took on the task.

“I don’t know why they chose the words they did. We believe that our rates are fair, appropriate and actuarially sound,” Department of Human Services Director Charles Palmer said Wednesday.

The three managed-care companies still have not agreed to accept an extra \$127.7 million in state and federal money that Iowa leaders offered in October. The companies have contended the increase would be insufficient to cover the hundreds of millions of dollars they have lost in Iowa over the past

year.

Palmer told reporters Wednesday the state will not sweeten the offer, which is for a 15-month period that will end June 30. He predicted the companies will come around to accept the proposed rates. "Ultimately they'll have to agree ... because time is moving on," he said.

The three for-profit companies, Amerigroup, United-Healthcare and Amerihealth Caritas, took over management of the state's \$4 billion Medicaid program April 1, 2016. Supporters, led by Gov. Terry Branstad, have said private management is bringing more efficient, effective care for more than 600,000 poor or disabled lowans who use the public health-insurance coverage. Critics contend the shift has added reams of red tape for patients and care providers.

The companies have reported losing hundreds of millions of dollars on the project. Last month, the Register used Iowa's open-records law to obtain memos in which the companies complained that Iowa's Medicaid members were using much more care than expected. The memos included the companies' rejection of the state's offer to raise their reimbursements for covering Medicaid members.

"We are extremely disappointed in the amended rate offer, as it does not address the significant rate issue identified and documented. ... The department's rate offer is not actuarially sound and is not acceptable to us," AmeriHealth Caritas Regional Vice President Russell Gianforcaro wrote on Oct. 27 to Palmer.

Amerigroup's Iowa president, Cynthia Mac-Donald, wrote to Palmer in November that the program was facing a "catastrophic experience" because of a lack of money. UnitedHealthcare's Iowa leader, Kimberly Foltz, wrote to Iowa Medicaid Director Mikki Stier in November that she appreciated the state's efforts to address some of the issues, "but overall the program remains drastically underfunded."

Palmer was asked Wednesday if any of the three companies have taken steps to bail out of the program. He replied: "We've had no one that has specifically said they would get out." He said state officials and the Medicaid management companies plan to start negotiating next fiscal year's reimbursement rates in April. He declined to predict how much higher those rates might have to be. Amerigroup spokeswoman Denise Malecki released a statement later Wednesday about her company's intentions. "Amerigroup Iowa remains committed to working with our state partners to explore all possible options for building an effective, sustainable Medicaid program in Iowa that enables us to focus on our top priority — continuing to serve our members and making a meaningful impact on improving health outcomes across our state," she wrote. The other two companies did not respond to requests for comment. Palmer spoke to reporters after a meeting of the Iowa Council on Human Services, which advises the Department of Human Services. During the meeting, Palmer told the council his department still expects the shift to private Medicaid management to save the state more than \$110 million over what it otherwise would have spent on the program during the current fiscal year. That money would be especially important at a time when the state is facing deep financial problems. The governor announced Tuesday that state government must cut \$110 million during the current fiscal year because tax revenues have been lower than expected. Branstad critics doubt the state is saving money from the shift to private Medicaid management. "Everything we continue to hear says patients aren't getting care, providers aren't getting paid, and it's going to cost taxpayers more money," state Sen. Amanda Ragan said Wednesday. Ragan, who represents the Mason City area, is the top-ranking Democratic senator on a legislative panel overseeing the new Medicaid system. She said she worries the managed-care companies might try to get out of their contracts if they continue to lose millions of dollars. "If that happens, it will add even more chaos to what is happening," she said.

DMR: Supreme Court chief justice addresses cuts to funding

Cady warns courthouse hours, services could be threatened if Iowa lawmakers don't approve \$194.3M judicial budget

GRANT RODGERS

GRODGERS@DMREG.COM

Inadequate funding for courts threatens to upend valuable programs that keep teens out of prison and help struggling families stay together, Iowa Supreme Court Chief Justice Mark Cady said Wednesday.

The chief justice gave a broad warning to lawmakers during his annual Condition of the Judiciary address about possible outcomes if the Iowa Judicial Branch does not get the \$194.3 million it requested for the next fiscal year. Some county courthouses might have to shift to part-time hours, juvenile court officers will have less time to spend helping at-risk youths and cases will be slowed by delays that are already being noticed, he said.

“The way ahead may be hindered by limited resources, but the will of Iowans for a fair and impartial justice system that meets their needs could not be stronger,” he said. “So, now is not the time to minimize expectations for the future, but to build upon them. It is the time to build the future with an investment that affirms the work of the judicial branch, and affirms the lives of families, children, business owners, employees and all Iowans.”

The judicial branch has already been hampered this budget year because lawmakers chose not to provide any funding increase beyond the \$178.7 million it received the year before, Cady told reporters after the address.

That forced the branch to establish a hiring freeze and hold open judicial vacancies for an average of six months.

The budget freeze “has started to show some chink in the armor,” he said. “We are starting to see delays in our court process, and I fear that this is going to continue if our needs aren’t met.”

Gov. Terry Branstad introduced a budget Tuesday that includes \$7.7 million in proposed cuts to the judicial branch’s current-year budget.

The proposal is part of an overall cost-cutting strategy for the state government through the rest of this fiscal year, which ends June 30.

Cady did not mention the expected cuts in his speech.

He told reporters that it’s still too early to know exactly how the branch’s operations could be affected, but he expressed confidence that legislators would find “the right play for Iowa to move forward.”

Steve Davis, a spokesperson for the judicial branch, said court administrators are beginning to review their options for absorbing cuts.

Democratic lawmakers responded to the address by criticizing Branstad’s proposal, arguing that it would halt achievements highlighted by the chief justice.

An advocacy group, Justice Not Politics, released a statement claiming that budget cuts will “cripple” the judicial branch in the future and threaten services Iowans depend on. “The deep budget cuts to the court system that were unveiled yesterday by the Branstad-Reynolds administration are compounded by significant cuts to public safety and prisons,” said state Sen. Rich Taylor, a ranking member of the Senate Judiciary Committee. “The safety of our neighborhoods and communities is not well-served by these unnecessary, reckless cuts.”

Branstad spokesman Ben Hammes defended the proposed cuts in a statement, writing that the “sacrifice is being shared throughout all state government.” “Gov. Branstad has been saying for months



that this budget is very tough due to the downturn in our agricultural economy,” he said. The budget request submitted by the judicial branch Wednesday for the next fiscal year asks legislators to provide \$194.3 million, including \$8.2 million that would specifically allow all courthouses across the state to remain open full time. That money would keep the state’s family treatment courts, juvenile drug courts and mental health courts in operation.

The proposed budget also seeks a 5 percent salary increase for all judges and magistrates, who have received only one pay increase since 2008. District courts across Iowa handle approximately 750,000 civil and criminal cases a year ranging from divorces and business litigation to murder and sexual assault trials.

The branch employs approximately 389 judges, all with different levels of authority to hear certain cases. Clerks of court, court reporters, IT specialists and juvenile court officers are also employed by the branch. Though forewarning trouble, Cady received standing ovations from legislators for highlighting successes the judiciary has seen in keeping more young offenders out of prison and diverting teens to programs that allow them to avoid criminal court. Iowa taxpayers get a sizable return on their investment in these programs and resources, because they save millions that would otherwise be spent on incarceration and court costs, Cady said. Cady highlighted Corrective Thinking, a Davenport initiative that places teens facing simple misdemeanor charges into a program led by juvenile court officers, school officials, police and other community members.

The program uses a curriculum that helps participants learn problem-solving skills and helpful ways to express anger. If successful, a young offender is spared a criminal record or being formally brought before the juvenile court, Cady said. Every teen charged with a misdemeanor in Davenport in 2016 was diverted into the program, and 93 percent have not committed new offenses, Cady said. Lawmakers cheered as he shared the statistics. “This program is keeping youthful offenders out of the criminal justice system, giving them a second chance with an opportunity for a clean slate, and it is working,” he said.

The chief justice also lauded a 2013 push by the courts to hire more juvenile court officers, who supervise delinquent youths and make recommendations to judges. Because of that effort and others, the number of offenders entering Iowa prisons who are under the age of 21 has been “cut in half” since 2009, Cady said. “This is true, measurable progress,” he said.

Lawmakers cheered and stood again when Cady spoke about the importance of adult drug courts, which often provide opportunities for offenders to seek treatment and get help finding work while avoiding prison.

“The demands on the state’s budget are reduced, and all Iowans benefit when, instead of going to prison, our programs pave the way for these Iowans to go to work every day, earn paychecks, support families, and contribute to our communities.”

DMR: ISU announces \$93 million gift to liberal arts, sciences

JEFF CHARIS- CARLSON

JCHARISC@PRESS-CITIZEN.COM

The Iowa State University Foundation is receiving a \$ 93 million majority stake in a Massachusetts-based education company, university officials announced Wednesday.

Once the company is sold, ISU’s share will be designated for various projects within the College of Liberal Arts and Sciences.

The donation is an equity stake representing majority ownership of Curriculum Associates, LLC, which is headquartered in Billerica, Mass.

“It is the dream of every dean to accept a gift of this magnitude,” Beate Schmittmann, dean of the college, said during Wednesday’s announcement.

The majority interest is being donated under a structure similar to nonvoting shares of stock, foundation officials report.

It is expected that the equity interest will be sold through a management-led sale of the company that will be directed by Rob Waldron, the company’s CEO and second-largest equity holder.

This is the ISU Foundation’s first donation of a majority stake in a company, said President and CEO Larissa Holtmyer Jones.

“Given the impact that (Curriculum Associates) has had, that made this seem like a logical fit for the foundation and the university,” she said.

Holtmyer Jones was unable to speculate whether the foundation would accept similar donations in the future involving non-education-oriented companies.

Wednesday’s announcement came one day after Iowa Gov. Terry Branstad called on the regents to have Iowa’s three public universities cut spending by \$25.5 million over the next five months.

The governor’s proposal requires approval by the budget committees of the Iowa House and Senate.

Founded in 1969, Curriculum Associates is a leader in the educational publishing and technology industry. The company has more than quadrupled in size since 2012 and was recently named among the fastest-growing private companies by the Inc. 5000 and Boston Business Journal.

Frank Ferguson, a founding investor and former CEO of Curriculum Associates, attended ISU from 1947 to 1950 majoring in science journalism and minoring in education and psychology, according to ISU.

In a 2012 profile of Ferguson and Waldron, Education Week magazine reported that Ferguson’s stock in the company would transition to a perpetual trust, with future distributions flowing to charities that include ISU and Massachusetts Institute of Technology.

The Boston Globe is reporting that the sale of Curriculum Associates, which is expected to occur within the next five years, also will provide \$28 million for the Boston Foundation, a nonprofit charity. Citing the donors’ request for confidentiality, ISU Foundation officials declined Wednesday to identify the donor couple — other than to say they are ISU alumni. Although the anonymous donation could wind up being the largest in ISU’s history, university officials are describing it in more qualifying terms until the sale is finalized and the exact amount is known. “It could go down, but it’s also possible it could go up,” Holtmyer Jones said. “It’s more complicated, of course, but it’s basically like an appraisal on a house. You don’t entirely know what you’ll get until you go to market.” The foundation initially had planned to announce this gift in December, but those plans were postponed because of scheduling conflicts, Holtmyer Jones said.

Because the donation is to the ISU Foundation, rather than to the university, officials with the Iowa Board of Regents confirmed Wednesday that the agreement does not require additional approval by the regents.

Regent Katie Mulholland, who attended Wednesday’s announcement, described the donation as “transformational” and said “private support has become increasingly important” as the demands on Iowa’s universities “continue to change.”

Proceeds from the sale will fund an endowment that will generate revenue for the college on an annual basis, foundation officials said. Initial investments will support the Greenlee School of Journalism and Communication, the ISU theatre program as well as programs focused on data science and computing.

“What’s really important is the breadth of impact on a college that is really the centerpiece of our campus,” Holtmyer Jones said. The ISU Foundation announced last year that it was undertaking a \$1.1 billion fundraising campaign, “Forever True, For Iowa State,” which has already raised more than \$500 million.

Foundation officials report that more than \$200 million already has gone directly to scholarships and student support.

More than 23,000 students have received support through the initiative, and 35 faculty positions also have been created.

DMR: Regents hire lawyers for records case

The leaders of the Board of Regents have retained private lawyers to defend themselves against an open meetings lawsuit stemming from the University of Iowa presidential search.

Documents filed Monday show that the Nyemaster, Goode law firm is representing Board President Bruce Rastetter, Board Pro Tem Katie Mulholland and former regent Mary Andringa in their individual capacities.

The Iowa Attorney General’s Office had already been defending five regents named in the lawsuit, which alleges a majority of the board met illegally with Bruce Harreld before his hiring as UI president in 2015.

The regents have said the meetings didn’t violate the open meetings law because five of them never met Harreld at once.

Instead, four regents met with Harreld in two separate meetings at Rastetter’s business. Rastetter met with Harreld on other dates.

Board spokesman Josh Lehman says some regents have chosen to retain counsel at their own expense while the attorney general’s office will continue to represent them in their official capacities.

Public officials can be ordered to pay fines and legal fees for open meetings violations.

DMR: Regents to hold public hearings in advance of president evaluations

JEFF CHARIS- CARLSON

JCHARISC@PRESS-CITIZEN.COM

The board overseeing Iowa’s public universities will host public hearings Thursday and Friday in advance of next week’s scheduled evaluations of institutional heads. The Iowa Board of Regents is scheduled to meet Jan. 17 and 18 for its year evaluation of the presidents of Iowa State University and the University of Iowa.

The board also will evaluate its executive director.

The meeting will be the first time the regents have gathered since a special meeting last month to discuss concerns over ISU President Steven Leath's use of university-owned aircraft for trips that combined personal and professional business.

Board members, at that time, praised Leath for reimbursing the university for questionable travel expenses and for pledging not to pilot any other state-owned planes. The regents oversee Iowa's public universities.

Regent Subhash Sahai, who missed the meeting due to illness, later criticized the board's decision to take no action against Leath, according to emails obtained by the Associated Press.

The regents will hold six hour-long public hearings Thursday and Friday in which members of the public are invited to speak for up to five minutes. Their comments will be video-recorded and posted to the regents website.

The hearings on Thursday are scheduled to begin at noon at UI, 4 p.m. at the Iowa Braille and Sight Saving School and 5 p.m. at UNI. The hearings for Friday are scheduled to begin at noon at ISU, 4 p.m. at the Iowa School for the Deaf in Vinton and 5 p.m. at the board's office in Urbandale.

No members of the regents are scheduled to be present during the public hearings. The comment periods, instead, will be overseen by the designated transparency officer at each institution.

The regents implemented the pre-meeting public hearing system in 2013 in response to recommendations from the board's task force on transparency.

Critics at the time predicted that, because no regents attended the hearings, the public would not take advantage of the opportunity.

Supporters said the video option meant commenters would not have to travel to the meetings, which rotate among the institutions. The vast majority of the hearings have attracted zero comments in the four years since the regents implemented the video comment process.

Negative reaction to the 2015 hiring of UI President Bruce Harreld did bring out record numbers of commenters to the comment periods in November 2015 and February and April 2016. The number of commenters over the past few meeting schedules has become more sporadic.

The regents' recent hiring of Mark Nook as UNI president has not sparked a similar backlash from the university community. Nook, who is coming from the University of Montana Billings, is scheduled to begin his new job Feb. 1.

Regents President Bruce Rastetter has said that the regents' video system is a more organized alternative to the chaos that sometimes accompanies a town hall or the public comment section of a public meeting.

Members of the UI community, however, have called repeatedly on the regents to implement a system in which they can speak directly to the board.

AP: Regent blasts response to Iowa State plane scandal

RYAN J. FOLEY

ASSOCIATED PRESS

The Board of Regents' decision to take no action against Iowa State University President Steven Leath for misusing university airplanes was "a slap in the face" to taxpayers, a regent later complained to his colleagues.

Regent Subhash Sahai told board leaders in a Dec. 20 email that he was embarrassed that the board let Leath off the hook, saying that any other professional "would have been severely sanctioned." He rebutted Regent Larry McKibben, who had praised Leath's apology and corrective actions by saying "Glory Hallelujah." "It was not 'Glory Hallelujah' but a slap in the face of common sense of the people of State of Iowa, what ISU stands for, transparency and accountability that we have been working so hard on for past 3 years," Sahai wrote to McKibben, Board President Bruce Rastetter and Pro Tem Katie Mulholland in the email, which was obtained Wednesday through an open records request. He said university presidents should be held to the highest standards because they set "legal, ethical but also moral standards for our future citizens." Sahai was sick and missed a Dec. 12 meeting in which the board received an audit questioning dozens of flights that Leath took on two university planes he purchased and upgraded with nearly \$4 million in private donations. Leath routinely piloted one of the planes and once damaged it in a hard landing while returning home from a North Carolina vacation, an incident not shared with Sahai and some other board members.

Leath has paid back nearly \$40,000 for damage to the plane and trips related to his personal flight training, medical appointments at the Mayo Clinic in Minnesota and taking relatives to and from an NCAA tournament basketball game. Rastetter and McKibben praised Leath for taking that action and indicated his job was safe. In a statement, Rastetter said it was "unfortunate" that Sahai was unable to attend the meeting, which included a lengthy closed-door evaluation of Leath's performance. He said the eight regents who were present "unanimously came to a different conclusion."

In a statement emailed to the Register, Leath his disappointment, as well.

"I'm disappointed by Regent Sahai's comments as he was not in attendance at the audit committee meeting or my evaluation," Leath said in the email. "His comments are clearly not consistent with the conclusions of either the preliminary review or the comprehensive audit. They are also not consistent with the views conveyed by Board members who did attend my evaluation and read the relevant audit and reports."

Other emails released Wednesday to the AP show that several members of the public, whose names were redacted, asked the board to terminate Leath before and after the meeting. One retired corporate executive said he would suspend donations to Iowa State as long as Leath is president, rescinding a plan to give his estate to the school.

A retiree who had been an Iowa State professor for 38 years said that retaining Leath sets a "double standard for university administrators" compared to other students and employees, who would be expelled or fired for similar conduct. Another resident wrote to the board that it was "time for this high-flying, hard landing embarrassment of a university president to be grounded."

Rastetter didn't respond to those emails but told reporters last month that Leath had paid back the university for any questionable flights and deserved "our continued trust and support."

The board refused to release a list of 52 trips that Leath claimed were for his personal flight training.

Auditors obtained the list by reviewing Leath's personal flight log but didn't retain the document, and any notes from the log are confidential, board spokesman Josh Lehman said.

DMR: Fight looms over abortion law, funding

WILLIAM PETROSKI

BPETROSK@DMREG.COM

Leaders of nine Iowa organizations opposed to abortion signed a unity pledge at the Iowa Capitol Wednesday, vowing to block government funding to organizations that perform abortions and backing legislation that declares life in Iowa begins at conception.

"This is marking the first time in more than 40 years that Iowa's pro-life community has been resolved together. We are uniting for the defense of life," said Jenifer Bowen, president of Life Right Action. Bob Vander Plaats, president and chief executive officer of The Family Leader, a social conservative group, said the activists see a "new day" at the Iowa Capitol with Republicans controlling the Iowa House and Senate, as well as the governor's office.

He said the makeup of the 2017 Iowa Legislature more strongly supports pro-life issues than any group of state lawmakers he can recall. In addition to Life Right Action and The Family Leader, the organizations supporting the unity document included Iowa Right to Life, Iowans for Life, Iowa PAC for Life, Restored by Grace, Personhood Iowa, Lutheran Family Service and the Thomas More Society Leaders. Vander Plaats said the groups that signed the unity pledge support spending government money on women's health care, but they don't want the money going to the abortion industry. His comments were a veiled reference to Planned Parenthood, which receives about one-fourth of its Iowa financing, or nearly \$2.7 million per year, from public sources. However, none of that money is spent on abortions, officials said.

Another priority is legislation that would ban

abortion in Iowa. The bill is still being drafted, but there is no doubt it will have multiple co-sponsors, officials said. "We believe that life begins at conception," Vander Plaats said. Rep. Walt Rogers, RCedar Falls, urged activists to work more closely with Iowa church congregations.

He said that when Republican lawmakers tried to press the issue of defunding Planned Parenthood last year, there was a "dismal" level of support. "We should really engage the church on this," he said. Rep. Sandy Salmon, RJanesville, said she believes there is a good chance of legislation opposing abortion winning approval this session. "I am excited. I think we can go forward with more protection for babies, for women, for more and better health care, where it really needs to go," she said. Gov. Terry Branstad, a Republican, offered his support in his Condition of the State address Tuesday by proposing to eliminate taxpayer funding to organizations that perform abortions.

His move is intended to block funding to Planned Parenthood, the state's largest abortion provider.

Legislators who support reproductive rights for women responded Wednesday by pledging to oppose anti-abortion activists or expressing disagreements with their arguments.

Rep. Mary Mascher, DIowa City, said proposals to block government funding to Planned Parenthood and banning abortions would ultimately be overturned in the courts.

Mascher defended Planned Parenthood, saying the family planning organization does far more than perform abortions, which represent only a small part of its work.

"My concern about cutting funding for Planned Parenthood is that abortions will increase because what we will see is more people not having access to family planning, that being birth control pills or whatever else they need to be able to prevent unwanted pregnancies," Mascher said.

In addition, declaring that life begins at conception and banning all legal abortions would force Iowa women to obtain dangerous back-alley procedures, Mascher said.

"This would be truly an infringement on a woman's right to do what she needs to do to take care of

herself," Mascher said.

Sen. Amanda Ragan, DMason City, said Senate Democrats have been consistent in believing that family planning services are important to prevent abortions. She questions the idea of shifting family planning money away from Planned Parenthood, which is known for its expertise in reproductive health care, to other Iowa medical facilities.

"People want to be comfortable with these issues" Ragan said. "This is about preventing abortions and making them rare." Rachel Lopez, a spokeswoman for Planned Parenthood of the Heartland, issued a statement criticizing the proposed legislation. "Bills like the ones these radical religious and conservative interest groups are proposing only impose their extremist personal agendas on the average citizen," the statement said. "If enacted, this type of legislation could have a devastating effect on the private health care decisions of a woman and her family."

Similar bills passed in other states have been repeatedly rejected by the courts, and Planned Parenthood anticipates the same outcome in Iowa, Lopez said.

DMR: Bipartisan mental health panel tackles funding issue

BRIANNE PFANNENSTIEL

BPFANNENST@DMREG.COM

An informal group of Republican and Democratic lawmakers met at the Capitol Wednesday to begin seeking solutions for mental health funding inequities across the state. 'Advocates were clamoring for more voice, more options,' said Rep. Kevin Koester, R-Ankeny and one of the task force leaders. 'They really wanted a bipartisan approach.'

The task force is headed by members of each party from both the House and Senate as well as leaders from the advocacy group AMOS, A Mid-Iowa Organizing Strategy. At the top of the group's agenda is addressing disparities in the way counties use property taxes to support mental health services in their region.

Iowa is divided into 14 regions that are required to offer a basic level of mental health services, ensuring that Iowans across the state have access to nearby care. Within each region, counties are tasked with collecting property taxes that go to collectively fund those services.

But the property tax rates were calculated and capped in 1996. Advocates and some lawmakers of both parties agree that the 20-year freeze has resulted in wide-ranging funding inequities that threaten to upend the regional system.

Polk County, which encompasses its own mental health region, has seen massive population growth in Ankeny and Waukee during the last 20 years. That region now is providing services for thousands more Iowans than the funding stream was originally intended for. In other regions, like the one that includes Davenport, one county is driving the costs while others pay more in property taxes to subsidize those expenses. Still others have substantial cash reserves while others have been tapped out.

'I'm nervous that we might not keep all of our regions intact if we don't make some adjustments,' said Koester. But lawmakers who attended Wednesday's meeting said they hoped to discuss other mental health funding issues across the state, including a workforce shortage for mental health professionals and a shortage of beds at mental health facilities.

Sen. Joe Bolkom, DIowa City, said the state should be eminently concerned about the future of the Affordable Care Act, also known as Obamacare. As President-elect Donald Trump is set to take office

with a Republican- controlled Congress, Republicans at the federal level have made repealing President Barack Obama's signature piece of legislation one of their top priorities. But it remains unclear when they intend to repeal the law or how they would replace it. About 132,000 Iowans have gained access to health insurance since the ACA was enacted in 2010, according to the U.S. Department of Health and Human Services, reducing the state's overall uninsured rate by 46 percent. Bolkcom warned that medical providers and county coffers have been bolstered by all of those Iowans who are newly insured under the program. Rather than seeking taxpayer- funded services through emergency rooms or other charity care, health insurance companies can help cover their costs. 'The cushion, the relief that has come to county budgets as a result of having (thousands of) new people with a payer for mental health and substance abuse services has created this huge reduction in the demand for county property taxes,' Bolkcom said. 'And by God, if the ACA goes away without some sort of plan, the county taxpayers are going to be on the hook. People are going to look back at the counties and say, 'Counties, regions, take care of these people.'" And the state of Iowa — already tasked with trimming \$110 million from the current year's budget — also will face lean budgets in 2018 and 2019. Members of the task force all agreed on one thing: They should not count on new funding from the state to support whatever changes they recommend.

AP: Bird flu-plagued S. Korea agrees to buy U.S. eggs

DAVID PITT

ASSOCIATED PRESS

DES MOINES, Ia. — South Korea is in the throes of a bird flu outbreak and for the first time has asked the United States to ship it shell eggs.

The demand is good for a U.S. egg industry that's awash in the product, having replenished its flocks after the 2015 bird flu outbreak and ending up with an oversupply that sent domestic prices to industry lows — about 79 cents a dozen earlier this month.

South Korea had been one of a few nations that issued a blanket ban on egg and poultry imports during the United States' 2015 outbreak that resulted in the deaths of 49 million turkeys and chickens. But it seeks help now that it has lost about 26 million chickens — and a third of its egg-laying hens — to the H5N6 strain since November. It's South Korea's worst bird flu outbreak surpassing the 14 million birds killed in 2014.

The agreement to export shell eggs was announced Friday by the U.S. Department of Agriculture, which kept prices from sliding further, according to Urner Berry protein market analyst Brian Moscoquiari. Although deals are still being signed, Moscoquiari said he is aware of contracts for three or four airline flights of eggs — equivalent to as many as three or four million eggs.

"We had never shipped shell eggs there before so we did not have a formal protocol between our two governments," said Jim Sumner, president of the U.S. Poultry and Egg Export Council, an industry trade group which promotes the global export of U.S. poultry and eggs.

Some of the eggs are coming out of Iowa, which is the nation's leading egg producer. Marcus Rust, the CEO of Rose Acre Farms, which supplies the second-most eggs in the U.S., says that the demand comes at a good time for producers, who usually see a lull in the first few months of a new year.

The U.S. has been called upon to help because it remains free of the bird flu in commercial poultry production. But the disease is a problem in Asia, Europe and other locations. Birds have died in Bulgaria, China, Iran, Japan, Nigeria and Taiwan, and at least three people have died and 19 people are sick in China from infections of H7N9 strain.



The bird flu is still a threat in the United States, however, with the USDA saying this week that a wild mallard duck in Montana tested positive for the H5N2 virus.

AP: Marshalltown hospital sale moves forward

## ASSOCIATED PRESS

MARSHALLTOWN, Ia. — Leaders of a Marshalltown hospital are moving ahead with selling the facility as part of bankruptcy proceedings.

The sale of Central Iowa Healthcare's assets to Unity Point Health-Waterloo was unanimously approved by corporate members at a Tuesday meeting. Unity Point Health-Waterloo offered \$12.5 million for the assets, the Times Republican reported.

CIH members also outlined the loss of more than \$18 million as of Nov. 30, 2016. If the sale is approved by bankruptcy court, the downtown Marshalltown hospital will no longer be an independent hospital. The hospital is the only full-service medical center in its area and has more than 60,000 residents depending on it for health care services.

A second measure approved at the Tuesday meeting retains 13 trustees until the end of the bankruptcy proceeding.

DMR: Des Moines airport grows 5 percent in 2016

Traffic at the Des Moines International airport increased 5 percent in 2016, making it the fifth straight year the airport has set a ridership record. Roughly 2.48 million travelers passed through the airport last year, up from 2.37 million the previous year.

A bulk of the new passengers came on United Airlines, which increased its ridership 12.1 percent in 2016, overtaking Delta Air Lines as the second largest carrier in Des Moines. United did not add any new routes in 2016, but airport officials say the airline began flying larger jets on its Des Moines routes.

Passenger counts remained steady on American Airlines, Des Moines' largest carrier.

Smaller carriers saw big growth. Frontier Airlines grew its Des Moines ridership 37 percent in 2016, adding new seasonal flights to Orlando and Phoenix and bringing back daily flights to Denver.

Allegiant Air, the vacation-oriented budget airline, grew 16 percent in Des Moines. It launched a flight to Phoenix in late 2015.

Airport officials are keeping a close watch on passenger counts. A \$500 million plan to re-arrange the airport and build a larger terminal depends on the airport traffic growing at least 3 percent a year.

If the growth continues and airport officials can find millions of dollars needed for the project, construction would start in 2022.

Central Iowa will be farm-central over next few weeks

DMR Editorial: Who can replace Planned Parenthood?

Governor should list providers of family planning services

During his Condition of the State address on Tuesday, Gov. Terry Branstad proposed eliminating state funding for Planned Parenthood. He said his two-year budget blueprint “redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions.”

The governor should specify exactly which organizations those would be. He should sit down and write the names of the entities that can provide comprehensive family planning services in Iowa. Then he should scratch those no longer in business, like Central Iowa Family Planning.

After serving Iowans for nearly 40 years, it recently closed its remaining clinics in Marshalltown and Grinnell. It did not provide abortions, but did provide contraception, testing for sexually transmitted diseases and numerous other services. Among the reasons the CFP board cited for its closure: “much lower reimbursements from the new Managed Care Organizations that replaced traditional Medicaid in Iowa.” Translation: Gov. Terry Branstad’s Medicaid privatization helped shutter the exact type of entity he apparently believes can replace Planned Parenthood.

While making the list, the governor should also ensure the health providers actually provide family planning services.

Florida lawmakers learned that lesson the hard way. After passing an anti-Planned Parenthood bill last year, they sought to demonstrate there were numerous, alternative providers. Their list became a national joke because it included the names of elementary and middle schools, dental practices and at least one eye clinic.

Then there is the rest of the story about the “family planning money” the governor referenced in his speech. Those dollars largely come from Washington. To encourage states to expand these services, the federal government has paid for 90 percent of the cost for decades.

Branstad was happy to accept this money. Again last year, his administration sought and received a federal waiver to fund the Iowa Family Planning Network. The program provides Iowans a sort of limited health insurance that covers only services related to family planning, including counseling, birth control and voluntary sterilization. One of its main goals is to reduce the number of unintended pregnancies and births that would ultimately be billed to Medicaid.

The governor must know that many of the more than 30,000 Iowans obtaining services made possible by the waiver receive them from Planned Parenthood.

“There are not enough providers in Iowa to absorb the patients Planned Parenthood of the Heartland currently serves,” the organization said in a statement responding to the governor’s speech.

Planned Parenthood has been providing birth control, pregnancy testing, health care, disease treatment, teen pregnancy prevention programs and other services to Iowans for decades. It has the infrastructure in place to reach thousands of people, including those in rural and low-income areas.

If the governor rejects this particular organization, he should specify exactly who has the statewide ability to take its place. And he should remember school nurses and optometrists do not provide pap smears.

DMR: Trump’s conflicts aren’t just a reality show

HIS OWN REMARKS UNDERMINE HIS PLAN TO AVOID BUSINESS CONFLICTS WHILE SERVING AS PRESIDENT

It was a cheesy, throwaway line at the end of Donald Trump's news conference Wednesday, but it spoke volumes about the president-elect's commitment to divorcing himself from his business interests. Trump gestured to a table full of papers that he said represented many businesses that would be put into a trust to be run by his two sons. "And I hope at the end of eight years, I'll come back and I'll say, 'Oh, you did a good job.' Otherwise, if they did a bad job, I'll say, 'You're fired.'"

Sure, it was a joke, which refers back to Trump's trademark bromide from his former reality TV show, "The Apprentice." And we've already been warned, repeatedly, about the dangers of taking Trump's words literally. I'm fully aware of the pitfalls of that, believe me. Believe me!

And yet Trump's jibe also could be read as putting his sons, Donald Jr. and Eric, on notice that their father intends to resume his position at the head of his company when he leaves office. Furthermore, he will hold his sons accountable for their performance while he's busy running the country. Trump may not profit from business deals while he's president, but he's apparently expecting to profit after he leaves office — or else. Trump had his lawyer outline the steps he would take to avoid actual or perceived conflicts of interest while he serves in office. Some of these plans are sensible and reasonable, such as suspending all deals with foreign partners for the duration of his presidency.

Trump sent a mixed message, however, when he made a point of disclosing that he had recently been offered a \$2 billion deal by a Dubai businessman. He didn't blast this person for offering what could be perceived as an unethical bribe that could compromise the president-elect's reputation. Nope, he praised the guy and seemed pleased by the offer, even though he said he declined it.

Some of the other ideas seem like marketing gimmicks. Trump is going to donate hotel profits from foreign governments to the U.S. treasury. Is that supposed to discourage foreign dignitaries from trying to curry favor by staying in a Trump property? The hotels are still branded with the Trump name and hardwired into the Trump ego.

And if President Trump truly can't get his hands on business money put in trust, it's fair to say that will not be true of money in the U.S. treasury. The use of government money may not be for personal benefit, but it certainly could result in political benefit.

Trump said he will appoint an ethics adviser who will vet business deals to avoid conflicts of interest and ensure that Trump's sons are not discussing the business with the president. He hasn't named this adviser or explained how that person will be accountable to the American people for avoiding conflicts. That's vital. In light of the Washington Post's fine investigative reporting on the dealings of the Trump Foundation, we can't even be sure promised donations will ever be completed without public scrutiny. The ethics adviser will need to fully disclose his or her own interests and operate in a scrupulously transparent manner.

Why should Americans care whether Trump or any president separates himself from his business interests? If you trusted him enough to vote for him, you probably trust him to act in your interests, even if his own business might suffer.

But you may not trust the next president, who will benefit from the precedents that Trump sets. The fact is that throughout our country's history, Republican and Democratic presidents of the United States have either divested themselves of business interests or put them in a blind trust to make it clear their focus is on the best interests of the American people. Trump isn't coming close to that standard.

Alternatively, you might figure Trump's positions on issues have been formed over decades as a wealthy businessman and are unlikely to change regardless of whether he might make a buck from any given presidential decision. In other words, Trump will act instinctively in a way that benefits his business. In that case, the perception of conflict can become a major distraction as foreign and domestic political enemies seek to undermine Trump's every move.

It seems obvious that many people don't care, which is worrisome. Trump pointed out Wednesday that voters didn't mind that he never released tax returns. He claimed, falsely, that more information comes from government financial disclosures, which are notoriously vague and misleading.

It is hard to focus on business conflicts when there are so many more titillating topics trending on the Internet, such as what Trump is accused — without any corroboration — of doing in Russia. There are some serious questions related to Trump's attitudes toward foreign hacking and the U.S. intelligence services. But we should not let all of that distract from insisting that our new president is independent and incorruptible in pursuing America's interests.

If Trump does a bad job as president, voters can tell him in four years, "You're fired." But first, we have to put ourselves in a position to judge whether he's doing a good job or not. To do that, we need to stop acting like this is just a reality show and start paying attention to reality.

DMR Iowa View: Supervisors urge state: Don't take away wage increases

MIKE CARBERRY, KURT FRIESE, LISA GREEN-DOUGLASS, JANELLE RETTIG and ROD SULLIVAN of the Johnson County supervisors; JAMES HOUSER, BEN ROGERS and STACEY WALKER of the Linn County supervisors; ANGELA CONNOLLY, TOM HOCKENSMITH and JOHN MAURO of the Polk County supervisors; and GREG KENNING, JERRY PARKER AND STEVE SIEGEL of the Wapello County supervisors.

To Iowa Senate Majority Leader Bill Dix and House Speaker Linda Upmeyer: We write as elected officials from the first four Iowa counties to have adopted a long-overdue increase in the minimum wage. We have proudly supported increases in the minimum wage beyond \$10 in our counties, and are dismayed that some state leaders are now threatening to undo or prevent such increases — effectively lowering thousands of Iowans' wages.

Collectively, our counties are home to more than one third of the state's private-sector jobs and some of Iowa's fastest-growing communities. As county supervisors, we heeded calls from our constituents to take action because we could not afford to ignore the crisis created by low wages in our communities. One out of every six of our kids lives in poverty. For nearly a decade, our state government has refused to address this crisis — leaving Iowa families behind while 29 other states, including five bordering Iowa, took action to raise their minimum wages. So local government had to step up.

Over the next two years, Wapello County's minimum wage will rise in stages to \$10.10, Linn County's to \$10.25 and Polk County's to \$10.75. Johnson County's minimum wage is now \$10.10 after having already increased twice to \$8.20 in 2015, then \$9.15 in 2016. Subsequent annual increases in Johnson, Wapello and Polk counties will be based on inflation as measured by the Consumer Price Index.

We intervened because too many of our neighbors work two to three jobs, yet still cannot get ahead. Families double up because they cannot afford rents. They use food banks to get through the week. Cars go unrepaired. Kids go to school without coats and with shoes that do not fit. One small anomaly — an illness, an unexpected repair — and a family's world comes crashing down.

Raising the minimum wage has improved the lives of those already affected, and upcoming increases will positively affect more families and our local economies. Why would the state take that away? Does the state of Iowa really want to take money out of the pockets of tens of thousands of the state's lowest-paid workers?

As low-wage workers have more money to spend, consumer demand, responsible for 70 percent of the U.S. economy, is creating jobs. Grocery stores, restaurants, repair shops, clothing stores, etc.: all have more customers with more money. They need to hire to meet demand. That means jobs.

Other jurisdictions have seen increases in employment follow increases in the minimum wage. In Iowa, we are beginning to see that in locations where increases have been in effect for over a year. Some claim jobs will move elsewhere but minimum wage jobs are primarily service-sector jobs, which follow population and demand and cannot move to China. So far, local statistics reflect this reality — unemployment in Johnson County remains less than 2.5 percent, one of the lowest rates in the whole country!

Whenever possible, public policy decisions should be based upon data and assessment of public benefit. Both the data and the benefits here are clear: raising the minimum wage is good for workers, families and for our local economies. It's why across the state, 69 percent of voters surveyed by the Iowa Poll favor a minimum wage increase.

Rather than hear threats to undo the many recognizable benefits of local increases, we suspect Iowa voters would prefer hearing about how state leaders will encourage similar increases in Iowa's other 95 counties, where they are just as badly needed and deserved.

DMR: Prosecutors seek no jail time for Sorenson

GRANT RODGERS

GRODGERS@DMREG.COM

A former state senator whose political career fell apart amid an Iowa caucus payola scandal could receive no prison time for his guilty plea to two federal criminal charges.

Prosecutors in the U.S. Department of Justice Public Integrity Section filed a recommendation on Wednesday urging a judge to sentence Kent Sorenson to two years of probation, citing his role as the linchpin in the successful prosecution of three Ron Paul 2012 presidential campaign operatives.

The former Republican lawmaker from Milo would also have to perform 80 hours of community service if the recommendation is approved by a judge. Sorenson was a rising figure in the state's tea party movement until he came under scrutiny for infamously endorsing Paul days ahead of the 2012 Republican caucus. Sorenson had been a supporter of then-Rep. Michele Bachmann and immediately denied allegations that he was wooed over to the Paul campaign with cash. But an investigation uncovered evidence that Paul operatives gave Sorenson \$73,000 in exchange for the endorsement, secretly paying him through an audio/visual production company to keep the senator's name out of public campaign expenditure reports. Sorenson began cooperating with prosecutors in July 2014 after FBI agents searched his home, and testified in front of a grand jury. He was also a key witness at the operatives' trials on conspiracy and other charges. "Sorenson performed every available form of assistance to the investigation when and where the government asked," prosecutor Richard Pilger wrote in the brief recommending probation. "While he suffered no physical harm or threat as a result of cooperating, Sorenson unquestionably suffered personal loss in the form of public humiliation in his community by admitting his criminal conduct."

As part of his cooperation, Sorenson pleaded guilty in August 2014 to two criminal charges: a violation of federal election law and an obstruction of justice count for lying under oath during a deposition by a special prosecutor assigned to investigate the matter for the Iowa Senate Ethics Committee. Altogether, Sorenson could have faced 25 years in prison and \$500,000 in fines.

The prosecutors also wrote in the brief that Sorenson should not be required to pay a fine, because he is unable to make payments. Sorenson's defense attorney, F. Montgomery Brown, filed his own sealed sentencing memorandum earlier this month.

The prosecutors' recommendation will still be subject to the approval of Senior Judge Robert Pratt, who

will sentence Sorenson at a hearing Tuesday.

The sentencing brief does not mention legal troubles Sorenson has had while awaiting sentencing. He pleaded guilty in March 2016 to a state disorderly conduct charge and received a fine after reportedly becoming aggressive with law enforcement officers investigating a domestic dispute at his home.

Rather, the brief credits Sorenson with giving "extensive, truthful" testimony in the trials of former campaign chair Jesse Benton, campaign manager John Tate and deputy campaign manager Dimitri Kesari. His testimony was "indispensable" particularly in winning the convictions against Benton and Tate, because the bulk of the incriminating email evidence gathered by the FBI tied back to Kesari, Pilger wrote. "He attended numerous preparation sessions for trial," the prosecutor wrote. "And, most importantly, he testified for hours at each of two separate trials over eight months. In no instance was the investigation aware that he made any statement that appeared false in light of the other evidence." Benton and Tate each were each sentenced to two years of probation for their convictions on conspiracy, causing false records and other charges, over the strong objections of prosecutors who sought prison sentences. Kesari was sentenced to serve three months in federal prison. The scandal forced Sorenson to resign from the senate in October 2013 after the special prosecutor issued a report finding that he broke ethics rules by accepting payments from the Bachmann campaign. The report presented evidence that those funds were filtered to Sorenson through consulting firms. Sorenson testified at an October 2015 trial for Benton and Kesari that politics was "a waste of my life, and I wish I had not done it."

LEE: Chief justice warns budget cuts may 'hinder' Iowa courts, justice

James Q. Lynch

Iowa's courts could be hampered by a lack of resources, Chief Justice Mark Cady said Wednesday, but he didn't spell out how the Judicial Branch will absorb the loss of \$7.725 million in the last half of the budget year.

The court system has hiring freeze, is holding open judicial vacancies, reducing travel and other expenses, but Cady said he cannot assure Iowans they won't see courthouse hours and services reduced if the proposed reduction is approved by lawmakers.

"The way ahead may be hindered by limited resources," Cady said in his annual Condition of the Judiciary address to a joint session of the Iowa Legislature a day after Gov. Terry Branstad itemized the cuts in the state's \$7.2 billion general fund budget.

Although he promised to work with lawmakers to minimize the impact of a budget cut, Cady put the ball in the Legislature's court.

"Each year, the level of your investment determines the level of services we provide," he said.

Cady, chief justice of the seven-member Iowa Supreme Court since 2010, acknowledged "this is a time of scarce financial resources," but called for a 6.9 percent budget increase to \$194,304,740 for the budget year beginning July 1. That includes:

--- \$8.25 million to allow all 99 county courthouses to remain open on a full-time basis and continue operation of specialty courts such as family treatment courts, juvenile drug courts and mental health courts.

--- \$2.26 million for a 5 percent salary increase for approximately 390 judges and magistrates who have received one pay increase since July 2008.

--- \$2 million to restore a portion of day-to-day operating costs for the IT department that was moved from the state general fund to the enhanced court collections during a previous budget shortfall.

Already the Judicial Branch's limited resources are starting to show "some chink in the armor," he said after his speech. "We are starting to see delays in our court processing. I fear this is going to continue if our needs aren't met through resources. If we don't get the money to perform our services there will be less services to Iowa and there are a lot of negative consequences."

Leaders of the Justice Systems Appropriations Subcommittee that makes budget recommendations for the court system are in agreement with Cady.

"I think the chief justice hit the nail on the head," said Rep. Gary Worthan, R-Storm Lake. "What we struggle with as legislators is to try to quantify what the court system does for us and he laid it out in extremely plain terms this morning."

Cady focused much of his speech on the success of the courts – success, he said, that not only serves justice and improves the overall quality of life. However, he also gave lawmakers hard numbers to support his argument that through their investment the courts save taxpayers money.

"When 329 fewer young adults go to prison, taxpayers save more than \$11 million," Cady said. When juvenile courts provide early treatment of youth offenders, taxpayers save \$5.8 million and family treatment courts allow taxpayers to avoid an additional \$4.9 million in costs. All told, he said the three programs generate close to a \$22 million return on investment.

The courts are doing a lot of good, said Rep. Todd Taylor, D-Cedar Rapids, the ranking member of the Justice System subcommittee.

"I don't want to change that," he said, so before approving the governor's recommended cuts lawmakers have to ask whether the courts are doing what's asked of them and whether it's working.

Bottom of Form

"I would say 'yes,'" Taylor said. "They've actually saved us money. We don't want to undermine their ability to save us money."

The success of any organization comes from having the right people, the right vision and the right investment, Cady said. The state's investment has contributed to the success of the Judicial Branch "and it is critical for continued success."

However, in recent months, Iowans have begun to experience a disruption in court services and the level of investment is not allowing the courts to sustain its current level of service to Iowans.

"This signals that our successes cannot be maintained," Cady warned. "It means delays will return. It means efficiencies lost. It means specialty courts may be eliminated. It means our troubled youth will see less of our juvenile officers. It means part-time hours may return for courthouses."

Sen. Mark Chelgren, R-Ottumwa, doesn't want to see that happen, but said it will be the Judicial Branch's decision.

"The Judicial Branch decides how that money is spent," Chelgren said. "If they choose to close courthouses that will be their decision. We have to trust they will make the best use of the money."

The Judicial Branch will continue to earn that trust, Cady said, but that will require continued funding. He warned against using budget difficulties as a reason to lower expectations for courts.

The courts have the will to succeed, Cady said, but it will take more than will to continue that success.

“It is time to build the future with an investment that affirms the work of the Judicial Branch, and affirms the lives of families, children, business owners, employees and all Iowans,” he said. “It is time to build a future united by one will to achieve success for all.”

Globe Gazette editorial: Voter ID overhaul unneeded

Top of Form

Bottom of Form

With the state of Iowa facing budget woes, we have a suggestion for Secretary of State Paul Pate and others who might support his new voter verification plan: Forget about it.

Pate grabbed headlines last week when he proposed the so-called upgrade to the state’s election system that he said would guard against fraud. “I want to make it easy to vote but hard to cheat,” he said.

Changes would, according to a story by our Des Moines Bureau, take effect by 2020 and involve using electronic poll books statewide and requiring voter or signature verification both at polling places and for absentee ballots. Those lacking approved identification would be issued free ID cards with ID numbers. A registration ID number would be required for all voters requesting absentee ballots. Voters will scan IDs or voter registration cards upon checking in at polling places.

It would cost \$500,000 up front to create the voter ID cards and another \$35,000 annually after the initial start-up cost. Another \$500,000 would establish a revolving fund to provide electronic poll books in all 99 counties, although 72 currently have some form of the books.

And as if the ID system and financing isn’t complicated enough, other parts of the proposal would require that county auditors certify compliance to all laws and report suspected misconduct to Pate’s office, and ensure uniform, ongoing training for election staff and poll workers.

Maybe we’re spoiled in Cerro Gordo County where Auditor Ken Kline has established an efficient, smoothly operating system. He even developed the Precinct Atlas system that uses a simple electronic process to help guide precinct staff through the voting process. It has proven so popular that it is in wide use around the state.

So, we wonder, what’s the big need for anything new and perhaps improved, although not everyone agrees that it would be? Pate says it would “instill confidence” in the voting system. Like there’s not now?

Advertisement

The Cedar Rapids Gazette, which partners with our Des Moines Bureau in covering the Statehouse, reported that of the hundreds of potential cases of election misconduct investigated by authorities, only 23 people were convicted in the last five years. Of those, 15 were for felony charges of election misconduct and eight were for misdemeanors.

Those low numbers seem to prove the system is doing its job now, that there’s hardly a need for a major revamp.

Bottom of Form

Or as Johnson County Auditor Travis Weipert said, Pate’s proposal appears to be a fix for a system that



isn't broken and ranks among the top in the nation. He wonders if long lines at polling places wouldn't result, and fears that some costs would result in unfunded mandates for counties.

Predictably, Democrats criticized the proposal by Pate, a Republican. Sen. Jeff Danielson, D-Cedar Falls, said it would suppress voter turnout with voter IDs disenfranchising "older Iowans, younger Iowans and people of color" – and that the plan would "turn back the clock by making election policy a partisan issue."

That the issue immediately became partisan is predictable. But from a more commonsense standpoint, we do not see any pressing cause to spend \$1 million or more to revamp a system that's already working very well as evidenced by extremely low cases of voter fraud. Or as one North Iowa legislator told us, who would want to risk going to jail just to vote? No one we know.

Thanks to hard-working auditors and loyal poll workers, Iowa's system seems to be working well as it is.

We say let county auditors continue their good work, and put the \$1 million toward education, social services, public safety or any of the myriad things that could use additional money.

Iowa Public Radio: Senate Democrat: Let Us Confirm Next Lieutenant Governor

By JOYCE RUSSELL

As Lt. Gov. Kim Reynolds prepares to succeed Governor Branstad in the state's highest office, a Democratic state senator wants a say in who becomes the next lieutenant governor.

Sen. Tony Bisignano (D-Des Moines) has filed a bill to require House and Senate confirmation for anyone becoming lieutenant governor without having been voted into office.

The bill would require a simple majority vote, so Bisignano says Republicans could easily confirm Reynolds's choice.

"They'll still be able to control everything," Bisignano said. "That's what Iowans voted for."

But Bisignano says without a confirmation vote, the public would have no role in choosing the person who could eventually become governor.

"So I don't want it to be partisan," Bisignano said. "I want it to be just something the legislature looks at in the interim for the voters."

It's a check and balance

Bisignano says legislative confirmation provides an important check and balance to the executive branch.

The bill has been assigned to the Republican-controlled State Government Committee. Chairman Roby Smith (R-Davenport) declined to comment on the bill.

Bisignano admits that in the future, confirmation could become partisan if a split legislature were required to confirm a lieutenant governor appointment.

I don't want it to be partisan

"This one would be a rubber stamp based on the large numbers the Republicans have here," Bisignano said.

A researcher in the Senate Democratic caucus says eight states require a lieutenant governor to be confirmed by the legislature.

In Iowa history, Lt. Gov. Robert Fulton became governor very briefly after Harold Hughes left to serve in Congress in 1969. Fulton did not choose a replacement because Governor Robert Ray and Lt. Gov. Roger Jepsen took office only 14 days later.

Iowa Capitol Digest: DHS believes it can absorb \$20 million in spending cuts

Top of Form

Bottom of Form

**DHS BUDGET CUTS:** The head of Iowa's Department of Human Services (DHS) said Wednesday he believes his agency will be able to absorb the \$20 million in spending cuts for this fiscal year without negatively impacting staff or programs.

On Tuesday, Gov. Terry Branstad directed officials in the state general-fund's second-largest budget area – behind education – to reduce spending by \$20 million by June 30 as part of a plan to address an overall \$110 million shortfall in state government brought on by slipping revenue growth.

DHS Director Charles Palmer and his budget director, Jean Slabaugh, told members of the state's Council on Human Services that most of the money will come from a surplus in the Temporary Assistance for Needy Families (TANF) program, which has seen a drop in usage that freed up about \$16 million.

Slabaugh said the agency also had some unspent technology money that will forego the need for cuts in DHS operations.

Of bigger concern, said Palmer, was the governor's fiscal 2018 budget request that was about \$25 million under his agency's \$1.88 billion request to the Legislature.

**EDUCATION KICKOFF:** The Senate Education Committee opened its 2017 run Wednesday with new chairwoman Sen. Amy Sinclair, R-Allerton, pledging to move quickly to pass a new allotment of supplemental state aid to Iowa's K-12 school districts.

Sinclair said district administrators should not be "left in the lurch" concerning their fiscal 2018 funding level.

Gov. Terry Branstad proposed a 2 percent boost for each of the next two fiscal years during his Condition of the State address Tuesday but Sinclair was noncommittal on an amount at Wednesday's kickoff committee meeting, saying only the amount "probably won't be as much as they want."

She also said she is interested in expanding school choice options for parents this session.

Sen. Herman Quirnbach, D-Ames, past chair and now ranking member, said he hoped K-12 funding, third-grade reading, preschool access, rural district transportation costs, anti-bullying efforts, reducing high-school dropout rates and addressing per-pupil funding disparities among districts all would get attention this year.

Bottom of Form

Independent Sen. David Johnson of Ocheyedan was granted unanimous consent to address the committee as a non-voting member and asked other senators to consider joining him in “tri-partisan” cooperation in a policy area where he has 18 years of experience.

**AWARD FOR DHS ADMINISTRATOR:** Wendy Rickman, the administrator of the Adult, Children and Family Services Division for the Iowa Department of Human Services, has been selected as a recipient of a distinguished national award that honors leaders for their dedication to improving the lives of children and families.

Rickman, a licensed social worker who joined DHS in 1987, this week was presented the 2017 Casey Excellence for Children Award in Leadership, which recognizes achievements in improving outcomes, which include safely reducing the need for foster care, increasing pathways to permanency and improving child well-being. Under Rickman, Iowa has developed several initiatives aimed at strengthening families and improving outcomes for children.

Over the past five years, Iowa has experienced an overall reduction of 6 percent in the number of children in foster care.

**QUOTE OF THE DAY:** “Mr. Chairman, would it be in order to adjourn for the year?” – Sen. Bill Dotzler, D-Waterloo, in addressing the Senate Labor Committee, which is expected to be the venue for proposed changes to Iowa’s collective bargaining law this session that could become contentious.

**AP: Branstad pushes new plan to defund Planned Parenthood**

Gov. Terry Branstad urged Iowa legislators on Tuesday to defund Planned Parenthood and prohibit public workers from bargaining for their health insurance, positions expected to create tension with Democrats unable to stop such efforts.

Branstad made the remarks during his annual Condition of the State address at the Iowa Capitol. The Republican governor kept the remarks on abortion brief, but its inclusion in the roughly 30-minute speech also signified what he may push during his remaining time in office. Branstad is expected to resign soon to become the next ambassador to China, but the timing is dependent on the U.S. Senate confirmation process.

“This budget ... redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions,” he said before receiving a standing ovation from Republicans. Democrats remained seated.

Lt. Gov. Kim Reynolds, the incoming governor, supports all of Branstad’s Condition of the State remarks, a spokesman said.

Republicans have complete control of the Iowa Legislature and the governor’s office for the first time in nearly 20 years. No state taxpayer money is currently used on abortions, but their focus on eliminating funding for Planned Parenthood highlights a longstanding ideological effort that’s been stopped by Democrats over the years.

Republicans with control in other statehouses around the country have passed legislation in recent years aimed at abortion restrictions, and similar action is expected in Iowa this session.

**VIDEONC Republicans try to strip powers from governor**

Other states that pulled the plug on using state dollars toward Planned Parenthood ran into legal challenges over federal funding, but Iowa Republicans are seeking a somewhat different course.

They plan to stop accepting federal Medicaid money that goes toward family planning services and instead replace it with state money for some of those services. It's unclear how much a new state program would cost, though the issue may evolve if the new Republican Congress and President-elect Donald Trump change how Medicaid federal dollars are distributed.

Ben Hammes, Branstad's spokesman, confirmed the governor supports a state-run program. House Speaker Linda Upmeyer, R-Clear Lake, also indicated support.

Rachel Lopez of Planned Parenthood of the Heartland released a statement Monday night criticizing the bill and arguing the legislation would hurt low-income women and men accessing family planning services through their organization.

"These extremist politicians are under the mistaken and dangerous assumption that other providers will be able to absorb the patients that Planned Parenthood of the Heartland currently serves," she said.

Branstad also said he wants to create one statewide health care contract for public workers, a move that would require removing language in the state's collective bargaining law that currently allows public workers to work with their employers on setting the conditions of health insurance. Unions have said Branstad's proposal would increase costs for public workers such as police officers, firefighters and other first responders.

Republicans have been clear that they support the governor's initiative, but they have been vague about whether they would make other changes to the collective bargaining law. Statehouses in at least Kentucky and New Hampshire are considering legislation that progressive groups say will weaken unions, a move that would be similar to action in Wisconsin in 2011.

For now, Branstad has focused on health insurance, arguing that one statewide contract "can provide quality health care at a significantly lower cost and give local governments more flexibility to provide better wages and meet other needs." The governor did not provide more details on the plan or the savings.

Branstad's speech comes shortly after he released his formal spending recommendations for the budget year that begins in July. They include a directive to state agencies to make cuts to plug in a roughly \$110 million shortfall in the current \$7.2 billion budget.

Democrats pounced on the budget shortfall, but they expressed disdain for the proposals regarding abortion and collective bargaining. House Minority Leader Mark Smith, D-Marshalltown, said Democrats could organize public hearings and slow down legislative debate through procedural moves.

"We will be exercising all options that we have available to us as members of the General Assembly," he said.

Daily Non-Pareil Editorial: Our View: School funding deadline must remain

On Monday, the day the Iowa Legislature reconvened for business, lawmakers discussed school funding – something it's struggled to do early for years.

The problem, however, is that it wants to remove the law that requires two-year budgets for state aid to schools finalized in the session's first 30 days. While Republicans plan to set funding levels for the 2017-18 school year, they said they won't 2018-19 school year until next January at the earliest.

"It's very difficult to pass that for the second year," House Majority Leader Chris Hagenow, R-Windsor Heights, told The Des Moines Register. "I think we will be poised to change that law."

GOP majorities in both houses have defended the measure as a way to more appropriately respond to budgetary changes. This is in spite of Republican Gov. Terry Branstad's opposing it, urging lawmakers to stick to the existing law – a move we endorse.

Instead, the Iowa Legislature has chosen to change the law rather than follow it, conveniently moving the goalposts to inconvenience the state's education system – arguably its most important investment.

The proper solution would have been fixing the workflow to ensure the law was followed and that schools had adequate time to learn and react to their state funding. Instead, the solution being proposed is to remove that troublesome statute that the Legislature can't follow.

But that hasn't happened in years, and the legislators seem to consider themselves above the law on this topic. As a result, Iowa's schools will inevitably find themselves in the lurch and make the chaos of 2014 more likely to repeat itself.

For those who don't remember, the Legislature willfully disregarded the codified date and debated school funding into late June. When a hollow compromise to make Republicans and Democrats feel good about sticking to their guns was approved, Branstad vetoed a large portion of the one-time funding that sealed the accord.

Three wrongs didn't make a right then – and won't in the future.

With only a little more than a month left before classes started, Iowa's school districts watched as millions of dollars that had been approved for them were yanked away – even as they'd followed the law and passed budgets in the spring despite complete uncertainty as to their state aid.

We fear similar situations may come to fruition more often – particularly in the second year of a two-year General Assembly, when re-election fever grips the capitol.

Past actions have given us reason to harbor deep fears about this proposal to remove the 30-day limit on setting education funding during the two-year legislative cycle.

Therefore, we encourage lawmakers to make the tough choices needed simply to follow the law in place for the benefit of Iowa schools rather than rewriting it.

LEE: Community college cuts could hurt workforce programs

Ed Tibbetts

Top of Form

Bottom of Form

Iowa Gov. Terry Branstad's proposed cuts to community college funding will contribute to likely increases in tuition or student fees at Eastern Iowa Community College campuses for the 2017-2018 school year, an official there said Wednesday.

The governor on Tuesday proposed \$110 million in cuts for the current budget year, including \$8.7 million for community colleges.

State revenues are coming in lower than expected this fiscal year, and although Branstad did not ask for reductions in K-12 spending, he is seeking more than \$34 million in cuts from higher education, including \$25.6 million from the three regents institutions.

For the Eastern Iowa college district, which includes Scott Community College, the proposed cuts for this fiscal year would amount to \$750,000, or about a 4.25 percent reduction in state funding, said Alan Campbell, a spokesman for the district.

He said the college would do its best to shield students from the impact, but the proposed cuts and proposed spending levels going forward could mean program cuts and would likely lead to higher student costs. "They probably will," Campbell said.

The college district has a \$43 million annual budget, but Campbell said \$31 million is committed to salaries, so the cuts would have to come from the remaining \$12 million. He added this doesn't take into account other annual contracts the district has.

The Eastern Iowa district, the state's third-largest community college system, has 7,900 students, along with 30,000 others who are involved in workforce development and adult and continuing education courses.

Campbell added that community colleges are heavily engaged in preparing the state's workforce.

"These cuts are negatively impacting our ability to fulfill that mission," he said.

In his Condition of the State address Tuesday, Branstad conceded the \$110 million in reductions would be "difficult." But he said "they do maintain funding for mutual priorities."

In addition to walling off K-12 schools from this year's cuts, he also said there are no employee furloughs being proposed and payments to local governments for property tax credits would be maintained.

The Iowa Legislature must approve any cuts, and two area lawmakers blanched at the idea of cutting community college spending.

Bottom of Form

State Sen. Jim Lykam, D-Davenport, said the cuts would impinge on the state's ability to meet employer needs, citing workforce programs that have helped employers, such as the Rock Island Arsenal.

"I think it's very short-sighted," he said. "I'm very disappointed."

State Rep. Gary Mohr, R-Bettendorf, also expressed reservations because of the potential effect on employers. Mohr is a former community college executive.

"I just hope we're looking at all options at where to find the cuts, because the community college cuts would also affect our employers," he said.

Mohr said he's eager to see proposals from within the Legislature on how to address the expected shortfall in revenues.

The Gazette: DHS director: Iowa Medicaid insurers paid 'fair' and 'appropriate' rates

The MCOs have reported hundreds of millions in losses

The state believes it's paying the three private insurers now caring for its Medicaid population "fair," "appropriate" and "actuarially sound" rates despite documents that show the managed-care organizations describing the program as "drastically underfunded."

“We believe that what we offered was actuarially sound. We believe that the basis upon which we established those rates made sense,” said Department of Human Services Director Charles Palmer on Wednesday.

The state of Iowa handed over its Medicaid program with nearly 600,000 enrollees to AmeriHealth Caritas Iowa, Amerigroup Iowa and UnitedHealthcare of the River Valley on April 1. In early December, two of the three MCOs reported hundreds of millions of dollars in losses, with financial reports filed with the Iowa Insurance Division showing that Amerigroup saw losses of more than \$147 million and AmeriHealth had losses of more than \$132 million.

UnitedHealthcare does not have to file financial reports with the state of Iowa, but did say in the second DHS quarterly report it had a loss of 25 percent.

What’s more, correspondence between the MCO leaders and DHS officials reveal that the insurers have been lobbying for increased rates since the start of the transition. The documents, first reported by the Des Moines Register, show the MCOs believed the rates to be inadequate from the start.

Amerigroup’s Cynthia MacDonald said in early May that the company “has some lingering important areas of concern regarding rate adequacy” due to the “impact of delays in overall program implementation, transition of (fee for service) to managed care experience within the data pharmacy savings opportunities and other issues.”

And despite an additional \$33 million the state announced it would pay the MCOs in November, Kim Foltz, chief executive officer of UnitedHealthcare Community Plan of Iowa, said that “the program remains drastically underfunded.” She added that “not only have medical claims exceeded premium rates, but deficits reported do not include administrative costs of managing the (Medicaid) program, which are above and beyond what was included in the rates.”

Data provided in the most recent quarterly report put together by DHS shows that all three MCOs paid out more in claims than they received in payments from the state and federal government.

- Amerigroup paid at least \$288 million in claims in the second quarter while it was paid \$238 million.
- AmeriHealth paid at least \$500 million in claims in the second quarter and was paid \$444 million.
- UnitedHealthcare paid at least \$247 million in claims in the second quarter and was paid \$209 million.

“We believe there is some differences of opinion on the severity of what they would consider to be the gap between their expenditures and our funding of that,” Palmer said Wednesday. “We are working closely with them and our actuarial firm to identify areas where we can — in our terms — close that gap and get the projections of their loss and our projections of what the actual expenditures should be.”

Palmer suggested that start-up costs are among the reasons for the initial losses, saying the MCOs had to invest in hiring staff, renting facilities and setting up infrastructure.

The state and the insurers will begin negotiating capitation rates for the second rate period — which starts July 1 — in April, Palmer said. DHS officials project the privatized managed-care contract that runs through June 30 of this year is “roughly \$4 billion.”

He added he does not know if they are using dramatic language as a negotiating tactic, and he does not believe the state is at risk of seeing an MCO pull out before its contract is up.

“We put out what we were willing to pay. They saw that. They saw how we arrived at those payments. They signed a contract,” Palmer said.

“What we offered was actuarially acceptable. It has to be OK’d by (the Centers for Medicare and

Medicaid Services). ... Also, you have a period of time before your managed-care strategies can really fully go into place, so there is some lag time on their being able to realize some of the benefit that would come from managing the populations.”

The Gazette: Iowa Board of Regents will not vote publicly to reverse meeting change

'There are no plans at this time to do that'

After confirming earlier this month that it will not follow the 2017 meeting schedule it approved last summer, Board of Regents officials on Wednesday said they don't plan to vote publicly to amend the calendar.

That counters recent comments from Board of Regents President Bruce Rastetter, who said staff will add the question of amending the approved 2017 meeting schedule to the Jan. 17-18 board agenda.

“You'll see us bring that up and vote on the final meeting schedule in public at our January meeting,” Rastetter told The Gazette.

But an agenda for next week's meeting released this week has no mention of a vote to amend the approved 2017 schedule. And the board's Executive Director Bob Donley on Wednesday said he “doesn't anticipate that changing,” according to board spokesman Josh Lehman.

“Executive Director Donley and the board office are responsible for coordinating, scheduling and running meetings,” Lehman said in an email. “During the process of attempting to schedule the committee meetings, the revised schedule for committees was set due to logistical challenges.”

Regent policy states the board shall conduct its meetings according to Robert's Rules of Order, meeting structure guidelines commonly used by governing boards. Those rules outline procedures for rescinding or amending previously-approved actions — all of which involve public votes.

But when asked specifically if the board will cast a public vote to amend its approved meeting schedule, Lehman said, “There are no plans at this time to do that.”

The revised 2017 meeting schedule — the one the board will not vote on publicly — reduces the total number of meeting times and dates and looks more like the schedule the board has been following for years.

The board had approved a new schedule in July calling for 14 meetings this year — including eight one-day full board meetings and six committee meetings on different dates. That was up from the typical seven or eight two-day meetings, during which committees and the full board would meet.

The change in July, in part, aimed to give board members more time to consider items presented during committee meetings before approving them the next day at full board meetings. Although the revised schedule goes back to the two-day combined committee and full board schedule, Rastetter said committee items won't be approved until a subsequent meeting.

That means, for example, university projects presented in the property and facilities committee meeting in February will have to wait for approval until April. Rastetter told The Gazette last week that if a project coming before a committee needs more urgent approval, the regents will accommodate.

“But I would hope we could adjust to this schedule pretty quickly,” he said.

The board approved schedule with more meetings in July after The Gazette in June reported on an internal memo informing university officials the board was cutting its number of meetings to just four a



year.

But after talking to other regents and committee members, Rastetter said, the feedback showed 14 separate meetings would be too imposing.

“We would be creating another full trip for people and interrupting their schedules,” he said.

Lehman reiterated that point, saying the earlier-approved 2017 was too problematic to pull off. And, he said, the revised schedule removes “the worry of people having to travel every couple weeks for a couple different regents meetings” while also allowing them more time to consider agenda items.

The Gazette: Public input sought on new social studies standards

Grant Wood Area Education Agency hosts meeting Thursday

The Iowa Department of Education is collecting public input on the first update to the state’s social studies standards since they were adopted in 2008.

The Grant Wood Area Education Agency, 4401 Sixth St. SW, is hosting an input meeting from 4:30 to 6 p.m. on Thursday.

The update embeds Iowa history and financial literacy throughout K-12 standards, which are not currently in the state’s social studies standards, Iowa Department of Education Social Studies Consultant Stefanie Rosenberg Wager said in an email.

It also creates separate standards for U.S. history and world history at the high school level and introduces “anchor standards” that appear across multiple grades. Those are meant to “provide cohesiveness throughout the document and to outline what a graduate should know and be able to do in social studies,” Rosenberg Wager said.

“For example, one of the anchor standards is ‘apply civic virtues and democratic principles,’ ” she said. “This anchor standard shows up throughout the document, but the (standard) in Kindergarten looks different from the standard in high school.”

The proposed draft of the updated standards is under consideration by the department’s Social Studies Standards Review Team, which includes teachers and school administrators from around the state.

The team will consider public comments and is expected to make its final recommendation to the State Board of Education in the spring, according to a news release.

The overview of the draft standards identifies the following key concepts students at each grade level should be learning:

- Kindergarten — Spaces and places
- First grade — Communities and culture
- Second grade — Choices and consequences
- Third grade — Immigration and migration
- Fourth grade — Progression and regression
- Fifth grade — Rights and responsibilities

- Sixth grade — World regions and cultures
- Seventh grade — Contemporary global studies
- Eighth grade — U.S. history and civil ideals
- Ninth through 12th grades — U.S. and world history, behavioral sciences, geography, civics and government and economics.

Comments about the draft plan can also be made Thursday at satellite sites at the Prairie Lakes Area Education Agency in Pocahontas and the Mississippi Bend Area Education Agency in Bettendorf.

The Gazette LTE: Downtown casino is a good fit for Cedar Rapids

Steve Emerson and Hunter Parks, guest columnists

Building a thriving Cedar Rapids is something that we hope everyone can get behind. Many times we have seen development in our community stifled and threatened by Mother Nature, and yet our resilience has prevailed. Living, working, and investing in the community, we are working toward the goal of revitalization in a very tangible way — one project at a time.

If you live in or near Cedar Rapids, you may have heard of Aspect Architecture and Hunter Companies. Both of our companies are local, both contribute to the community, and both are drivers of urban renewal. The products of our investment, new construction, and restoration can be seen all over Cedar Rapids and Eastern Iowa — from St. Luke’s and Rockwell Collins, to Edgewood Station and the Linn County Sherriff’s Office.

One of our many priorities is to drive growth in the downtown area. Not only would we like to spark new residential and commercial projects, but we’d also like to make downtown a destination — driving business to existing retailers, eateries, and amenities. This is why we sought out Wild Rose as a partner and together, put forth a proposal for an urban, boutique casino in downtown Cedar Rapids.

Wild Rose, like Aspect and Hunter Companies, is an Iowa-based company that has driven growth in communities like Jefferson, Emmetsburg, and Clinton. Wild Rose has a successful track record of working with local stakeholders to develop thriving casinos that ultimately contribute to local economies in a very positive way.

In Cedar Rapids, we have introduced a unique casino project. This “boutique” casino, unlike those previously proposed, would not include a hotel or formal restaurant component. The casino would be right-sized and allow the many local restaurants and nearby hotels to benefit from the influx of visitors. Also unique is the fact that Aspect and Hunter Companies would design and develop the project, which would also include commercial office space, and Wild Rose would simply lease the space for the casino.

Development of this project represents tens of millions in direct investment, and operations at the casino alone would create over 200 jobs and result in millions of dollars in payroll and benefits for Cedar Rapidians. A relationship between Wild Rose and the Cedar River Alliance for Gaming (CRAG) was also recently announced. This nonprofit organization, comprised of local leaders and chaired by Dick Meisterling, would oversee the distribution of a portion of the Wild Rose Cedar Rapids’ gambling revenues. These dollars would go to worthy community causes, such as shelters, education initiatives, and first response efforts.

For these reasons and many more, we feel our proposed project is an ideal fit for Cedar Rapids, and is

truly designed with our community in mind. Its development would be a catalyst for the area, helping Aspect, Hunter Companies, and an array of Cedar Rapids' businesses and residents realize the dream of a vibrant downtown.

QC Times: Sterilite deal prompts meeting over school tax dollars

Devan Patel

Top of Form

Bottom of Form

The economic impact of Davenport's proposed Sterilite Corp. deal is significant, but one detail about potential tax revenue generation for schools has caught the eye of city officials.

Davenport has approved a resolution in support of providing economic incentives to Sterilite, North America's largest manufacturer of plastic goods, offering more than \$17 million in the form of infrastructure improvements and tax rebates.

Besides a total economic impact of \$143.6 million, \$30.4 million in new payroll and creation of 814 jobs, the construction of a 2.4 million square-foot facility on 160 acres in the Eastern Iowa Industrial Center could generate \$834,000 in new property tax revenue for the first year.

Those revenues are split between four different taxing authorities, including \$305,000 for schools.

The cumulative increase in property tax revenue to the city would be approximately \$5.5 million for year one through 15 and would not exist without the proposed deal taking place.

The current land, which has an assessed value of \$640,000, generates slightly under \$12,000 per year in tax revenue, including \$4,383 for schools.

The problem for Davenport city officials, however, is that the potential revenue for schools will not go to the Davenport Community School District. Instead, due to boundary lines, it would benefit North Scott Community Schools.

With the Davenport school district already facing troubles due to the state school funding formula, city officials have scheduled a meeting to discuss potential solutions to the problem.

"The schools benefit is not our schools," Alderman Mike Matson, 7th Ward, said. "This project and others, because it's in another district when it says schools, it doesn't mean Davenport schools."

Matson said because the incentives are coming from Davenport taxpayers, Davenport schools needed to reap the benefits.

Mayor Frank Klipsch said he will meet next week with representatives of the North Scott school district and Eldridge Mayor Martin O'Boyle about Davenport's options.

"What I told them was 'What's the incentive?'" Klipsch said. "I'm going to talk to them about where we are and what we can do about it. It's not a matter of them saying we can do it, but it's a big deal because you have to get state approval and board of education approval."

While Klipsch said it was not realistic to expect that the city would just receive money the money back, he said the outcome from the discussion could pave the way for Davenport to look at economic development sites that fall within the Davenport school district's boundaries.

In related action, a contingent of local workers petitioned the Davenport City Council on Wednesday to do what they could to make sure Sterilite hires local labor.

Bottom of Form

Bret Lacher, a Davenport resident, pipefitter and member of Local Union 25, who told aldermen he would prefer that the city holds Sterilite to using local labor like himself.

"Last winter, I had to pack a suitcase and leave my wife and three young children at home and go find a job where there was work eight hours north," Lacher said. "Only coming back every couple of weeks to see my wife and kids while local construction projects were filled with license plates that weren't Iowa or Illinois."

Brinson Kinzer, an electrician and member of the Scott County Board of Supervisors, did not speak on the county's behalf. But he did echo Lacher's sentiments of supporting the use of local workers.

"We need to use local contractors if we're going to give the incentives," Kinzer said.

Ryan Drew said the city often hears the same story about developers needing economic incentives to succeed only for local labor not to be utilized.

"We fast forward to the start of construction for the project and we begin to see workers imported from other communities, other states and other countries," Drew said. "This is the same work that our local school districts ask us on a routine basis to come to them and showcase to the youth the skills and careers available in the community."

Having listened to their pleas, several aldermen championed the quality of local workers and said they would work to promote hiring local labor.

"They need to be educated on the quality of the folks that can do the job," Matson said.

RI: Iowa State University president announces multi-million dollar gift

Iowa State University received a huge donation to its ongoing fundraising campaign today.

University President Steven Leath announced the gift to the ISU Foundation. "We have received a gift of an equity stake representing majority ownership in Curriculum Associates — which is an education company headquartered in Massachusetts," Leath says. "The gift is currently valued at approximately 93 million dollars — making it one of the largest gifts in the history of this university."

The gift will be used to create a permanent endowed fund to the school's College of Liberal Arts and Sciences. "Since the College of Liberal Arts and Sciences provides core curriculum for students in every major and every program, this gift will impact virtually every student at Iowa State and every student that comes in the future," Leath says.

The donors are a husband and wife who graduated from Iowa State. "They ask that their names be kept confidential, so we will respect their wishes. We'd love to give them credit, but we will respect their wishes," according to Leath. "On behalf of everyone at Iowa State I want to say how grateful we as a university — as an Iowa State community — are to these folks for their gift. There really aren't words to express the appreciation we have for this very special couple and their generosity."

The contribution will go toward eight-year fundraising campaign called "Forever True, For Iowa State," which is named after the words to the school's fight song. "It will support generations to come of

innovators, creators, communicators and problem solvers, who will go out and do great things in this world,” Leath says. “Never before have Iowa State’s unique strengths been so relevant in addressing problems in this complex world. And never before has philanthropy been so important and such a powerful tool in making a difference and enabling us to reach those goals.”

The ISU campaign seeks to raise \$1.1 billion for the university by July 2020. The final valuation of this gift will depend on market considerations at the time the sale of the equity occurs.

RI: Legislators say Iowa’s courts operate on ‘tight budget’

A key legislator is hoping to spare the state’s courts from a deep budget cut.

“The programs that they’re developing are doing a lot to keep people out of prison, keeping a lot of juveniles from going down that path,” says Republican Representative Gary Worthan of Storm Lake.

Worthan is co-chair of the group of legislators who develop a budget outline for the state’s court system. He says the chief justice of the Iowa Supreme Court “hit the nail on the head” in today’s speech to legislators, by arguing court programs that intervene early with juveniles, troubled families and those accused of drug crimes are saving the expense of costly prison time.

“You can pay me now or you can pay me later,” Worthan says. “I hope my fellow legislators take that to heart.”

The court system will have to shoulder some sort of budget cut over the next six months, but Worthan’s hoping legislators will agree on a cut that’s less than seven-million dollar reduction the governor has proposed for the courts.

Senator Mark Chelgren, a Republican from Ottumwa, is the other co-chair of the group that drafts the court system’s budget.

“The justice system has been run relatively efficiently and on a tight budget for quite a while, so I think we’re going to have a hard time really squeezing the money out of it,” Chelgren says.

But Chelgren says no section of state government should be immune from examination as legislators compile about \$100 million in cuts to the current year’s state budget.

“There’s no question that we need to make sure that we’re doing budget cuts in a targeted manner,” Chelgren says. “I think it’s important that we take our responsibility seriously, go through each of the programs...and decide whether we’re getting the best bang for our buck out of it.”

Chelgren says that means even “good” programs will suffer, because of the budget reality legislators face.

RI: Iowa Supreme Court Chief says courts need ‘renewed investment’

The chief justice of Iowa’s Supreme Court says Iowa judges and magistrates have had just one pay raise in the past eight years and he’s asking legislators for more than \$2.2 million to raise those salaries by five percent.

“The success of any organization comes from having the right people, the right vision for future success and the right investments,” Chief Justice Mark Cady said this morning. “...Our vision is not to just recognize judges and magistrates for their work, it is to provide them with regular salary increases in

line with the practices followed by other successful businesses.”

The chief justice delivered the annual “Condition of the Judiciary” message to legislators this morning.

“I do so knowing this is a time of scarce financial resources,” he said in the first paragraph of his prepared remarks. “My hope is my message will be heard in a way that leaves you, and all Iowans, better informed about the critical services the Iowa court system performs for Iowans and the importance of investing in those services.”

Nearly 400 people serving on the state’s court of appeals, the supreme court or as magistrates and judges throughout the state. Cady said because of stagnant salaries, there’s been a “significant decline” in applications to fill vacancies when a judge or magistrate retires or takes a job in the private sector. The chief justice is asking legislators for a nearly seven percent boost for the entire judicial branch budget.

“Iowa’s court system needs a renewed investment,” Cady said.

Cady isn’t suggesting how he may deal with the current year’s budget dilemma. Governor Branstad is recommending the court’s budget be cut by \$7.25 million. Cady hinted the courts are starting to reduce the hours clerks of court offices are open to the public.

Cady cited a lot of numbers in his speech. He argued court programs to intervene early with juvenile offenders, troubled families and those accused of drug crimes are saving taxpayers millions of dollars, money that would otherwise be spent putting those people in prison.

“Instead of going to prison, our programs pave the way for these Iowans to go to work every day, earn paychecks, support their families and contribute to communities,” Cady said.

But the chief justice acknowledged court programs like these and court operations in general may be “hindered” in the coming months because of budget constraints.

REUTERS: Trump secretary of state nominee: China should be denied access to South China Sea islands, Russia sanctions should stay for now

U.S. President-elect Donald Trump’s nominee for secretary of state set a course for a potentially serious confrontation with Beijing on Wednesday, saying China should be denied access to islands it has built in the contested South China Sea.

In comments expected to enrage Beijing, Rex Tillerson told his confirmation hearing before the U.S. Senate Foreign Relations Committee that China’s building of islands and putting military assets on those islands was “akin to Russia’s taking Crimea” from Ukraine.

Asked whether he supported a more aggressive posture toward China, he said: “We’re going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed.”

The former Exxon Mobil Corp chairman and chief executive did not elaborate on what might be done to deny China access to the islands it has built up from South China Sea reefs, equipped with military-length airstrips and fortified with weapons.

Trump’s transition team did not immediately respond to a request for specifics on how China might be blocked from the artificial islands.

Tillerson also said Washington needed to reaffirm its commitment to Taiwan, which Beijing regards as a

renegade province, but stopped short of Trump's questioning of Washington's long-standing policy on the issue.

"I don't know of any plans to alter the 'one China' position," he said.

Tillerson said he considered China's South China Sea activity "extremely worrisome" and that it would be a threat to the "entire global economy" if Beijing were able to dictate access to the waterway, which is of strategic military importance and a major trade route.

He blamed the current situation on what he termed an inadequate U.S. response. "The failure of a response has allowed them just to keep pushing the envelop on this," Tillerson said.

"The way we've got to deal with this is we've got to show back up in the region with our traditional allies in Southeast Asia," he said.

Democratic President Barack Obama's administration conducted periodic air and naval patrols to assert the right of free navigation in the South China Sea. These have angered Beijing, but seeking to blockade China's man-made islands would be a major step further and a step that Washington has never raised as an option.

Under his strategic "pivot" to Asia, Obama has increased the U.S. military presence in the region, and Trump has vowed a major naval buildup.

Tillerson's words also went beyond Trump's own tough rhetoric on China.

Obama has sought to forge a united front in Southeast Asia against China's pursuit of its territorial claims, but some allies and partners who are rival claimants have been reluctant to challenge Beijing.

Tillerson called China's South China Sea island-building and declaration of an air defense zone in waters of the East China Sea it contests with Japan "illegal actions."

"They're taking territory or control, or declaring control of territories that are not rightfully China's," he said.

Tillerson also said the United States could not continue to accept "empty promises" China had made about putting pressure on North Korea over that country's nuclear and missile programs.

He said his approach to dealing with North Korea - which recently declared it is close to carrying out its first test of an intercontinental ballistic missile - would be "a long-term plan" based on sanctions and their proper implementation.

Asked if Washington should consider imposing "secondary sanctions" on Chinese entities found to be violating existing sanctions on North Korea, Tillerson said: "If China is not going to comply with those U. N. sanctions, then it's appropriate ... for the United States to consider actions to compel them to comply."

He accused China of failing to live up to global agreements on trade and intellectual property, echoing past remarks by Trump, who has threatened to impose high, retaliatory tariffs on China. But Tillerson also stressed the "deeply intertwined" nature of the world's two biggest economies.

"We should not let disagreements over other issues exclude areas for productive partnership," he said.

(Reporting by David Brunnstrom and Matt Spetalnick; Editing by Jonathan Oatis)

Tillerson supports keeping Russia sanctions for now

By Patricia Zengerle and Yeganeh Torbati, Reuters

WASHINGTON — President-elect Donald Trump's nominee for secretary of state, Rex Tillerson, said on Wednesday he favored maintaining current U.S. sanctions against Russia for now and that NATO allies were right to be alarmed by Moscow's growing aggression.

Tillerson's backing for a more assertive policy toward Russia than Trump has espoused was tempered, however, by his refusal to commit to support maintaining President Barack Obama's executive order authorizing additional sanctions against Moscow because of its interference in the 2016 U.S. presidential election.

Tillerson, oil company Exxon Mobil's former chairman and chief executive who had extensive business dealings in Russia, refused to call President Vladimir Putin a war criminal and kept the door open to a possible change in U.S. sanctions policy against Russia, saying he had not seen classified information on Russian meddling.

"I would leave things in the status quo so we are able to convey this can go either way," Tillerson said, suggesting "open and frank" dialogue with Moscow to better understand its intentions.

Tillerson stopped short of endorsing some of Trump's most hardline positions on a number of foreign policy issues, including the Trans Pacific Partnership trade deal, relations with Mexico, and climate change, which could lead to areas of disagreement between him and the White House if he is confirmed.

He left room for broad reversals or changes to Obama policies, including trade with Cuba and the Iran nuclear deal, which he said ought to undergo a full review.

The hearing was interrupted sporadically by protesters opposed to Tillerson's nomination. He is expected to be confirmed.

#### 'ABSENSE OF AMERICAN LEADERSHIP'

Tillerson's responses were calm and measured, without any obvious reliance on notes. But he appeared unsure of the facts around Exxon Mobil's lobbying on sanctions and sidestepped questions on pressing issues such as human rights worldwide and matters like whether he would allow a traveling press corps at the State Department.

He blamed Russia's increasing aggression toward Ukraine since 2014 on an "absence of American leadership" and said there should have been a defensive military response by the United States to deter the Russians from further encroachments.

"I'm advocating for responses that will deter and prevent further expansion of a bad actor's behavior," he said.

Tillerson said it was a "fair assumption" Putin was aware of Russian efforts to interfere in the U.S. election. He said he had not discussed Russia policy with Trump, which Democratic Senator Robert Menendez said was "pretty amazing."

Some of Tillerson's answers may reassure skeptical Republicans and Democrats concerned that Trump, who takes office on Jan. 20, will act on his stated aim to improve ties with Russia by revoking all, or some, sanctions against Moscow.

In one of the most tense exchanges, Republican Senator Marco Rubio pushed Tillerson hard on whether he believed Putin was a war criminal, specifically referring to Russia's military actions in support of Syria's government.



"I would not use that term," Tillerson said, adding: "Those are very, very serious charges to make and I would want to have much more information before reaching a conclusion."

Rubio, who ran against Trump for the Republican presidential nomination and whose vote on the committee is key, shot back: "There's so much information out there. It should not be hard to say that Vladimir Putin's military has conducted war crimes in Aleppo."

He added: "I find it discouraging, your inability to cite that which I think is globally accepted."

On another contentious matter, Tillerson said he would recommend a "full review" of the nuclear deal with Iran reached with the United States and other world powers, but he did not call for an outright rejection of the 2015 accord in which Tehran agreed to curtail its nuclear program in exchange for relief from crippling economic sanctions.

Trump has made contradictory statements about the nuclear deal and threatened at one point to dismantle it.

Tillerson also faced questions on China's response to North Korean missile tests and whether he would be able to make unbiased decisions after a long career at Exxon Mobil, the world's largest publicly traded oil producer.

Tillerson was also grilled on his views on climate change but dodged a direct question about whether he believed it was caused by human activity.

"The risk of climate change does exist and the consequences of it could be serious enough that action should be taken," he said, adding: "The increase in greenhouse gas concentrations in the atmosphere are having an effect. Our abilities to predict that effect are very limited."

His hearing came at a time of fraught ties with Russia. U.S. intelligence agencies have concluded that Russia was behind the hacks of U.S. political figures in an effort to help the Republican Trump defeat Democratic candidate Hillary Clinton in the Nov. 8 election. Moscow has denied the allegations.

In another disclosure, also denied by Moscow, two U.S. officials said on Tuesday that classified documents that the heads of four U.S. intelligence agencies presented last week to Trump included claims that Russian intelligence operatives had compromising information about him. Trump dismissed the reports, first made by CNN, as "fake news."

Tillerson opposed U.S. sanctions against Russia in 2014 over its annexation of Crimea from Ukraine because he said he thought they would be ineffective.

On Wednesday, he said he never personally lobbied against sanctions and emphasized that he was not aware of Exxon Mobil directly doing so.

Tillerson later acknowledged he spoke to U.S. Treasury Secretary Jack Lew regarding gaps between American and European sanctions on Russia.

Democratic Senator Chris Murphy vigorously challenged Tillerson on the issue, saying he called a U.S. senator to express concerns over the measures, which "likely constitutes lobbying."

Washington Post: Trump taps Obama official as VA secretary

President-elect Donald Trump announced Wednesday that he has tapped David Shulkin, a physician who is currently serving in the Obama administration as VA undersecretary, to lead the Department of Veterans Affairs.

The decision ends a protracted search for a secretary for the second-largest federal agency and makes Shulkin the first VA leader who is not a veteran.

Shulkin was confirmed unanimously for the post in June 2015 — assuring that he should breeze through the Senate confirmation process.

Shulkin is an internist who has led the sprawling veterans health system, the country's largest, since last year. In keeping Shulkin, Trump passed over the current secretary, Robert McDonald, a Republican appointed by President Barack Obama in 2014 to lead the agency after a scandal over fudged wait times for medical appointments. The large veterans service organizations had pushed Trump to keep McDonald in the job.

It is unclear how Shulkin will approach Trump's biggest priority for veterans: A significant expansion of VA medical care to private doctors outside the system.

During his campaign, Trump called VA a "broken" system that treats illegal immigrants "better than our vets."

Governing.com: Branstad Gives Final State Address as Nation's Longest-Serving Governor

Gov. Terry Branstad used his final Condition of the State speech Tuesday to urge the GOP-run Legislature to "seize the opportunities" to reshape government in ways that "challenge the status quo" to improve education, public safety, health care and water quality.

"This new General Assembly brings new dynamics, new expectations and new opportunities to deliver positive results for Iowans," according to prepared remarks Branstad was to deliver Tuesday morning to a joint legislative convention for the 22nd time in his run as the longest-serving governor in U.S. history.

Branstad, who likely will leave office later this year to become U.S. ambassador to China, spoke of past challenges and successes the state has seen while charting a new budget and future expectations for a smaller, smarter government to a statewide televised audience and a Legislature where Republicans control the Senate 29-20-1 and the House 59-40.

"Today, America and Iowa exist in a challenging world," he said, according to a copy of his speech. "But we must seize the opportunity to make it a better place."

To that end, Branstad called on lawmakers to re-examine the system whereby government delivers health benefits to its employees for savings and efficiencies, explore ways to make the state's highways safer, establish a long-term funding stream to clean Iowa's waterways, and beef up Iowa's "talent pipeline" through workplace skills and educational innovations.

The governor also spelled out ways he hopes to erase a roughly \$110 million shortfall yet this fiscal year and proposed a new two-year spending plan that included increased state aid to K-12 schools of \$78.8 million for fiscal year 2018 and \$63.5 million the following year -- calling on lawmakers to approve both 2 percent hikes in the session's first 30 days.

"It prioritizes education, health care, economic development and public safety," Branstad said of his two-year budget blueprint, "and it redirects family planning money to organizations that focus on providing health care for women and eliminates taxpayer funding for organizations that perform abortions."

He said this year's budget process should include a commitment to examine every dollar of revenue and expenditure in order to maximize efficiency and respect hardworking taxpayers with an eye on

downsizing and streamlining government.

"We are committed to a smaller, smarter government that seeks innovative ways to provide services rather than blind adherence to the way things have always been done," the governor said.

"I'm asking the General Assembly to take a comprehensive review of all of our state's boards and commissions to address unnecessary barriers that prevent competition and raise costs," he added. "I encourage you to ask the tough questions that challenge the status quo."

One of the governor's proposals called for changing the state's "antiquated" collective bargaining system by establishing a single comprehensive statewide health care contract for public employees at the state and local level to "spread the risk and dramatically reduce costs."

"Using a uniform health-care benefit system similar to the IPERS program for retirement we can provide quality health care at a significantly lower cost and give local governments more flexibility to provide better wages and meet other needs," he said.

Branstad said he hoped 2017 would be the year to approve a bipartisan water-quality improvement plan that would provide funding for community conservation practices and improvements to wastewater and drinking water facilities via a long-term, dedicated and growing source of revenue.

Branstad said a starting point of this year's discussion could be a plan that won bipartisan support in the Iowa House last session that proposed to shift \$478 million over 13 years to water quality projects from a water-metering tax and the gambling-funded state infrastructure account. Then-majority Senate Democrats balked at that plan fearing it would shift money from other priorities like education.

During his remarks, Branstad called the rise in traffic deaths from 315 in 2015 to 402 in 2016 "unacceptable" in urging legislators to consider recommendations from public safety officials on ways to reverse "a troubling trend."

"Modern technologies should come with new responsibilities," he said. "I ask that all Iowans join the Iowa law-enforcement community, first responders, the League of Cities, all the major cellphone carriers, the insurance industry, and the medical community in demanding real change in the laws for distracted and impaired drivers."

To highlight past challenges the state has overcome, Branstad pointed to successes in Bloomfield, Woodbine and Waterloo.

Branstad was to recognize students from Des Moines, Bondurant-Farrar and Waukee on hand for his speech to emphasize the need for STEM and comprehensive computer science initiatives, work-based learning programs, and the administration's Future Ready Iowa effort that seeks to have 70 percent of Iowans in the workforce with education or training beyond high school by 2025.

Branstad also paid tribute to his wife, Chris, for her patience and volunteer work, as well as his family for their sacrifices during his years of public service and the prayers and encouragement of friends he has made in Iowa's 99 counties during his years in elective office.

"I've been so blessed to serve as your governor, leading the state I love, for 22 years.

I am confident Iowa will continue to move forward because Iowans care deeply about their neighbors, their communities and creating an even better future," he said.

"As I approach the U.S. Senate confirmation process my main priority is to continue serving the people of Iowa with the same energy and passion that I have brought to this office each and every day," he added in conclusion.

REUTERS: China hikes anti-dumping duties on U.S. animal feed in final ruling

China has increased punitive tariffs on imports of a U.S. animal feed ingredient known as distillers' dried grains (DDGS) from levels first proposed last year, potentially escalating a trade spat between the world's two largest economies.

The ruling is a major victory for China's fledgling ethanol industry, which had complained the U.S. industry was unfairly benefiting from subsidies, and followed a year-long government probe.

It also deals a blow to U.S. ethanol manufacturers already bracing for Beijing's higher import taxes on their main product. DDGS are a byproduct of the corn-based biofuel that have become a key contributor to profits. The industry is pumping out record volumes of biofuel and is facing domestic political uncertainty as they wait for President-elect Donald Trump to take office.

In a final ruling, the Commerce Ministry said on Wednesday that anti-dumping duties would range from 42.2 percent to 53.7 percent, up from 33.8 percent in its preliminary decision in September. Anti-subsidy tariffs will range from 11.2 percent to 12 percent, up from 10 percent to 10.7 percent.

Beijing said it found the domestic DDGS industry had "suffered substantial harm" due to subsidized imports from the United States. China is the world's top buyer of DDGS and buys almost all of its needs from the United States, the largest exporter.

The U.S. Trade Representative did not respond to request for comment. U.S. Grains Council President and Chief Executive Officer Tom Sleight said in a statement on Wednesday the group is "deeply disappointed" by the news and by the increase in China's ethanol import tariffs from 5 to 30 percent.

The moves are "effectively stopping a growth market for U.S. farmers and ethanol producers," he said.

U.S. producers have been seeking new markets, notably China. Companies hit by the new tariffs include global traders Archer Daniels Midland Co (ADM) and Louis Dreyfus [AKIRAU.UL], biofuel producer Poet LLC, oil refiner and ethanol producer Valero Energy Corp and grains group Andersons Inc.

The penalty hike was larger than experts expected, and came amid growing tensions between the two countries over China's corn subsidies and its steel and aluminum exports.

Trump, who takes office on Jan. 20, has threatened to impose punitive tariffs on Chinese goods coming into the United States.

Many Chinese businesses have already started to wind back imports of U.S. DDGS since the preliminary ruling in September, switching to domestic suppliers or alternatives like soymeal.

"I don't buy DDGS from the U.S. anymore and have turned to domestic DDGS, soymeal and rapemeal," said Mr. Hu, who is in charge of buying protein in southern China for feed manufacturer New Hope Liuhe. He declined to give his first name as he is not authorized to speak to the media.

Shipments in October and November fell to 135,000 tonnes and 163,000 tonnes respectively, about a third of the total in August before the first ruling.

The new rates will take effect from Thursday and be in force for five years.

POLITICO: Senate OKs budget, moves toward demise of Obamacare

After a marathon session of votes that lasted into the early hours of Thursday morning, the Senate passed a Republican budget that sets in motion repeal of Obamacare.

The 51-48 vote came after a 7-hour “vote-a-rama” — a rapid-fire series of more than a dozen votes on some of the hottest political issues of the day. The budget, which is expected to be taken up by the House Friday, does not become law. It does, however, provide for a powerful procedural tool known as reconciliation to let Republicans dismantle the health law with simple majorities in the House and Senate. Senate adoption of the budget is the first step in that process.

The quirky Senate ritual of vote-a-rama can be a potent political weapon for the minority to force tough votes, and Democrats sought to squeeze the GOP repeatedly for targeting Obamacare. Republicans, for their part, easily rejected the Democrats’ proposals, which they said they would upend the repeal effort for procedural reasons.

Democrats sought to drive a wedge between Senate Republicans and President-elect Donald Trump by pushing multiple amendments to curb the skyrocketing cost of prescription drugs. Trump slammed the pharmaceutical industry as “getting away with murder” at his Wednesday press conference and promised the federal government would soon start negotiating with the industry for better prices. An amendment from Sen. Amy Klobuchar (D-Minn.) and Sen. Bernie Sanders (I-Vt.) to allow the importation of drugs from Canada failed 46-52, but 12 Republicans voted for it.

Democrats also forced Republicans to balk at supporting popular provisions in the health law. Sen. Bob Casey (D-Pa.) offered an amendment to prevent discrimination against people with pre-existing conditions; Sen. Kirstin Gillibrand (D-N.Y.) tried to block “legislation that makes women sick again” by stripping women’s health care services provided under Obamacare. Both proposals went down to defeat, 49-49.

Senate Republicans dismissed the Democratic efforts to put them in a bind. “I’m sure the political strategists over here are trying to figure out the votes that can be used in the political process,” said Sen. Cory Gardner (R-Colo.). “But the voters of people’s states understand that they’re just playing politics.”

In perhaps the most significant move of the night, Sen. Bob Corker (R-Tenn.) withdrew an amendment he and several moderate Republicans had proposed to delay by more than a month the deadline for committees to draft the Obamacare repeal bill. A growing number of rank-and-file Republicans have expressed unease about repealing the law without having a replacement ready, for fear of the chaos that could be unleashed on the health system.

But Corker said he was reassured after GOP leadership told him the original Jan. 27 target was “a placeholder” and not a firm deadline to write a reconciliation bill. “We plan to withdraw this amendment,” he said, “and place our faith in the fact that we’re going to do this in a manner that works well for the American people.”

Sanders was not impressed. “I understand Sen. Corker wants more time,” he said. “Maybe they will develop a plan, but right now, what they are talking about is repealing legislation which has brought millions of people health care and they have no substitute.”

The bitter partisan feelings extended until the very end. Democrats stood at their desks to oppose the budget in a sign of solemnity. And when the senators tried to make a brief statement explaining their vote, they were sternly interrupted by the chair and told that “debate is not in order during a vote.”

POLITICO: The top takeaways from Tillerson’s rocky Hill performance

Florida Republican Marco Rubio seemed exasperated with some of his answers on Russia.

Rex Tillerson will only need Republican votes to become secretary of state — and the GOP was largely kind to him during Wednesday's audition to be Donald Trump's top diplomat.

Everyone, that is, except for Marco Rubio.

The Senate Foreign Relations Committee is narrowly divided, with the GOP holding just a one-seat advantage. And most Democrats, if not all, sounded skeptical about Tillerson's performance before the panel. So Rubio may determine whether Tillerson's nomination can successfully win committee approval — or come to a floor vote after being given an “unfavorable” recommendation by the panel.

On Wednesday during multiple rounds of questioning, Tillerson largely failed to satisfy Rubio's obvious desire for tough talk on Russian President Vladimir Putin, Filipino President Rodrigo Duterte and Saudi Arabia's treatment of women. Tillerson, the former chief executive at oil giant ExxonMobil, wouldn't call Putin a “war criminal,” or criticize reports of extrajudicial killings by Duterte's police forces, leading a seemingly exasperated Rubio to repeatedly ask Tillerson what it would take for him to do so.

The clashes forced Committee Chairman Bob Corker (R-Tenn.) to step in several times, in an effort to get Tillerson to clarify that if he had access to classified information detailing atrocities by Putin or Duterte he would endorse Rubio's critiques. And remarkably, at one point Tillerson protested that he and Rubio had gotten off on the wrong foot and insisted they share the same values.

Rubio said he was not trying to get Tillerson to engage in “international name-calling,” but said if he wants to feel comfortable with Tillerson after the Obama administration, he needs straighter answers. As the hearing ended, Rubio circled back to his exchange with Tillerson, in an effort to make sure the nominee understood the “purpose of the questions I've asked you.”

It had the air of a lecture — and a warning that Tillerson still has work to do.

“We need clarity. We can't achieve moral clarity with rhetorical ambiguity,” Rubio said. “I have no questions about your character, your patriotism. You don't need this job ... [but] we need a secretary of state who can fight for these principles.”

Rubio was the only Republican to ask three rounds of questions of Tillerson. Other Republicans went much easier on him, leading both Sens. Todd Young (R-Ind.) and Cory Booker (D-N.J.) to predict he would win confirmation. Top panel Democrat Ben Cardin of Maryland said most people in his party hadn't made up their mind, but Tillerson may struggle to win any Democratic votes so the potential for opposition from Rubio raises the possibility of a nail-biting committee vote sometime ahead of Inauguration Day.

Here's POLITICO's takeaways of Tillerson's confirmation hearing:

Rubio stays cool to Tillerson

The Florida senator jolted the hearing to life with his sharp questioning of Tillerson on Russia and kept up the pressure as the day-long hearing dragged on. Rubio didn't tip his hand on how he will vote, but he seemed unswayed by many of Tillerson's answers, particularly on human rights issues.

As he was leaving the hearing, Rubio told reporters that he will decide how he'll vote on Tillerson “very soon” after submitting additional written questions to the former oil executive.

“The president deserves wide latitude in their nominations. But the more important the position is, the less latitude they have,” he said. Asked if he's prepared to be the only Republican on the committee to oppose Tillerson's nomination, Rubio said, “I'm prepared to do what's right. I'm not analyzing it from a partisan perspective.”

Rubio wanted Tillerson to come out tough against Putin and label him a war criminal, but Tillerson would not. Then Rubio tried to get Tillerson to commit to keeping the Obama administration's Russia sanctions. Again Tillerson demurred. Rubio flashed frustration when he ticked off Russia's actions in Aleppo and Chechnya that led to civilian deaths.

"It should not be hard to say that Vladimir Putin's military has conducted war crimes in Aleppo because it is never acceptable, you would agree, for a military to specifically target civilians," Rubio said. "I find it discouraging your inability to cite that, which is globally accepted."

The second round of questioning was just as prickly, as Tillerson refused to entertain media reports about extrajudicial killings in the Philippines or label Saudi Arabia a human-rights violator. Over and over again, Tillerson said he needed more information.

"You're not familiar with the state of affairs for people in Saudi Arabia, what life is like for women? They can't drive. People jailed and lashed. You are familiar with that?" Rubio asked the longtime oil executive incredulously.

Tillerson indicated he was familiar with the issues, but said it would not be helpful for him to come down hard on anyone at this point.

"I share all of the same values that you share and want the same things for people in terms of world freedom. But I'm also clear eyed and realistic about dealing with centuries-old cultural differences," Tillerson said.

Coach Corker

Whenever Tillerson seemed to make a misstep, there was Chairman Corker to keep things on course.

In a clear reference to Rubio, Corker said at the end of the hearing that people with "questions of clarity" should take into account Tillerson's private sector background and continue asking questions.

"I hope that [Rubio] and Tillerson will talk some more and hopefully there will be some understanding of [Tillerson] ... not wishing to get out over their skis," Corker said.

Early on, Corker chose not to ask questions, preferring to use his time to interrupt lines of questioning he did not like and attempt to re-frame them. He paced the dais at times and stood for much of the hearing, monitoring troublesome exchanges.

In addition to Rubio, Tillerson failed to satisfy hawkish Democratic Sen. Bob Menendez of New Jersey when asked about Russian bombings on hospitals in Syria. But Corker was quick to offer Tillerson a bridge to safety.

"If you had sufficient evidence though, in looking at classified information that had taken place, would that not be a war crime?" Corker asked.

"Yes sir," responded Tillerson.

The dynamic played out over and over again. Corker asked that if State Department officials concluded Duterte ordered "extrajudicial killings," would Tillerson believe it? Tillerson responded that he would. When Cardin began to needle Tillerson over his personal finances, Corker interrupted and shut down the line of inquiry.

And after Tillerson explained that the United States should have worked with Ukraine to build up defensive forces on the Ukrainian border, Booker said that "it seems to be me you are advocating for greater use of U.S. military power, U.S. military engagement."

But Corker again swooped in, reminding Tillerson — and new committee member Booker — that many senators on the committee had supported arming Ukraine.

Tillerson rattled by tough questions

Tillerson spent much of his career at the highest echelons of one of the world's biggest companies — but it seemed clear that he's not used to being challenged so aggressively.

Facing pointed questions from Republicans and Democrats alike, Tillerson at times seemed rattled and even annoyed.

When Sen. Tim Kaine (D-Va.) asked the former oil company executive if he didn't have enough information to answer his climate change questions or if he was simply refusing to answer, an exasperated Tillerson quipped, "A little of both."

He repeatedly struggled to explain Exxon's lobbying on Russia sanctions. To the bewilderment of Democrats on the committee, Tillerson argued that public documents showing that his company repeatedly met with lawmakers to discuss sanctions aren't an indication that the company was lobbying against them.

"I know you weren't lobbying for the sanctions," Sen. Bob Menendez said at one point, holding up the company's lobbying disclosure forms.

And instead of agreeing to check with his former employer about its associations with a group opposed to sanctions, he told Booker to do it himself.

"You might want to put the question to ExxonMobil," Tillerson said.

Tillerson also rebuffed Cardin's questions about his tax returns, calling on lawmakers to respect his privacy.

"I hope you'll also respect the privacy of myself and my family," he said.

Tillerson breaks with Trump

Tillerson contradicted some of Trump's policy statements and sought to strike a more moderate tone on key issues.

While Trump said during the campaign that he plans to "cancel" the Paris climate agreement, Tillerson argued that the U.S. should continue to engage in international global warming talks.

"I think we're better served by being at that table than leaving that table," he said.

Tillerson also distanced himself from Trump's previous comments that Mexico is "bringing drugs. They're bringing crime. They're rapists. And some, I assume, are good people."

"I would never characterize an entire population of people with any single term at all," Tillerson said when asked about Trump's remarks.

Tillerson also said he does not support a "blanket-type rejection of any particular group of people."

In 2015, Trump called for banning all Muslims from entering the United States. But he later altered that stance, calling for "extreme vetting" of people arriving from countries wracked by terrorism, many of which have Muslim majorities.



Asked about the possibility of a Muslim registry, Tillerson said he would “need to have a lot more information around how such an approach would even be constructed.”

Tillerson also said he disagreed that countries like South Korea and Japan should develop their own nuclear weapons. Trump said last year that he is open to allowing those countries to build a nuclear arsenal.

From: Lewis, Brian <brian.lewis@iowa.gov> on behalf of Lewis, Brian <brian.lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: jeremy.sroka@iowa.gov <jeremy.sroka@iowa.gov>  
Subject: 2017 Annual Forecast  
Date: Tue Jan 03 2017 17:17:16 CST  
Attachments: image004.jpg

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## 2017 Annual Forecast

### Forecast

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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.

No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region

## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between

Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.



Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West

countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In

2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the

United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led



infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.

China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration

in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part



of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is

stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

#### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

#### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: mathew.noble@iowa.gov <mathew.noble@iowa.gov>  
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## 2017 Annual Forecast

### Forecast

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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.



No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region

## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between

Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.

Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West



countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In

2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the

United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led

infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.



China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration

in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part

of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is



stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: mark.shearer@iowa.gov <mark.shearer@iowa.gov>  
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## 2017 Annual Forecast

### Forecast

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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.

No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region



## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between

Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.

Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West

countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In



2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the

United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led

infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.

China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration



in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part

of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is

stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

#### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

#### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: matthew.parrino@iowa.gov <matthew.parrino@iowa.gov>  
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## 2017 Annual Forecast

### Forecast

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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.

No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region

## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between



Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.

Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West

countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In

2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the



United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led

infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.

China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration

in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.



Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part

of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is

stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

#### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

#### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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<brian.lewis@iowa.gov> on behalf of Lewis, Brian [HSEMD]  
<Brian.Lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian [HSEMD]  
<brian.lewis@iowa.gov>  
Cc:  
Bcc:  
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## 2017 Annual Forecast

Forecast  
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### Text Size

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.

No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region

## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between

Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.



Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West

countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In

2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the

United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led



infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.

China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration

in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part



of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is

stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

#### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

#### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: michelle.matthes@iowa.gov <michelle.matthes@iowa.gov>  
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## 2017 Annual Forecast

### Forecast

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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.



No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy – something it did to extract trade concessions from China – will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian

Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

Forecasts by Region

## Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

## Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

## Middle East and North Africa

- \*Resisting the Temptation About Syria
- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between

Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptical forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptical and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.

Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions,

however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West



countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

#### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to

curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

## The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

## Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In

2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice

and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

## A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the

United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

## The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led

infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

## The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector – on which many of the above industries depend – saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on

imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers – tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

## A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.



China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan – none of them claimants to the South China Sea's most hotly contested waters – into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy – namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships – to play a more active leadership role to constrain China.

Abe will use his strong political position – the ruling coalition has supermajorities in both houses of the Japanese parliament – to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a

nuclear North Korea has put China, South Korea and Japan on edge – so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

## A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.

## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration

in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

Latin America

Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American

production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

#### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

#### Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

#### In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part

of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

### India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military

balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

## Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers — the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni — did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is



stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

#### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

#### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire

territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

## Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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To: Lewis, Brian <brian.lewis@iowa.gov>  
Cc:  
Bcc: Adams, Mike <mjadams75@yahoo.com>; Bales, Brian USDOJ <brian.bales@usdoj.gov>; Brady, Jeff <jeffbrady@alliantenergy.com>; Charles Mc Cardle <cmccard@dhs.state.ia.us>; Credidio, Mike <michael.credidio@dhs.gov>; Elliot, M. (pers) <mkelliott@iabar.org>; Estep Craig <craigestep194@gmail.com>; Fulca M <mikekimjoe@yahoo.com>; Gendler, Michael CSM <mgendler@csm.edu>; German, Dave <dagerman@mchsi.com>; Goodale, Regi <rgoodale@iowarec.org>; Grandgeorge, Pete <pagrandgeorge@midamerican.com>; Hoffman, Kurt <kmhoffmann@midamerican.com>; James Nollet <jnollet@interia.pl>; Landa, Mark <mlanda@sullivan-ward.com>; Libowsky, Joseph H. <libowskyjh@doj.state.wi.us>; Lohmann, Jay <jlohman@shazam.net>; Marasco, Adam <adam.marasco@ice.dhs.gov>; Marckmann, M. <matthew.marckmann@mssb.com>; Matthes Michelle <michelle.matthes@iowa.gov>; McDermott, J. <john.mcdermott@nebraska.gov>; Mike Elliott <mike.elliott@comcast.net>; Mortenson, Wil <wmort178@gmail.com>; Noble, Mathew <mathew.noble@iowa.gov>; Nollet Mike <mf nollet@windstream.net>; O'Brian Rob <robrian@joplincc.com>; Parrino, Matt <matthew.parrino@iowa.gov>; Peterson, Michael <michael.peterson@theconleygroup.com>; Riggs, T. <thomas.riggs@hq.dhs.gov>; Robert Felderman <robertfelderman@gmail.com>; Schmidt Brian LTC <brian.m.schmidt.mil@mail.mil>; Shearer Mark <mark.shearer@iowa.gov>; Simons, John <john.simons@tsa.dhs.gov>; Sroka Jeremy <jeremy.sroka@iowa.gov>; Stine Deborah <deborah.stine@iowa.gov>; Stock, Melissa <stock@dps.state.ia.us>; Stu Turner <stuart.turner@dot.iowa.gov>; Thomas K Brian <briandesert0027@gmail.com>; Zegers, Brian <brian.zegers@srigsolutions.com>  
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The convulsions to come in 2017 are the political manifestations of much deeper forces in play. (Win McNamee/Oleg Nikishin/Abd Doumany/Hannelore Foerster/AFP/Getty Images)

The convulsions to come in 2017 are the political manifestations of much deeper forces in play. In much of the developed world, the trend of aging demographics and declining productivity is layered with technological innovation and the labor displacement that comes with it. China's economic slowdown and its ongoing evolution compound this dynamic. At the same time the world is trying to cope with reduced Chinese demand after decades of record growth, China is also slowly but surely moving its own economy up the value chain to produce and assemble many of the inputs it once imported, with the intent of increasingly selling to itself. All these forces combined will have a dramatic and enduring impact on the global economy and ultimately on the shape of the international system for decades to come.

These long-arching trends tend to quietly build over decades and then noisily surface as the politics catch up. The longer economic pain persists, the stronger the political response. That loud banging at the door is the force of nationalism greeting the world's powers, particularly Europe and the United States, still the only superpower.

Only, the global superpower is not feeling all that super. In fact, it's tired. It was roused in 2001 by a devastating attack on its soil, it overextended itself in wars in the Islamic world, and it now wants to get back to repairing things at home. Indeed, the main theme of U.S. President-elect Donald Trump's campaign was retrenchment, the idea that the United States will pull back from overseas obligations, get others to carry more of the weight of their own defense, and let the United States focus on boosting economic competitiveness.

Barack Obama already set this trend in motion, of course. Under his presidency, the United States exercised extreme restraint in the Middle East while trying to focus on longer-term challenges — a strategy that, at times, worked to Obama's detriment, as evidenced by the rise of the Islamic State. The main difference between the Obama doctrine and the beginnings of the Trump doctrine is that Obama still believed in collective security and trade as mechanisms to maintain global order; Trump believes the institutions that govern international relations are at best flawed and at worst constrictive of U.S. interests.

No matter the approach, retrenchment is easier said than done for a global superpower. As Woodrow Wilson said, "Americans are participants, like it or not, in the life of the world." The words of America's icon of idealism ring true even as realism is tightening its embrace on the world.

Revising trade relationships the way Washington intends to, for example, may have been feasible a couple decades ago. But that is no longer tenable in the current and evolving global order where technological advancements in manufacturing are proceeding apace and where economies, large and small, have been tightly interlocked in global supply chains. This means that the United States is not going to be able to make sweeping and sudden changes to the North American Free Trade Agreement. In fact, even if the trade deal is renegotiated, North America will still have tighter trade relations in the long term.

The United States will, however, have more space to selectively impose trade barriers with China, particularly in the metals sector. And the risk of a rising trade spat with Beijing will reverberate far and wide. Washington's willingness to question the "One China" policy — something it did to extract trade concessions from China — will come at a cost: Beijing will pull its own trade and security levers that will inevitably draw the United States into the Pacific theater.

But the timing isn't right for a trade dispute. Trump would rather focus on matters at home, and Chinese President Xi Jinping would rather focus on consolidating political power ahead of the 19th Party Congress. And so economic stability will take priority over reform and restructuring. This means Beijing will expand credit and state-led investment, even if those tools are growing duller and raising China's corporate debt levels to dangerous heights.

This will be a critical year for Europe. Elections in the pillars of the European Union — France and Germany — as well as potential elections in the third largest eurozone economy — Italy — will affect one another and threaten the very existence of the eurozone. As we have been writing for years, the European Union will eventually dissolve. The question for 2017 is to what degree these elections expedite its dissolution. Whether moderates or extremists claim victory in 2017, Europe will still be hurtling toward a breakup into regional blocs.

European divisions will present a golden opportunity for the Russians. Russia will be able to crack European unity on sanctions in 2017 and will have more room to consolidate influence in its borderlands. The Trump administration may also be more amenable to easing sanctions and to some cooperation in Syria as it tries to de-escalate the conflict with Moscow. But there will be limits to the reconciliation. Russia will continue to bolster its defenses and create leverage in multiple theaters, from cyberspace to the Middle East. The United States, for its part, will continue to try to contain Russian expansion.

As part of that strategy, Russia will continue to play spoiler and peacemaker in the Middle East to bargain with the West. While a Syrian peace settlement will remain elusive, Russia will keep close to Tehran as U.S.-Iran relations deteriorate. The Iran nuclear deal will be challenged on a number of fronts as Iran enters an election year and as the incoming U.S. government takes a much more hard-line approach on Iran. Still, mutual interests will keep the framework of the deal in place and will discourage either side from clashing in places such as the Strait of Hormuz.

The competition between Iran and Turkey will meanwhile escalate in northern Syria and in northern Iraq. Turkey will focus on establishing its sphere of influence and containing Kurdish separatism while Iran tries to defend its own sphere of influence. As military operations degrade the Islamic State in 2017, the ensuing scramble for territory, resources and influence will intensify among the local and regional stakeholders. But as the Islamic State weakens militarily, it will employ insurgent and terrorist tactics and encourage resourceful grassroots attacks abroad.

The Islamic State is not the only jihadist group to be concerned about. With the spotlight on Islamic State, al Qaeda has also been quietly rebuilding itself in places such as North Africa and the Arabian Peninsula, and the group is likely to be more active in 2017.

Crude oil prices will recover modestly in 2017, thanks in part to the deal struck by most of the world's oil producers. (Notably, no country will fully abide by the reduction requirements.) The pace of recovery for North American shale production will be the primary factor influencing Saudi Arabia's policy on extending and increasing production cuts next year. And though it will take time for North American producers to respond to the price recovery and to raise production, Saudi Arabia knows that a substantial rise in oil prices is unlikely. This means Saudi Arabia will actively intervene in the markets in 2017 to keep the economy on course for a rebalance in supply, especially in light of its plan to sell 5 percent of Saudi Aramco shares in 2018.

Higher oil prices will be a welcome relief to the world's producers, but it may be too little, too late for a country as troubled as Venezuela. The threat of default looms, and severe cuts to imports of basic goods to make debt payments will drive social unrest and expose already deep fault lines among the ruling party and armed forces.

Developed markets will also see a marked shift in 2017, a year in which inflation returns. This will cause central banks to abandon unconventional policies and employ measures of monetary tightening. The days of central banks flooding the markets with cash are coming to an end. The burden will now fall to officials who craft fiscal policy, and government spending will replace printing money as the primary engine of economic growth.

Tightening monetary policy in the United States and a strong U.S. dollar will shake the global economy in the early part of 2017. The countries most affected will be those in the emerging markets with high



dollar-denominated debt exposure. That list includes Venezuela, Turkey, South Africa, Nigeria, Egypt, Chile, Brazil, Colombia and Indonesia. Downward pressure on the yuan and steadily declining foreign exchange reserves will meanwhile compel China to increase controls over capital outflows.

Calm as markets have been recently, steadied as they were by ample liquidity and by muted responses to political upheaval, they will be much more volatile in 2017. With all the tumult in 2017, from the threats to the eurozone to escalating trade disputes, investors could react dramatically. Asset prices swung noticeably, albeit quickly, in the first two months of 2016. 2017 could easily see multiple such episodes.

The United States is pulling away from its global trade initiatives while the United Kingdom, a major free trade advocate, is losing influence in an increasingly protectionist Europe. Global trade growth will likely remain strained overall, but export-dependent countries such as China and Mexico will also be more motivated to protect their relationships with suppliers and seek out additional markets. Larger trade deals will continue to be replaced by smaller, less ambitious deals negotiated between countries and blocs. After all, the Transatlantic Trade and Investment Partnership and the Trans-Pacific Partnership were themselves fragments spun from the breakdown of the Doha Round of the World Trade Organization.

Economic frustration can manifest in many ways, not all of which are foreboding. In Japan, the government will be in a strong position in 2017 to try to implement critical reforms and adapt its aging population to shifting global conditions. In Brazil and India, efforts to expose and combat corruption will maintain their momentum. India has even taken the ambitious step of setting its economy down a path of demonetization. The path will be bumpy in 2017, but India will be a critical case study for other countries, developed and developing alike, enticed by the efficiencies and decriminalized benefits of a cashless economy and who increasingly have the technology at their disposal to entertain the possibility.

Top

## Forecasts by Region

### Europe

- \*Questions About the Future
- \*An Eventual Understanding on the Brexit
- \*Many Divisions, Some Exploited
- \*Stopping Migration at Its Source

### Eurasia

- \*Crowding Out the West
- \*All Active on the Eastern Front
- \*Trouble at Home
- \*The Hallmark of Central Asia

### Middle East and North Africa

- \*Resisting the Temptation About Syria

- \*Turkey: No Shortage of Challenges
- \*A Test for U.S.-Iran Relations
- \*The Path to Gulf Reform
- \*North Africa
- \*The State of the Islamic State
- \*Israel Emboldened

## East Asia

- \*The Definition of Chinese Policy
- \*Breaking Diplomatic Norms
- \*A New Strategy in the South China Sea
- \*Japan's Pride of Place
- \*Northeast Asia Bound
- \*A Welcome Change for the Economy
- \*Southeast Asia

## Latin America

- \*Trade Stays Intact
- \*A Tighter Energy Bloc
- \*The Pinch of Low Prices
- \*A Make or Break Year for Venezuela
- \*Colombia: Processing a Peace Deal Quickly
- \*Brazil: Questioning Political Stability Again
- \*In Argentina, the Opposition's Consent

## South Asia

- \*Honing an Image in India
- \*India and Pakistan: A Smaller Risk of Escalation
- \*Militancy as a Means to an End
- \*Pakistan's Government Remains Steadfast

## Sub-Saharan Africa

- \*South Africa: Dissent in the Ruling Party
- \*Preserving Power
- \*A Tough Year for Nigeria
- \*Instability in Somalia
- \*Ethiopian Unrest
- \*East African Integration: Moving Ahead

## Europe

For Europe, political and economic risk is nothing new. For years, nationalism, populism, conflicting

strategic interests, low economic growth and high unemployment have driven EU members apart. The eurozone has seen a variety of threats to its existence over the past decade, connected to issues such as high levels of debt, fragile banking sectors and growing Euroskepticism. But so far it has managed to survive them. In 2017, however, the eurozone crisis could enter a new, more dangerous stage as risk reaches its largest political and economic players. As it does, it will threaten the future of the bloc in more profound ways than before.

The coming risk will be most pronounced in Italy, France and Germany. Nationalist forces have been building steam for years and will show their strength in general elections in Germany and France – and potentially Italy, if its government resigns before the legislature's term ends in mid-2018. And even if they fail to win some or all of these elections, the nationalists' popularity will nonetheless influence the decisions of their countries' leaders, furthering the political fragmentation of the European Union, increasing the demands for a return of sovereignty to national governments, and leading to more unilateral actions by member states. Uncertainty about political events in these core countries will also increase financial risk, especially in the banking sector.

And as it deals with these issues from within, the European Union will also have to deal with new issues from without – namely, the new global order that began the minute Donald Trump was elected. Questions over the reliability of NATO's security umbrella, not to mention recent terrorist attacks, will create opportunities for EU members to work together on security and defense. But growing Euroskepticism and domestic political considerations will prevent them from implementing economic and financial reform. Countries in Eastern Europe, meanwhile, will focus on regional and bilateral cooperation to try to show a united front against Russia.

## Questions About the Future

What happens in France, Germany and Italy – the eurozone's three biggest economies – in 2017 will influence one another and indeed the entire currency union. The elections in France and Germany will test the Franco-German alliance, upon which the European Union was founded, and the economic duress in Italy will test the stability of the eurozone. Political tension will again develop between Northern and Southern Europe, which hold different views on the future of the eurozone.

France will be preoccupied with its elections for the first few months of 2017. During this time, the outgoing government will not introduce any significant reforms. The same cannot be said for the new government, regardless of who wins. Though most of the presidential candidates have similar stances on security issues – most, for example, support tough measures to fight terrorism and limit immigration – they differ markedly on economic issues. Voters will have to decide whether they want programs that will deregulate and liberalize the French economy or if they want added protectionism.

The presidential election, held in two rounds and scheduled for April and May, will show that a significant number of voters support anti-globalization and nationalist positions, as will the legislative elections. This will affect France's moves even if the moderates win. The next government is likely, therefore, to be skeptical about free trade and focus on security and defense – and support plans to enhance both at the EU level. The president can be expected to introduce measures to limit immigration. The president will also push Brussels to redesign the Schengen agreement and to improve the European Union's border controls. Paris will criticize the European Commission, even going so far as to demand that it scale back its responsibilities.

If moderates win, they will petition the eurozone to repatriate some powers to its constituent members (something that will clash with Germany's demands for a more apolitical administration of the common currency). The new government will probably also push for better relations with Russia. If the far-right National Front wins, the French government will probably introduce measures to limit the free movement of goods, people, services and capital throughout France. It can also be expected to announce plans for a referendum on France's EU membership.

And therein lies the problem for the European Union: The bloc has been breaking apart for several years, but without France – a founding member whose alliance with Germany was the basis for its very formation – its dissolution is likely irreversible. In the ensuing crisis, the union would fragment into smaller regional groups. Questions about the future of the eurozone would trigger a run on Southern Europe's banks and precipitate the collapse of the currency area.

Ahead of its own general election in September or October, Germany will try to keep the European Union united. But it will be difficult for Berlin to do so. The members of the ruling coalition, composed of center-right and center-left parties, will try to distinguish themselves from one another before the vote, during which the government in Berlin will avoid making any significant decisions on EU issues. Conflicting national interests among EU members will also make consensus on EU reform difficult to find. (One of the few areas where Germany and its EU peers can find some degree of understanding, however, is defense and security.)

Significant EU reforms on financial or economic areas should not be expected. Germany and its northern neighbors will be even more at odds than usual with the south over the management of the eurozone, given the political pressures endemic to election seasons. The government in Berlin will remain skeptical about issues such as granting debt relief to Greece or allowing eurozone members to miss the European Union's deficit targets. Germany is also likely to conflict with the European Central Bank (ECB), especially if the economic case for quantitative easing continues to weaken. Germany and its northern neighbors will advocate the program's termination, though the ECB, in light of continued economic weakness in the periphery, may resist any effort to that end.

Security and immigration will feature prominently in the German electoral campaign. The right-wing opposition, and even some members of Chancellor Angela Merkel's coalition, will push for tougher immigration legislation and for granting more resources to security forces. The general election will show that German voters are willing to support smaller parties on the left and on the right. This will probably lead to a more divided parliament and to difficult coalition talks. While the nationalists may perform well enough to get some members into the legislature, they will be excluded from coalition negotiations.

What could force Germany to take a more decisive role in the European Union, however, would be a victory by the Euroskeptic forces in France or Italy. If that happens, Berlin would try to preserve the bloc and reach an understanding with the rebel governments to introduce internal reform. But the government in Berlin would also hedge its bets by making plans with its regional allies in the event the European Union and eurozone do, in fact, disintegrate.

As for Italy, political uncertainty, fragile banks, low economic growth and high debt levels will once again raise questions about the future of the eurozone's third-largest country – and about the currency union as a whole. Italy's caretaker government will be weak, and early elections are possible. No matter who is in charge, the Italian government will push for flexibility on EU fiscal targets and demand solidarity from its EU partners to deal with the immigration crisis. The government in Rome will also be ready to act unilaterally and criticize the European Union to achieve its goals.

If Italy holds early elections, the fear of a victory by anti-establishment forces would hurt Italian banks, raise borrowing costs and generate pressure on the euro. A victory of the Euroskeptics would put Italy on a collision course with the European Union. The first reaction by Germany and EU institutions would be to accommodate the new government in Rome and try to prevent it from putting membership in the eurozone to a vote. In the long run, however, that kind of referendum will be difficult to avoid. In 2017, therefore, Italy will be one of the greatest risks to the currency area.

The Netherlands, one of the eurozone's wealthiest countries and an important player in Northern Europe, will hold a general election in March. As in other eurozone countries, Euroskeptic and anti-immigration forces there will have a prominent role, showing that discontent with the status quo is strong. Even in the likely case the Euroskeptics fail to access power, their influence will force the Dutch

government to become more and more critical of the European Union, resisting plans to deepen Continental integration and siding with other Northern European countries in their criticism of events in the south. If events in France and Italy bring about the collapse of the eurozone, the Netherlands would react by continuing to work with Germany and other Northern European countries.

Elsewhere, in the European periphery, the minority government of Spain will be forced to negotiate with the opposition on legislation, leading to a complex decision-making process and to pressures to reverse some of the reforms that were introduced during the height of the economic crisis. Catalonia will continue to push for its independence as its government challenges Madrid in some instances, ignores it entirely in others, and negotiates with it when necessary. Even if negotiations to ease frictions between Madrid and Catalonia take place, the central government will not authorize a legal referendum on independence, and Catalonia will not abandon its plans of holding it. Tensions will remain high in 2017, but Catalonia will not unilaterally declare independence this year.

In Greece, the government will continue pushing its creditors for additional measures of debt relief, but because of the German elections there will be little progress on the issue. With debt relief temporarily off the table, Athens will demand lower fiscal surplus targets and will reject additional spending cuts. Relations between Athens and its creditors will be tense, but there should be room for compromise. The resignation of the Greek government is possible, albeit improbable, considering that the emergence of opposition forces in the country makes the outcome of early elections highly uncertain – and the government has no guarantee of retaining power.

#### An Eventual Understanding on the Brexit

In 2017, the debate in the United Kingdom will not be whether the Brexit should happen but how it should happen. The British government will be divided on how to approach the negotiations with the European Union, and the Parliament will demand a greater say in the process. The issue will create a constant threat of early elections, but even if such elections do come to pass, they would only delay the Brexit, not derail it. The government and the Parliament will eventually reach an understanding, however, and the United Kingdom will formally announce its intentions to leave the European Union.

Once the negotiations begin, the United Kingdom will push for a comprehensive trade agreement to include as many goods and services as possible – one that would also give the country more autonomy on immigration. This would involve either signing a free trade agreement with the European Union or agreeing on Britain's membership in Europe's customs union, an area where member states share a common external tariff. A transitional agreement to buy London more time to negotiate a permanent settlement will probably also be part of the discussion. London and the European Union will also negotiate the terms of the United Kingdom's withdrawal, including its EU budget commitments and the status of British citizens in the European Union and the status of EU citizens in the United Kingdom. Given the magnitude of these issues, not to mention the magnitude of the elections in France and Germany, several of the most important decisions will be delayed until at least 2018.

#### Many Divisions, Some Exploited

Countries of Central and Eastern Europe will circle the wagons to protect themselves from what they see as potential Russian aggression – and from the uncertainty surrounding U.S. foreign policy. Leading the charge will be Poland, which will try to enhance political, economic and military cooperation with its neighbors. It will also support the government in Ukraine politically and financially and will lobby Western EU members to keep a hard stance on Moscow by advocating the continuation of sanctions, increasing military spending, supporting Ukraine, etc. – a position the Baltic states and Sweden are likely to support. Unsure though Warsaw may be about the Trump administration, the government will still try to maintain good ties with the White House as it continues to defend a permanent NATO

presence in the region. Countries in the region may even pledge to spend more on defense.

Not all countries will react the same way to this new geopolitical environment, of course. Hungary or Slovakia, for example, do not have the same sense of urgency as Poland when it comes to Russia, so their participation in pre-emptive measures could be more restrained.

Moscow's attempts to exploit divisions within the European Union will strain German-Russian relations. Germany will try to keep sanctions against Russia in place but will face resistance from some EU members, which would rather lift sanctions to improve their relations with Moscow. Germany will also defend cooperation on defense and security as a way to deal with uncertainty about NATO and Russia. The German government will continue to support Ukraine politically and financially, but not militarily.

In the meantime, Russia will exploit divisions within the European Union by supporting Euroskeptic political parties across the Continent and by seeking to cooperate with the friendlier governments in the bloc. Some countries, including Italy, France and Austria, will advocate improved relations with Russia, giving Moscow a better chance to break the sanctions bloc in the union. Some level of sanctions easing from the European Union is likely by the end of the year.

### Stopping Migration at Its Source

There is only so much EU member states can do to stem the flow of migrants in 2017. In the Central Mediterranean route, Brussels will try to halt migrants from leaving Africa by cooperating with their countries of origin and by working with the primary transit states. But the difficulty in actually severing African migration routes and the absence of any viable government in Libya will limit the European Union's ability to halt the flow of peoples through the Central Mediterranean.

In the Eastern Mediterranean route, the European Union will keep its line of communication with Turkey open, its political differences with Ankara notwithstanding. European elections and internal divisions, however, will prevent the bloc from giving in to many of Turkey's demands, particularly the one that grants visa liberalization for Turkish citizens. A short window of opportunity on the issue will open in the first months of the year, but if no progress is made before Europe's electoral cycle begins in March in the Netherlands, the issue will be postponed for the rest of the year. Progress on less controversial issues such as trade and funds will be somewhat easier to make.

Aware of how unreliable their outside partners are, EU members will try to shield themselves as much as possible. They will continue to toughen their national migration laws, and to increase deportations, to discourage migrants from coming in the first place. The option of introducing border controls within the EU will also be on the table as a way to sever migration routes. This will continue to be a source of debate – one waged between the countries of arrival (such as Italy and Greece) and the countries of destination (Northern Europe) – over Brussels' failure to develop a coherent migration policy.

Top

### Eurasia

2017 will be a year of opportunity for Russia. And if it capitalizes on those opportunities, some sanctions against it could be eased by year's end.

### Crowding Out the West

Europe, and its policy toward Russia, is as divided as ever, so at least partial sanctions relief is within Moscow's grasp. Understanding the import of this year's European elections – elections that could bring about the eurozone's demise – Russia will support anti-establishment and Euroskeptic forces and exploit divisions on the continent through cyber attacks and propaganda campaigns.

France, Italy, Austria and Greece will end up seeking a more balanced relationship with Russia, while countries that tend to be more vulnerable to its vagaries – Poland, Romania, the Baltics and Sweden – will band together to fend off what they see as potential Russian aggression. Germany will try to play both sides, something that will be increasingly difficult to do as it also fights to keep the eurozone intact. Germany's distraction will, in turn, enable Poland to emerge as a stronger leader in Eastern Europe, extending political, economic and military support to those endangered by the West's weakened resolve.

That is not to say that Russia will be entirely unconstrained. Though Washington appears somewhat more willing to negotiate with Moscow on some issues, the United States still has every reason to contain Russian expansion, so it will maintain, through NATO, a heavy military presence on Russia's European frontier. This is bound to impede any negotiation. Still, Russia will use every means at its disposal – military buildups on its western borders, the perception of its realignment with the United States, the exploitation of European divisions – to poke, prod and ultimately bargain with the West. And in doing so, it will intimidate its neighbors and attempt to crowd out Western influence in its near abroad.

Even a hint of reconciliation between Moscow and Washington will echo throughout Russia's borderlands. Russia will almost certainly maintain its military presence in eastern Ukraine, but the United States and some European countries will adopt a more flexible interpretation of the Minsk protocols to justify the easing of sanctions. And because this will leave the government in Kiev more vulnerable to Russian coercion, Ukraine can be expected to intensify military, political and economic ties with Poland and the Baltic states.

In fact, the prospect of a U.S.-Russia reconciliation will all but halt the efforts of otherwise pro-West countries — Ukraine, Moldova and Georgia – to integrate into Western institutions, as will the growing divisions in Europe. These countries will not fully ally with Russia, but they will be forced to work with Russia tactically on economic issues and to soften their stances on pro-Russia breakaway territories.

Just as Ukraine will strengthen security efforts with Poland and the Baltics for security, Georgia will strengthen security efforts with Azerbaijan and Turkey. Turkey will maintain its foothold in the Caucasus and in the Black Sea, but it will also make sure to maintain energy and trade ties with Moscow, lest it jeopardize its mission in Syria.

Russia will remain the primary arbiter in the Nagorno-Karabakh dispute between Armenia and Azerbaijan, playing the two against each other to its advantage. And with the European Union's Eastern Partnership and other EU-led programs likely to suffer from the bloc's divisions and distractions, Russia will have the opportunity to deepen its influence in the region by advancing its own integration initiatives such as the Eurasian Economic Union and the Collective Security Treaty Organization.

#### All Active on the Eastern Front

With the prospect of things quieting on Russia's western front, Moscow will try to improve its strategic position on its eastern front. Moscow and Tokyo will slowly try to end a decades-old territorial dispute, and as they do they will enhance relations through major investment and energy deals. (They are even exploring the idea of connecting their countries with an oil pipeline.) Tokyo may also follow the West's lead in easing sanctions on Russia.

China, too, will pursue similar deals with Russia, albeit for different reasons: It is motivated in part by Russia's newfound friendship with Japan and in part by the United States' newfound friction with China. Beijing can be expected to increase cooperation with Moscow this year on energy projects, military coordination (particularly in the Arctic) and cyber-technology.

Russia will play China and Japan off of each other, strengthening its own position in the region while not fully aligning with either. Russia will also continue to build up trade linkages with South Korea while maintaining ties to North Korea as the nuclear threat it poses grows.

### Trouble at Home

For all the opportunity Russia has abroad in 2017, it will have perhaps even more challenges at home. Even if it pulls itself out of recession, it still faces a prolonged period of stagnation, and the government will have to adhere to a conservative budget until oil prices rise meaningfully again. The Kremlin will continue to tap into its reserve funds and will rely more on international borrowing to maintain federal spending priorities.

Russia's regional governments are even more financially vulnerable; they will have to depend on the Kremlin or on international lenders for relief. This reliance will only add to existing tensions between the central and regional governments, tensions that will compel the Kremlin to tighten and centralize its control.

What economic relief does come the federal government's way will not trickle down to the Russian people, who will continue to bear the brunt of the recession. Protests will take place sporadically throughout the year, and the Kremlin will respond by clamping down on unrest through its security apparatus and through more stringent legislation. The Kremlin will, however, increase spending on some social programs later in the year ahead of the 2018 presidential election.

As the government becomes more authoritarian, power struggles among the security forces, liberal circles, energy firms and regional governments are bound to ensue. President Vladimir Putin will try to curb the power of his potential challengers, particularly Rosneft chief Igor Sechin and his loyalists in the Federal Security Service, through various institutional reorganizations. Restructuring, of course, will entail occasional purges and appointments of loyalists, the ultimate purpose of which is to consolidate power under Putin. His grabs for power, however, will isolate him, and in his isolation he will have fewer and fewer allies.

### The Hallmark of Central Asia

Instability, as is so often the case, will plague Central Asia in 2017. Such is the hallmark of a region marked by weak economies, the near constant threat of militant attacks and uncertain political transitions, which include the replacement of long-serving Uzbek leader Islam Karimov, who died in September, a looming succession in Kazakhstan, and presidential elections in Kyrgyzstan. Central Asian governments will manage instability by centralizing power and cracking down on security threats to a greater degree than they have before. This will invite more security involvement from Russia and China, which will compete and cooperate with each other as the situation warrants.

In Kazakhstan, succession concerns and economic stagnation compel the elite to make some critical power plays in 2017, particularly in the energy and financial sectors. These kinds of moves, however, will test the government's plan for a cohesive succession.

In Uzbekistan, despite its best efforts to stay strategically neutral, the government will find itself cooperating with Russia on energy, military and political issues. Kyrgyzstan and Tajikistan are likely to



see intensified security cooperation with China.

Top

## Middle East and North Africa

The United States will be no less engaged with the Middle East in 2017 than it was in 2016. It will, however, be more judicious in its engagement, giving other countries an opening to compete for influence. The competition will play out primarily in and around the Syria-Iraq battlefield, which will continue to implicate its neighbors and countries much farther afield. Developments in the fights inside Syria and Iraq will aggravate sectarian tensions and intensify the ongoing rivalry between Turkey and Iran.

### Resisting the Temptation About Syria

It is tempting to think the Syrian civil war will end in 2017, now that the forces loyal to Bashar al Assad have retaken the critical city of Aleppo. Indeed, they now control a few major cities and have the luxury of consolidating the gains they have made. But the conflict will not end, at least not in 2017. The loyalists are simply pulled in too many directions to achieve a decisive victory. In addition to holding their territory in the north, they must now try to clear the rebels located between Aleppo and Damascus and around Damascus itself. They will also be drawn to areas held by the Islamic State in the eastern city of Deir el-Zour, where their comrades are currently besieged. Retaking territory in the energy belt around Palmyra will be a priority too. Put differently, there is still a lot work left for them to do, and any number of things can shift the balance of power in such a conflict-ridden country.

The constraints on the loyalists, however, are but one factor preventing the conflict's resolution. In 2017, the presence of foreign powers will also complicate the Syrian battlefield, much as it has in years past. The United States will adapt its strategy in Syria, favoring one that more selectively aids specific groups in the fight against the Islamic State rather than those fighting the al Assad government. Washington will, for example, continue to back Kurdish forces but will curb support for rebels in Idlib. The consequences of which will be threefold. First, Turkey, Qatar and Saudi Arabia will have to increase their support for the rebels, including the more radical ones, the United States has forsaken. Second, their support will give radical elements room to thrive, as will the reduced oversight associated with Washington's disengagement. Third, Russia will be able to cooperate more tactically with the United States and its allies as it tries to exact concessions, including the easing of sanctions, in a broader negotiation with Washington.

Notably, Russia will cooperate only insofar as it helps Moscow achieves those goals, but given Moscow's limited influence on the ground in Syria, there is only so much it can actually do. Still, that will not stop Russia from trying to replace Washington as the primary arbiter of Syrian negotiation.

While other powers are preoccupied with the fight against the Islamic State, Turkey will expand its sphere of influence in northern Syria and Iraq, driven as it is by its imperative to block Kurdish expansion. In Syria, the presence of Russian troops will probably prevent Turkey from venturing any farther south than al Bab in northern Aleppo. From al Bab, Turkey will try to drive eastward toward the town of Manbij to divide and thus weaken areas held by the Kurds. Turkey will also lobby for a bigger role in anti-Islamic State operations in Raqqa. Turkey will deploy more of its own forces in the Syrian fight, both to obstruct the expansion of Syrian Kurdish forces and degrade the Islamic State.

There are, of course, some drawbacks to Turkey's strategy. Namely, it runs the risk of clashes with

Russian and Syrian Kurdish forces. Ankara will thus have to concentrate on maintaining closer ties with Moscow to avoid complications on the battlefield, even as it manages tensions with the United States over Washington's continued support for the Kurds.

In Iraq, too, Turkey will extend its influence in the north – notably, to where the Ottoman Empire's border was once drawn through Sinjar, Mosul, Arbil and Kirkuk. And as it does, it will compete with Iran for influence in the power vacuum left by the Islamic State's defeat in Mosul. Baghdad, for its part, will struggle to control Nineveh province once the Islamic State loses Mosul. Meanwhile, Turkey will bolster its proxies to position itself as the patron state of the region's Sunnis.

Turkey's resurgence threatens Iran's arc of influence across northern Syria and Iraq, and Tehran has plenty of ways it can respond. The government will encourage Shiites in Baghdad to resist what they will characterize as a Turkish occupation. It will also rely on Shiite militias to block Ankara by contesting territory and exploiting divisions among Iraqi Kurds. Saudi Arabia and the rest of the Gulf Cooperation Council, who have comparatively less influence Iraq, will rely on Turkey to uphold Sunni interests.

The fall of Mosul will further divide Iraq's Kurds. The inevitable scramble for territory and influence will pit the Turkey-backed Kurdistan Democratic Party against the Patriotic Union of Kurdistan, which is more closely aligned with Iran. Kirkuk, a city and province awash in oil, will be particularly contentious. The KDP will try to keep what it has gained there, while Baghdad, backed by Iran, will try to take it back. This will impede sustainable cooperation in energy production and revenue-sharing operations between Baghdad and Iraqi Kurdistan.

#### Turkey: No Shortage of Challenges

For all of Turkey's challenges abroad, it has no shortage of them at home. Kurdish militant attacks are a perennial problem, of course, and Ankara's role in strangling Islamic State escape routes in Syria will meanwhile make it a prime target for attacks in 2017. But perhaps more important, the ruling Justice and Development Party (AKP) will hold a referendum in 2017 on constitutional amendments meant to strengthen the presidency under Recep Tayyip Erdogan. The AKP has still has substantial support despite a highly polarized electorate, but the economy it helms is shaky. Turkey's dollar-denominated debt will grow as the dollar strengthens, and the lira's instability will spook investors, who are already alarmed about the country's political crackdowns. Those crackdowns will also complicate Turkey's EU accession talks. Not that Turkey expected to make much progress in that regard; it simply needs to keep the dialogue going over migrant controls to keep a foothold in the West and to maintain market access to the European Union.

#### A Test for U.S.-Iran Relations

2017 will test the durability of U.S.-Iranian relations. The new U.S. government is expected to be less tolerant of what it sees as Iranian aggression — naval harassment and ballistic missile testing, for example — even if it does not directly infringe on the nuclear deal. Strong U.S. responses to such aggression would, from Iran's point of view, be a violation of the agreement, but Iran can be expected to challenge the agreement only if the United States does first. (Russia stands to benefit from U.S.-Iranian tensions. In its search for additional leverage against the United States, it will tighten its relationship with Iran through economic and military deals, knowing that Tehran will use Russia to balance against Washington as the questions emerge about the nuclear deal's viability.)

Still, the Iran deal will survive the year, despite U.S. threats to the contrary. For all the heated rhetoric surrounding U.S.-Iranian relations, Washington has little interest in becoming mired in further Middle

East conflicts, least of which with Iran. Likewise, Iran needs to boost its economy, something it will not be able to do without the foreign trade, investment and interaction the nuclear deal allows.

The Iranian economy, in fact, will be perhaps the determining factor in the presidential election, scheduled to take place in May. President Hassan Rouhani, a moderate by Iran's standards, will try to argue that the partial removal of sanctions and the stabilization of the inflation rate will benefit ordinary Iranians. His hard-line opponents in the Islamic Revolutionary Guard Corps accuse him of being soft on the United States, however, and conceding too much control of the economy to international parties.

Regardless of the election's outcome, Iran will remain under the influence of conservative politicians. And these politicians are beholden to the supreme leader, who distrusts the United States but also understands the need to re-enter the global economy. The gradual increase of oil production will help in that regard, but questions surrounding the sustainability of the Iran nuclear deal, not to mention the direction of U.S. policy, could prevent Iran from achieving its economic goals.

## The Path to Gulf Reform

Saudi Arabia will relish the deterioration of U.S.-Iran relations. And, like Turkey, it will be driven to bolster its regional proxy battles with Iran. However, Riyadh will have to weigh expensive foreign campaigns against mounting pressures at home. After slashing capital expenditures and trimming its public sector bill in 2016, Saudi Arabia will be able to reduce its budget deficit in 2017. Still, the path to reform has been slow and bumpy, and it will be difficult for Saudi Arabia to translate its ambitious Vision 2030 and Vision 2020 plans into tangible directives its struggling private sector can follow. With more than four times more money set aside this year than last for implementing Vision 2020 directives, Saudi leaders will pressure the public and private sector to begin shifting operations accordingly and create more jobs.

Meanwhile, Riyadh will prepare for Saudi Aramco's initial public offering, which will take place in 2018, and will broaden the scope of its Public Investment Fund to adopt riskier investments abroad in a bid to turn its wealth repository into a true sovereign wealth fund. Mimicking countries like Kuwait and the United Arab Emirates, Saudi Arabia will continue to diversify its overseas investments into various tech sectors — a tried and true way to generate revenue in the long term. The United Arab Emirates will lead a Gulf-wide initiative and put technical preparations in place to set up a standard value-added tax levied at 5 percent. The initiative is slated to kick off in early 2018.

Saudi citizens will clamor for change as the drive toward reform presses on, but the government will prioritize the economy over social reform. Even a modest social reform risks alienating the Saudi religious establishment, whose support for the House of Saud will need to manage homegrown jihadist threats.

The rest of the Gulf Cooperation Council will act in concert to curb Iranian influence and defend against common economic and security threats. But there are cracks in the façade of unity. Saudi Arabia will struggle to steer Yemen toward a negotiated settlement while the United Arab Emirates firms up its position in southern Yemen. Oman, known for its relative neutrality, will not participate in the GCC's antagonizing of Iran.

## North Africa

These same dynamics will appear in the GCC's foreign policy in North Africa. Saudi Arabia will continue to give its allies economic and security support in exchange for their support of its foreign policy in places like Yemen and Syria. The United Arab Emirates will be a more moderate voice, however, and in its moderation it will undermine the credibility of Saudi Arabia.

Egypt will be economically stable enough in 2017 to formulate a foreign policy independent of Saudi interests. To that end, it will try to attract funding from as many external partners as possible. Now that Cairo has devalued its currency, agreed to a deal with the International Monetary Fund and enacted more fuel subsidy reforms, it must implement more fundamental, structural reform, such as reducing public sector wages and raising tax revenue. The government of President Abdel Fattah al-Sisi will be only modestly successful in that regard, hamstrung as it is by the legislature and the people, who bear the brunt of the country's economic malaise.

Egypt will meanwhile remain involved in Libya, where Egyptian and Emirati support for nationalist Gen. Khalifa Hifter, who commands the Libyan National Army, is beginning to pay off. Hifter will be able to strengthen his military and political control in eastern Libya and will expand his control into Western Libya, but he will be unable to do so entirely. The Libyan National Army will try to rally militias to its cause, but not all of them will want to fight for Hifter. Regardless, Hifter's divisiveness is bound to impede U.N.-led negotiations to form and approve a unity government. And so Libya will continue to be a battlespace among rival militias that will limit the potential for a lasting peace deal in 2017. Whoever wins this competition will win Libya's oil wealth.

The Islamic State, meanwhile, will lose a lot of its power but will find refuge and allies in the far reaches of Libya. At the same time, al Qaeda-linked militias will continue to quietly expand their influence.

### The State of the Islamic State

The Islamic State will lose power elsewhere too. Military campaigns in Iraq and Syria will degrade the group as a conventional military force but will do little to degrade it as terrorist or insurgent force. Dispersed throughout the areas they once controlled, remnants of the Islamic State will remain relevant by exploiting ethnic and sectarian divisions throughout Iraq and Syria. Terrorist attacks will therefore return to Iraq in spectacular form. (Despite the military setbacks in Iraq, the Islamic State will have a little more latitude to operate in Syria, where the coalition effort to fight Islamic State is far more convoluted.)

Islamic State attacks abroad, however, will be a much more limited threat. Militants returning home from Iraq and Syria are certainly a risk for Western countries, but they are a risk that will be mitigated by heightened awareness and intelligence oversight and increased risk of interdiction. More resourceful grassroots terrorists that do not have to rely on extensive networks and capabilities will be the bigger threat from Islamic State in 2017, especially for the West.

While the Islamic State has commanded the attention of the international community, al Qaeda has been quietly rebuilding itself, honing its capabilities in multiple theaters to stage its comeback. Al Qaeda nodes that have restyled themselves under various names in Libya, Algeria, Mali, Tunisia, Egypt and Yemen are likely to become more active and influential. Al Qaeda in the Arabian Peninsula is particularly concerning. The tacit agreement it had with Saudi Arabia in Yemen has broken down, making the kingdom a viable target for the jihadist group.

Jihadists will remain active elsewhere, too, though their attacks will be relatively unsophisticated. If attacks become more complex in places like Indonesia and Bangladesh, it means more experienced fighters in the Middle East successfully found their way back home.

In Nigeria, Wilayat al Sudan al Gharbi, better known by its former name, Boko Haram, will continue to adopt al Qaeda's targeting strategy, which focuses on military and Western targets while refraining from attacking civilians and Muslims. The faction of the group under the leadership of Abubaker Shekau, however, will continue to attack mosques, Muslims, markets, civilians and other soft targets.

## Israel Emboldened

2017 will present Israel with a variety of opportunities, the biggest of which will come from its security guarantor, the United States. With Republicans firmly in control of the executive and legislative branches of government in the U.S., Israel will have freer rein to pursue its interests without rebuke. The country will benefit from a more assertive U.S. policy on Iran, and through Washington may try to place even more restrictions on Iranian uranium enrichment — after all, the new U.S. administration is liable to be more receptive to intelligence collected on Iran, especially if it points to infractions of the nuclear deal. An emboldened Israel will also probably accelerate settlement development in the West Bank, even if doing so incites attacks from Palestinian militants. An escalation in Israeli-Palestinian frictions will stress Israel's relationships with Jordan and Egypt, both facing internal stresses of their own. (The Palestinian issue will also notably be a source of competition between Turkey and Egypt. Ankara will try to develop better relations with Palestinian groups while managing a normalized but still tense relationship with Israel.)

But 2017 will also present Israel with a variety of challenges. To its north, it will have to contend with Hezbollah, arguably more powerful and experienced than it has been in years thanks to its heavy participation in the Syrian civil war. But Hezbollah has its hands full. It will consolidate territory in Syria for regime loyalists, it will fend off political challenges in Lebanon and it will meanwhile keep its eye on Israel. Worried about Hezbollah's military strength, cognizant that it will have a window of opportunity, and unencumbered by Washington's reproach, Israel is likely to intensify its operations in Syria and Lebanon in an attempt to weaken Hezbollah and limit their access to advanced weaponry.

Top

## East Asia

China remains the center of gravity in the Asia-Pacific, and the economy remains the center of gravity in China. After three decades of rapid economic growth fueled by low-cost exports and state-led infrastructure investment, China is in the early stages of a protracted shift toward an economic growth model grounded in private consumption and high value-added manufacturing. Increased consumption will certainly help to ease the economic pain expected in 2017 – namely, stagnant exports and weak growth in the construction sector. But it will be many years before consumption becomes China's engine for growth. In the meantime, China's leaders will have little option but to use state-led infrastructure investment, however inefficient it may be, to maintain the country's economic health and thus ensure social and political stability.

### The Definition of Chinese Policy

China's economic well-being will therefore depend on Chinese policy. And what will define Chinese policy more than anything is President Xi Jinping's efforts to consolidate power over the Communist Party and over the state's institutions ahead of the 19th Party Congress, which will take place around October. Xi's administration will do all it can to contain any social or economic instability that might threaten his political objectives and status within the Party, an imperative that will include sidelining potential rivals and moving allies into key government posts. (As many as five of the Politburo Standing Committee's seven members may retire this year, so Xi's cause is as urgent as ever.) Until then, he will also continue to employ his anti-corruption drive to displace rivals and threats to his power.

That is not to say that amid all this political maneuvering Chinese leaders will ignore economic reform entirely. Where appropriate, authorities will take measured steps forward on initiatives such as a nationwide property tax and property registration system, and they will continue to encourage

consolidation in heavy industries. But where such reforms create the risk of instability by, say, undermining employment or corporate solvency, they will be diluted or deferred. Instead, the government will use a tried-and-true method to maintain growth — credit creation and robust state-led spending on infrastructure and other construction-related industries — as Xi focuses on tightening his grip on the political system.

This economic strategy is not without serious risks. Corporate debt in China has reached perilous heights and is disproportionately concentrated in resources, construction and other heavy industries that suffer from overcapacity and inefficiency and that likely hold the lion's share of nationwide nonperforming loans. Even more concerning, corporate debt is maturing more quickly than ever across all industries, especially heavy industries and the construction sector, forcing companies to take on even more debt to invest and to cover old debt.

Corporate debt will be no less concerning in 2017. Despite unprecedented credit creation and robust government spending in 2016, the real estate sector — on which many of the above industries depend — saw continued declines in completed investment and construction starts last year. Taken together, these factors point to the steady degradation of credit and investment as tools of macroeconomic management and suggest that Beijing will have to expend even greater resources than in 2016 to maintain the economic status quo. The government has the resources to do so, of course, but maintaining the status quo in 2017 will only exacerbate corporate debt concerns in 2018 and beyond.

## Breaking Diplomatic Norms

Daunting though China's internal challenges to economic stability may be, Beijing also faces pressing external challenges: a potential eurozone crisis and new trade policies under the Trump administration. During his presidential campaign, Trump pledged to label China a currency manipulator and to impose across-the-board tariffs on U.S. imports of Chinese goods. Though the former promise is unlikely to materialize, the administration could, if it wanted to, impose tariffs and anti-dumping restrictions on imports of goods such as steel from China. But even that would be fairly inconsequential; targeted protectionist measures would have a marginal impact on China's economic trajectory and would only encourage corporate supply chains to diversify in other parts of Asia with cheaper labor and large consumer markets. This dynamic will stir tensions between the two economic superpowers — tensions that could spill over into other spheres of U.S.-China relations, such as the status of and Washington's relationship with Taiwan.

Trump has made clear his willingness to break with diplomatic norms governing U.S.-China relations, particularly his intent to use the question of Taiwan's status as a bargaining chip in negotiations with China on other fronts, including cybersecurity, North Korea's nuclear program and trade. Beijing is unlikely to make any concessions on Taiwan, and Washington knows this. Instead of fundamentally re-evaluating Taiwan's status, the Trump administration will try to use the Taiwan issue to get concessions from Beijing. China can retaliate with trade barriers on selected goods and can threaten to limit cyber and military cooperation with the United States, as well as more openly confrontational actions in the South China Sea or elsewhere. In the near term, Washington's willingness will give Taipei some breathing room from China. But the island will carefully manage cross-strait ties to avoid a direct confrontation with Beijing. China can be expected to use diplomatic isolation, military intimidation and targeted economic coercion to increase pressure on Taiwan, a critical node in the global tech supply chain that is deeply integrated with the mainland.

Beijing will also work, overtly or otherwise, to ensure that a favorable candidate prevails in Hong Kong's chief executive election, which is set to take place in March. The election will surely incite protests, but it is nonetheless an opportunity for Beijing and Hong Kong to improve their relationship — even though Beijing has designs to integrate Hong Kong further into the mainland.

But Hong Kong and Taiwan are just two of many features in China's evolving strategic environment. Throughout 2017, eager to boost the economy's slow but steady shift up the industrial value chain, China's government will continue to promote overseas investment into sectors such as high-tech manufacturing, culture and entertainment, and information and communications technologies. Beijing will meanwhile capitalize on the opportunity created by the Trans-Pacific Partnership's demise to promote alternatives of its own devising: the Regional Comprehensive Economic Partnership and the Free Trade Area of the Asia-Pacific.

Continued economic weakness at home, combined with the government's efforts to curb illicit capital outflows, may slow the momentum of Chinese outbound investment somewhat in 2017. But it will not halt China's efforts to enhance infrastructural, economic and security ties to Central and Southeast Asia. The biggest obstacles confronting initiatives such as One Belt, One Road — the massive development and infrastructure strategy to better connect China to the rest of Asia, Europe and East Africa — in 2017 are local opposition and security risks in places such as Central Asia, Pakistan and Indonesia.

### A New Strategy in the South China Sea

Things are changing in the South China Sea. In its waters, China's influence has steadily grown in recent years, thanks to a campaign meant to expand and modernize the Chinese military and to develop the sea's islands. In 2016, however, the pace of expansion appeared to slow somewhat. In part, the slowdown was due to an international court of arbitration's ruling against China's maritime territorial claims. But it was also due to the fact that China, having achieved many of its goals in the South China Sea, is now replacing a strategy of aggressive expansion with a strategy that, in addition to coercion, leaves some room for cooperation. In fact, Beijing has increasingly sought to cooperate with potentially amenable claimants, such as Malaysia and the Philippines, by making conciliatory gestures on economic and maritime issues. At the same time, Beijing has continued to press more outspoken critics of its regional claims through limited punitive economic measures and other confrontational actions.

China will try to maintain this strategy in 2017. To that end, it will prefer to handle disputes on a strictly bilateral basis, and it will likely extend concessions to areas such as energy development and potentially sign a code of conduct that limits its actions.

And though this strategy eased maritime tensions somewhat in 2016, it may have more mixed results in 2017. Challenging its success will be a strained relationship with the United States, Vietnam's continued ventures into maritime construction activities, and the entry of countries such as Indonesia, Singapore, Australia and Japan — none of them claimants to the South China Sea's most hotly contested waters — into regional maritime security affairs.

Beijing will be particularly concerned about Japan, which will expand economic and maritime security cooperation with key South China Sea claimants. (Tokyo may also work more closely with the United States in the South China Sea and the East China Sea.) Beijing may try to counter U.S.-Japanese cooperation by imposing an air defense identification zone, which would in theory extend Chinese control over civilian aircraft in the South China Sea, though doing so would threaten China's Southeast Asian relationships. And though China would probably prefer to be as conciliatory as it can as the situation warrants, heightened great power competition in the Asia-Pacific may compel it otherwise. The more Japan is involved, the more China will have to balance, with different degrees of success, its relationships and its interests with members of the Association of Southeast Asian Nations (ASEAN).

### Japan's Pride of Place

Greater involvement in the South China Sea, however, is just one piece of the Japanese puzzle. In the two decades following the end of the Cold War, Japan found itself strategically adrift. Today, buffeted by demographic decline, China's rise and a growing recognition across the Japanese political spectrum that change is necessary, Tokyo is in the early stages of reviving Japan's economic vitality and military power — and reclaiming its pride of place in the region.

In 2017, the administration of Prime Minister Shinzo Abe will make notable progress in that regard. In addition to expanded involvement in the South and East China seas, the Abe administration is likely to ramp up Japan's diplomatic and economic outreach in Southeast Asia. Meanwhile, Abe will pursue a peace treaty with Russia over longstanding territorial disputes. (Even without a formal treaty, the two countries will deepen bilateral trade and investment.) Above all, Japan will expand bilateral diplomatic and security cooperation with the United States, seeking to ensure Washington's commitment and involvement in the region. At the same time, Japan will take advantage of opportunities opened by potential changes to the United States' regional strategy — namely, a shift from multilateral partnerships like the failed Trans-Pacific Partnership to bilateral relationships — to play a more active leadership role to constrain China.

Abe will use his strong political position — the ruling coalition has supermajorities in both houses of the Japanese parliament — to press his agenda at home. In 2017, Abe will do what he can to maintain the first two 'arrows' of his economic plan — monetary easing and fiscal stimulus — while pushing forward with structural reforms (the third arrow) in areas such as labor, women's workforce participation and immigration. His administration may also seek to capitalize on heightened regional security competition and uncertainty over Washington's regional position to press for constitutional reforms meant to normalize Japan's military forces.

#### Northeast Asia Bound

Caught between a rising China and a resurgent Japan, both North and South Korea find themselves entering new and precarious strategic waters, albeit in different ways. Naturally, the prospect of a nuclear North Korea has put China, South Korea and Japan on edge — so much so that it has disproportionately contributed to Seoul's and Tokyo's military expansions in recent years. In 2017, North Korea may carry out additional nuclear missile tests for technical purposes and to remind the world, and especially Washington, of the country's strategic importance. This will pressure Seoul to build up its defenses and procure more arms, though its current political crisis may hinder its progress. While Washington can be expected to expand its sanctions regime against North Korea, it will also petition Beijing to pressure Pyongyang as well. But such efforts may be made in vain: Barring signs of a collapse of the North Korean government, Beijing will avoid putting significant pressure on Pyongyang.

#### A Welcome Change for the Economy

The prospect of a modest recovery in global commodities demand will be a welcome change to exporters such as Australia and Indonesia, but a decline in prices triggered by a slowdown in China's housing sector remains a real risk. In the year ahead, Asia's emerging economies may fall victim to potential trade protectionism in the United States, to U.S.-Chinese trade disputes, to a likely increase in the pace of U.S. Federal Reserve interest rate hikes, and to China's continued efforts to consolidate heavy and resource-related industries. The countries most at risk to economic shock are those with greater exposure to foreign lending (Malaysia and Indonesia), those with undiversified economic and trade profiles (Cambodia), and those faced with domestic political uncertainty and instability (Thailand and South Korea). Still, Asia's smaller economies will continue to pursue regional economic, trade and investment integration, untouched as they are, so far, by the rising wave of trade skepticism in other parts of the world.



## Southeast Asia

Thailand will focus on domestic affairs in 2017 as it mourns the death of King Bhumibol Adulyadej and as its military government tries to maintain domestic social and political stability. Its first major test will come during national elections, which are scheduled to take place sometime in the second half of the year.

Meanwhile, the Philippines will continue to strike a balance between its partnership with the United States and its warming ties with China. (An unexpected confrontation over the Scarborough Shoal could change that dynamic.) This strategy will give Manila more space to focus on domestic issues, such as political reform and ongoing peace negotiations in the south. As long as President Rodrigo Duterte's popularity is high, no serious threats will emerge to his power in 2017. His domestic initiatives and foreign policy agenda, however, will require a lot of political capital to maintain, even as they threaten to aggravate internal power struggles between members of the government and political elite.

With Malaysian elections possibly in the offing in 2017, political fragmentation and economic uncertainty will test the delicate ethnic and social cohesion that has been in place since the country's independence.

Likewise, concerns over domestic social, political and economic stability in Indonesia will both drive and constrain ongoing fiscal and economic reforms. These concerns come at a precarious time for Indonesia, a time when Jakarta is shifting its focus from ASEAN-wide mechanisms to bilateral negotiations to secure its maritime interests.

For Vietnam, 2017 will be a year of the status quo. It will continue to try to ease its economic dependence on China, and its unstable fiscal conditions and rising debt load will constrain ongoing political reforms.

Australia will seek to play a more prominent role in promoting regional trade and investment integration in the Asia-Pacific region. It will also try to ensure maritime security along vital trade routes. Domestically, however, the country will struggle to overcome growing political divisions and legislative gridlock.

Top

## Latin America

### Trade Stays Intact

The North American Free Trade Agreement will remain largely intact in 2017 despite U.S. campaign promises made to the contrary in 2016. The fact of the matter is that the trade ties and supply chains of North America are so tightly bound that a sudden and dramatic reversal to an agreement such as NAFTA would contravene the interests of all its members. The United States will nonetheless renegotiate the deal, albeit gradually, to honor the campaign promises made by president-elect Donald Trump. Those talks will likely extend beyond 2017.

That is not to say the United States is without options for improving the terms of the contract. The Trump administration could increase regional content requirements for products to qualify for tariff-free export to the United States and use non-tariff barriers more selectively. Mexico will have much more at stake in the negotiations, but its imperative is far simpler. It means to leverage its low labor costs and its

high number of free trade agreements to maintain as much of the status quo as possible on trade and to maintain foreign direct investment flows into domestic manufacturing. And so Mexico will have a few tools to use against the United States. Mexico could influence the Trump administration by allying with businesses and states that would be hurt by more expensive labor and goods. (As a matter of fact, it has already begun to do so.) It could, moreover, leverage intelligence cooperation on counternarcotics operations to try and shape the dialogue.

Lower investment flows that could result from the uncertainty surrounding the NAFTA negotiations could hurt Mexico in the meantime. But even this will be tempered by Mexico's proximity to the United States and its multitude of free trade agreements. Canada, with its advanced economy and high labor costs, will receive much less scrutiny. The Canadian government has indicated its willingness to take part in the NAFTA talks and will be seeking measures to protect its own manufacturing sector.

Canada could also renegotiate NAFTA's investor-state dispute settlement, which allows an investor to sue a foreign government in international arbitration without going through domestic courts. Having been challenged under the ISDS procedure, Canada will certainly want to revisit its terms, even if a business-friendly Trump Cabinet were to resist measures that undermine foreign corporate protection abroad.

The negotiations will be slow going, no matter how they play out. Many of the points up for discussion would still center on concentrating economic production in North America, where supply chain interdependencies are developing organically.

#### A Tighter Energy Bloc

The Trump administration will loosen regulations on domestic energy, enabling North America to more easily integrate as an energy bloc. It plans to streamline the process for federal permits on energy projects and to pull back from climate change initiatives, measures that could also provide a relative boost to the coal and nuclear power industries. They could also enable the beleaguered U.S. energy sector to rebound after a prolonged depression in the price of oil. A gradual recovery in North American production will, in turn, allow for a modest increase in global oil prices since it will take time for increased North American oil output to offset coordinated production cuts by the world's oil producers.

Canada and Mexico will meanwhile continue to make measured progress in energy integration with the United States. In Canada's case, this will include increased cross-border pipeline construction and supply integration. In Mexico's case, it will entail implementing broader energy reforms, including further liberalizing domestic energy prices and loosening Pemex's dominance in refining and distribution.

#### The Pinch of Low Prices

Latin American commodities exporters will continue to feel the pinch of low commodities prices in 2017. The economies of Brazil, Argentina, Chile and Colombia will begin to recover somewhat, but slow demand growth from China, low oil prices and an oversupply of agricultural commodities such as soybeans will otherwise keep exports largely depressed.

Further stunting economic growth and fiscal health is the strength of the U.S. dollar. Colombia, Brazil, and Chile have substantial dollar-denominated debt, which will become harder to repay or rollover. For Venezuela, which is already on the edge of default, heavier debt payments will increase the risk of default. For Brazil, Chile, Mexico and Argentina, more expensive debt payments amid the general commodity downturn will limit the amount governments can spend on domestic priorities.

A modest increase in global oil prices could meanwhile bring temporary relief for oil producing nations

in Latin America. Even a temporary hike would be a welcome reprieve for central governments, which would then have a little more leeway in managing public finances. For Venezuela, a country already in an extreme state of economic deterioration, even a slight rise in oil prices could lower the odds that it will default on its foreign debt.

And so, faced as they are with relatively low export growth, certain Latin American countries will seek increased access to markets abroad by advancing trade agreements with nations outside the region. In light of the demise of the Trans-Pacific Partnership and the rise of new if limited NAFTA negotiations, Mexico will tentatively try to enter discussions on trade deals with Asian states, particularly with China. The countries that comprise Mercosur, or the Common Market of the South, will also continue to negotiate with the European Union on a future trade agreement, though political constraints on both sides of that dialogue could drag things out.

### A Make or Break Year for Venezuela

The price of oil will make or break Venezuela in 2017. Venezuelan state oil and natural gas company Petroleos de Venezuela faces a much higher risk of default on its foreign debt this year, but even a slight rise in the price of crude could buy the government valuable time. Still, this does not put Caracas in the clear. A debt default would reduce the lending and foreign capital Venezuela's energy sector depends on and would lower the country's oil output. The subsequent loss of oil revenue would hasten the decline of already reduced food imports, compelling more Venezuelans to either flee the country or to rise up in protest.

To avert this crisis and preserve its power, the government will probably choose to cut imports rather than miss its debt payments. But this will only incite unrest. Venezuela's attempts to deal with runaway inflation will create additional triggers for unrest. The Venezuelan government will try to introduce higher denomination bills in the new year to keep up with rising prices. But if such measures are implemented haphazardly, they will inflict further economic pain on the population and raise the likelihood of further unrest.

Some political unrest is all but unavoidable. As the threat of default looms, Venezuela's currency will likely further weaken, driving inflation even higher than it is now. (Inflation is high because the government cut exports to keep making its debt payments.) The ruling party will try to contain unrest through security crackdowns and through increased control of the nation's food distribution networks.

But the fate of the government rests in the hands of the armed forces. So far, the various factions of the government, including the armed forces, have presented a mostly united front against the political opposition. But there is dissension in the ranks; some factions are inclined to hold on to power as long as possible. If Caracas defaults on its debt, the government would initially band together to tighten internal security, but its cohesion would be tested by the intensity and duration of the ensuing unrest. If factions of the armed forces believe siding with the government threatens their power, they may have to reconsider where their loyalty lies.

### Colombia: Processing a Peace Deal Quickly

The Colombian government's main priority in 2017 will be to implement the revised peace deal it struck with the Revolutionary Armed Forces of Colombia (FARC) in late 2016. Bogota knows it must act quickly, while it still has the momentum and political authority to do so. The government received fast-track legislative powers in December, so it will be able to pass legislation underpinning the FARC deal more quickly throughout the year. The administration of Jose Manuel Santos will begin the process of demobilizing the rebels with the intent of having as much of the peace deal implemented as possible by the time it leaves office in 2018.

## Brazil: Questioning Political Stability Again

Brazil will begin its climb out of economic recession this year, though growth will be hampered by relatively weak global demand for export commodities such as soybeans and iron ore and sluggish trade growth with its trading partners.

Brazil's political stability will meanwhile be called into question – again. The corruption investigation into state oil firm Petroleo Brasileiro could ensnare much of Brazil's lower house and senate. If lower-level politicians are mainly implicated, the government could withstand such a blow. It would be harder to overcome, however, if the investigation implicated higher-ranking officials in the administration of President Michel Temer — himself an interim figure who replaced Dilma Rouseff after her August impeachment.

Riskier still is a separate investigation concerning possible illegal donations to Temer's re-election campaign as vice president in 2014. If additional evidence leads to a conviction, Temer would be ordered to step down from his post. Such a scenario, of course, probably would not hurt Brazil's long-term economic prospects or affect the economic reform bills the president has already begun to move through the legislature. But it would throw Brazilian politics into utter disarray and would discourage foreign investment that Brazil certainly needs in the short term.

## In Argentina, the Opposition's Consent

In Argentina, economic growth will pick up again in 2017, but moderately high inflation and reduced trade with Brazil, not to mention with the rest of Mercosur, will keep that growth in check. The state of the economy will come into play in the lead up to legislative elections in October, during which the government will try to cater to as many constituents as possible. The administration of Mauricio Macri will therefore refrain from implementing major austerity measures to curb the budget deficit.

And it will be unable to cut back on costly fund transfers to Argentine provincial governments – and on compensation to labor unions. Macri will continue to face domestic challenges from an increasingly united political opposition and from the backlash over utility price hikes, which are meant to raise state revenue and make natural gas projects more attractive in the long run. A more united opposition will limit what the ruling party can pass through parliament and prevent it from enacting economic reform without the opposition's consent.

Top

## South Asia

As in so many other regions, nationalism is on the rise in South Asia, and leaders there will use it to advance their political agendas. This will be particularly pronounced as India and Pakistan prepare for elections. And because this is India and Pakistan, nationalist rhetoric in one country will often demonize the other.

But they have very different domestic agendas. India will try to add to the modest progress it has made toward reform, particularly tax reform. And it will do so as its economic growth slows, thanks in part to recent demonetization schemes.

For its part, Pakistan's military will use the threat of India as an excuse to maintain the status quo in its civil-military balance of power. It will also ensure that Pakistan's ties with Afghanistan remain weak as

instability in that country undermines progress on transnational energy projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

## Honing an Image in India

2017 will be a crucible for Prime Minister Narendra Modi's Bharatiya Janata Party (BJP). In 2014, the BJP became the first party in 30 years to win a majority in the lower house of parliament, at once dispelling, if only temporarily, the tradition of coalition government that has long defined Indian politics. But even with such a mandate, honoring promises of reform in a legislature as fractured and convoluted as India's is difficult, prone to slow, uneven progress.

Now, the great challenge facing the BJP is to continue making progress on its promises and to streamline the country's onerous land, labor and tax regulations, all in support of unleashing the labor-intensive economic growth India needs in order to absorb the 12 million people who enter the job market every year. This is no easy task. The sheer scale of reform in a stratified, billion-citizen democracy such as India is so immense that its implementation is measured not in years but in generations. And so Modi has taken the long view, having used his first five-year term to lay the groundwork for a second term in 2019.

To that end, Modi means to win state-level elections to bolster his party's numbers in the upper house of parliament; doing so, of course, would make it easier to pass legislation. The elections in Uttar Pradesh, India's most populous and electorally most important state, are particularly important. A victory there would substantially bolster the BJP's numbers in the upper house and go a long way toward securing a presidential re-election in 2019.

The outcome of the election is less important than the strategy the BJP employed to win it. This is because the three remaining bills of the Goods and Services Tax (GST) failed to pass during the winter session of parliament. The opposition capitalized on the ill will generated by Modi's demonetization campaign against black money (the measure entailed the withdrawal of 500 and 1,000 rupee notes from circulation). Modi expected this, of course, but he went through with the measure anyway as part of a bigger political calculation: He wanted to hone his image as a pro-poor, anti-corruption candidate ahead of the Uttar Pradesh elections.

Failing to pass all of the bills in 2016 means that the BJP will have to push back its April 1 deadline for implementing them and focus on passing the remaining ones in 2017. Other reforms will therefore have to be put on hold. Moreover, given that demonetization is a necessarily disruptive process for a cash-based, consumption-driven economy such as India's, growth will slow in 2017. In turn, this will lower inflation rates and compel the Reserve Bank of India to loosen monetary policy.

The rise of the BJP also gave rise to nationalism, a trend that will continue throughout 2017. Its renaissance will force the BJP to take a hard line against Pakistan, but this, too, is at least partly a political calculation: Opposition to Pakistan cuts across party lines, so admonishing Islamabad will make it easier for the BJP to keep an otherwise fractious voting base intact.

## India and Pakistan: A Smaller Risk of Escalation

August 2017 will mark the 70th anniversary of India and Pakistan's independence, so nationalism in each country will be running high. This uptick in nationalism, not to mention the perennial cross-border militant attacks into Kashmir, will have governments on both sides of the border on high alert. And even though the newest evolution of India's military doctrine, which is more tactical and precise than its forebear, will deter attacks and minimize the risk of escalation, it will not remove the possibility entirely.

It is in this context that the India-Pakistan rivalry will take shape in 2017. The election season in India will promote anti-Pakistan rhetoric, which will only encourage Pakistan to continue to respond to intensifying cross-border shelling by Indian troops. (Incidentally, tensions have escalated since 2014, the year Modi came to power and the year NATO withdrew most of its troops from Afghanistan, enabling Pakistan to turn its attention from its border with Afghanistan to its border with India.)

But Pakistan has elections too, slated for 2018, and this year Prime Minister Nawaz Sharif will begin his own campaign for an unprecedented fourth term. Criticism from the opposition that he is too weak on India will compel him to take a much tougher stance.

### Militancy as a Means to an End

In 2017, South Asian militancy will be used as a means to political ends. India will continue to work with Afghanistan to construct the Chabahar Port in Iran, much to the chagrin of Pakistan, which believes New Delhi is also providing aid to secessionists in Balochistan. The aid, Pakistan suspects, is itself a way to sabotage the China-Pakistan-Economic-Corridor, a central tenet of Sharif's campaign promise to reduce the country's natural gas shortages. Accordingly, Islamabad will resist calls to arrest members of the Taliban who live in Balochistan, using them as levers to force Washington and Kabul to include Pakistan again in negotiations with the Taliban.

### Pakistan's Government Remains Steadfast

Underlying the dynamics of the region is how much power Pakistan's military, and particularly the army, has in the country's politics. It has ruled for nearly half of the country's 69-year history. It is too early to say how Gen. Qamar Bajwa, the country's recently appointed army chief, will alter the civil-military balance of power. But it is clear that the threat from India — real or perceived — will push the army to maintain the status quo, even in light of two milestones recently passed on the way to civilian rule: the completion of a democratically elected president's five-year term in 2013, and the abdication of power by an army chief after one three-year term in 2015.

Either way, the Pakistani government will remain steadfast in its role in the Afghan conflict — which is to say, Islamabad will obstruct talks, if it allows them to emerge at all, if it feels as though it is being sidelined by Afghanistan or by the United States. But what also stands in the way of resolution are the divisions within the Taliban — manifested most notably this year by its Doha faction, which began vocalizing calls for the Taliban to transition from an insurgency into a viable political movement — divisions that will become all the more apparent in 2017. Instability will hamper progress on transnational energy projects such as the Turkmenistan-Afghanistan-Pakistan-India pipeline, which highlight the country's role as an energy bridge linking energy abundant Central Asia with energy deficient South Asia.

Top

### Sub-Saharan Africa

Low commodities prices make for another challenging year for most Sub-Saharan African countries. Social unrest is not uncommon in these countries, nor is it uncommon for a strong central government to withstand them. But cracks are emerging in countries like Nigeria and South Africa, where political

problems are likely to worsen in 2017.

### South Africa: Dissent in the Ruling Party

For South Africa, the difficulties of 2016 will inform the decisions of 2017. Weak economic recovery and political losses from municipal elections in August have eroded public support for the ruling African National Congress. The party will try to maintain its traditional support base among the rural and poor black working class even as the economy stagnates. To that end, the ANC will try to promote social welfare and appease pro-labor groups, even through state intervention, so that the left-wing elements of its support base do not defect to another party or challenge him within his own.

The stage is thus set for a competition over who will lead the ANC, the vote for which will be held during the party's leadership congress in December 2017. President Jacob Zuma is supposed to abdicate his party chairmanship, and he wants his successor to come from the same ethnic Zulu and pro-labor circles as he did. But his rivals have other plans. In fact, a right-leaning, pro-business faction of the ANC is gaining steam, and if a challenger from that faction assumes control of the party, Zuma may be recalled as president in 2018.

### Preserving Power

African rulers cling to power in a variety of inventive ways. Over the past few years alone, three long-serving rulers – the Republic of Congo's Denis Sassou-Nguesso, Equatorial Guinea's Teodoro Obiang, and Uganda's Yoweri Museveni – did so through constitutional reform. In 2017, the leaders of Angola, Zimbabwe and the Democratic Republic of Congo will have to execute their own plans to retain power, if not for them than for those that are close to them.

Angola's transition will be the smoothest. President Jose Eduardo dos Santos, who has run the country since 1979, has announced that he will not stand for re-election in August. Though the 74-year-old is stepping down without a fight, he has a carefully crafted plan in place to keep power in the hands of the ruling MPLA. Dos Santos will spend most of the year mentoring his designated successor, Defense Minister Joao Lourenco, and instructing him how to navigate the complex patronage network he spent several decades building. Dos Santos will also make sure his family's interests, which extend into the state-run oil company and the country's sovereign wealth fund, survive the transition.

Zimbabwe's presidential transition will be considerably more ugly as the power struggle over the presidency intensifies in the lead-up to 2018 election. President Robert Mugabe, 92, will not voluntarily step down, but if he leaves office involuntarily, whether by force or by natural death, he will be replaced by Vice President Emmerson Mnangagwa, who has the support of the country's security forces. (If Mugabe is still around, he can be expected to run for re-election.) Under Mnangagwa, Zimbabwe would be more likely to open itself up to Western institutions for financial relief, if only to shore up his own legitimacy.

Joseph Kabila, the president of the Democratic Republic of the Congo since 2001, has employed more creative tactics to stay in power. Kabila has already delayed the presidential election from 2016 to 2018, citing issues in voter registration and funding. There is no guarantee, of course, that the election will actually take place as planned, the possibility for 2017 elections notwithstanding. But even if it does take place, Kabila has plenty of time to find a successor or find another way to hold onto power. But the president may be overplaying his hand. He oversees an inherently weak patronage system in a country

predisposed to rebellion and mired economic turmoil. By intensifying crackdowns in 2017 he risks losing critical international aid and military assistance from MONUSCO, the U.N. peacekeeping mission in the country. Such a loss would put him in an even tighter corner as he clings to power.

### A Tough Year for Nigeria

Nigerian President Muhammadu Buhari has another tough year ahead of him. Oil prices remain low and challenges to his ruling are rising. One such threat comes from within his own All Progressives Congress party. Facing more resistance within the congress, Buhari will try to rely more on executive action to pursue his reform agenda and sustain an anti-corruption probe. But that will only galvanize the opposition – so much so that the main opposition party, the People's Democratic Party, could seek an alliance with dissenting factions in the All Progressives Congress ahead of the 2019 presidential election. (As a matter of fact, the People's Democratic Party has already announced that it would select a presidential candidate in the north, an attempt to divide Buhari's northern support base.) And with less oil revenue at his disposal, Buhari will have limited means to win over new allies and prevent his base from fracturing.

The federal government will also be constrained in its ability to offer improved terms to the stakeholders of and militants in the Niger Delta region. Consequently, oil and natural infrastructure in the Niger Delta will continue to be the target of politically motivated violence in 2017.

### Instability in Somalia

2016 was a trying year for Somalia's security forces. Militant group al Shabaab came back with a vengeance, putting African Union peacekeepers and Somalia's nascent army on their back feet. In 2017, the security environment will be even more fragile as AMISOM struggles to maintain its current troop levels, let alone increase them. And its fragility will give al Shabaab even more room to acquire territory and to pressure the international mission. Budget cuts, not to mention the conflict's intractability, have already some AMISOM contributors reconsider their participation. Uganda has even said it would begin to withdraw its troops by December 2017. If AMISOM falls apart, then al Shabaab will flourish.

### Ethiopian Unrest

Ethiopia will also de-prioritize its commitment to the African Union Mission in Somalia (AMISOM) in 2017 but for different reasons. In 2016, social unrest against the Tigray minority-dominated regime in Addis Ababa spread from mainly ethnic Oromo areas of the country to ethnic Amhara areas and beyond. In the latter half of the year, protests and skirmishes between armed opposition and government security forces extended to the outskirts of the capital, providing the greatest challenge to Addis Ababa in years. The government reacted by instituting a massive crackdown, including a six-month state of emergency that will continue into 2017.

The Ethiopian government will apply heavy-handed security measures to try to contain unrest, but it will be unable to do so among the marginalized ethnic groups in the countryside. There is therefore a possibility for the lightly armed opposition to cohere and upgrade to bigger weapons.

The country will continue to suffer from the ongoing drought, though the government will make progress on the Grand Ethiopian Renaissance Dam. With construction proceeding apace, Ethiopia could begin diverting water from the Nile River into a reservoir as early as 2017. Downstream, Sudan and Egypt will



try to defend their own water security by gaining more influence in when, and how quickly, the reservoir is filled.

## East African Integration: Moving Ahead

Having already established itself as an emerging producer, East Africa will make more progress in the energy field. The Ugandan-Tanzania pipeline, which will be built by France's Total SA, the United Kingdom's Tullow Oil, and China National Offshore Oil Co. Ltd., will begin its initial resettlement planning — an important requirement for Tanzania's regulatory environment — in the beginning of 2017.

Other key regional infrastructure projects such as the Djibouti-Addis Ababa railway, whose trial service began in October 2016, will have regular service beginning in 2017. The railway, built and bankrolled by China, will significantly reduce the time and cost for shipping Ethiopian goods to Djibouti, which accounts for 90 percent of Ethiopia's trade. The money saved will come at an opportune time for Ethiopia, struggling as it is with contests to its rule that show no sign of ending in 2017.

Less encouraging for the region is the status of the East African Community's Economic Partnership Agreement with the European Union. The agreement, in the works since 2007, would guarantee EAC member states duty-free and quota-free access to the EU's market in exchange for the EAC removing tariffs on over 80 percent of its imports from the European Union by 2033. But the deal has become hostage to the divisions of the East African trading bloc. Eager for the regional deal, the EU has granted the EAC an extension until early February to sign the deal as a bloc. However, persistent concerns of Tanzania over the effects of the EPA on its industrialization policy and its impact on Dar es Salaam's nascent manufacturing sector will make implementation of the trade agreement exceedingly difficult.

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Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

O:515-725-3202 C:515-360-1661

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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## Contents

DMR: HAPPY BIRTHDAY IOWA!. 1

DMR: Lawyer a force behind wind. 1

DMR: Dallas County will seek \$23M for law enforcement center. 3

DMR: State treasurer: Iowa faces a retirement savings crisis. 4

DMR: Proposed wind farm faces opposition. 5

AP: Congress averts U.S. farm loan crisis. 6

DMR: Iowa produces record ethanol output in 2016. 7

DMR Editorial: Hunting with lead ammo kills eagles. 9

DMR Iowa View: U.S. has a strange way of treating an ally, Israel 10

DMR: Lykam wins Scott County special election. 11

LEE: Lykam wins Senate special election. 12

The Gazette: Former C.R. resident gives Canadians skinny on U.S. political news. 13

The Gazette: Private wells may pose health risks. 14

RI: Dakotans lobby Trump to pick Iowan as ag secretary. 18

RI: Multiple Sclerosis Society asks for state money for home modifications. 19

POLITICO: Israeli minister slams Kerry's upcoming speech as 'pathetic move' 19

POLITICO: NYPD responds to 'suspicious package' at Trump Tower, gives 'all clear' 20

POLITICO: Reid: White House options for 2020 resemble 'an old-folks' home' 20

POLITICO: Trump could hit a brick wall on NAFTA.. 21

The Columbus Dispatch: Kasich vetoes bill weakening clean-energy standards. 23

Mother Jones: The Bizarre and Inspiring Story of Iowa's Fish Farmers. 24

National Journal: How Analytical Models Failed Clinton. 29

DMR: HAPPY BIRTHDAY IOWA!

The state that brought you computers, vending machines and so much more marks milestone

Happy birthday, Iowa! Amazing how you've maintained your figure over 17 decades.

Wednesday, Dec. 28, will mark the anniversary of the 1846 law that transformed Iowa from a humble territory into a state that would offer the world computers, vending machines, Herbert Hoover, Tom Arnold, Slipknot and so much more.

It's been a busy 170 years. To celebrate, we've combed the Register archives to bring you iconic moments from our shared history. Enjoy!

Find dozens of pictures dating back almost 200 years — plus our collections of Iowa history, the Iowa Sports Hall of Fame and profiles of Famous Iowans — at DesMoinesRegister.com.

DMR: Lawyer a force behind wind

Farmer plays key role in development of energy source

GRANT RODGERS

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Each wind turbine spinning on the Iowa skyline stands on reams of legal paperwork spelling out in fine detail the property rights of all those involved — from rural landowners to the developers involved in building the project.

Before many of the approximately 3,700 turbines dotting Iowa's fields and prairies went up, Des Moines real estate attorney Kathleen Law drafted those documents, sometimes working the phones to answer questions from farmers about the effects wind farms might have on their crops and livestock.

She works behind the scenes on behalf of wind-energy developers. But some credit the Iowa native who grew up on a family farm south of Lohrville with playing a significant role in the development of around 40 percent of Iowa's overall wind capacity — more than 6,300 megawatts.

"She's very quiet and is one of those people that is sort of old-school in the sense that she believes that you learn things when you listen, not when you talk," said Terry Monson, a semi-retired attorney who supervised Law when she started working in the Nyemaster Goode law firm's business and real estate department in 2005.

Law, who is one of The Des Moines Register's People to Watch in 2017 has a busy year planned, including work on projects that could become part of the Wind XI development by MidAmerican Energy,

she said. The \$3.6 billion project is expected to add 2,000 megawatts to Iowa's capacity, in what the American Wind Energy Association says is the nation's largest wind energy project.

A survivor of the 1980s farm crisis, Law helped run a Greene County farm with her husband, worked in a grocery store, raised children and created folk art for extra money before pursuing a law career in her late 30s.

In the 1980s, Law and her husband, Dave, were like other Midwestern farmers struggling to keep their business afloat amid debt and high interest rates. She attended a year of college at Buena Vista University but left to get married and help her husband run the farm.

"Lots of people we knew lost their farms," she said. "We hung on and kind of debated in the '90s whether that was a good decision or not, but now we're glad we did."

She eventually returned to school and graduated with a degree in business from a night program. On the same day, in May 2002, that her son, Johnathan, graduated from high school, Law enrolled in law school at Drake University.

She finished her degree in 2005 and went to work at Nyemaster Goode's office in downtown Des Moines.

Law still farms the same 500 acres with her husband and son in between work. It was this agricultural background that led her toward the work she does now. She credits Monson with steering her in that direction.

"He said, 'Lots of the farmers that we go out and talk to — none of us can talk to them about their concerns,'" she said. "He said, 'You've got that background. You can relate to them and say, 'We farm. I know what you're talking about.''" Law's main role is ensuring that builders have a clean title to the land needed for wind turbines, roads and other infrastructure before construction begins.

When she is done, both landowners and developers should have a complete agreement on how the land is to be used — down to understanding how a wind turbine will cast its shadow and how loud it will be when operating.

She even wrote a manual on the topic: "A Practitioners Guide to Real Estate and Wind Energy Development," which was published by the American Bar Association.

Working in litigation never appealed to Law, but transactional law in real estate proved a good fit. The practice is not as confrontational, and regardless of the client she represents, the aim typically is to find the best outcome for everyone, she said.

Since becoming an attorney, she also has served as president of the Iowa Wind Energy Association, a nonprofit that supports development in Iowa.

"She grew up on the farm and she still is part of the farm, so she fits in and is very comfortable talking with people in rural Iowa," Monson said. "Developers that don't have too much experience will come in and want to treat the farm as purely business and are insensitive to the fact that they are invited into the farmer's home. The whole piece of land is really the farmer's home."

Throughout 2017, Law is expected to work on at least 1,140 megawatts of new wind energy projects. She and other experts will also closely watch the effects a Donald Trump administration could have on the industry and the tax credits that have propelled it forward.

"The wind is a free resource," she said. "Why not capture it? It's just another Iowa product, like corn or beans."

DMR: Dallas County will seek \$23M for law enforcement center

KIM NORVELL

KNORVELL@DMREG.COM

Voters in Dallas County will be asked in May to approve a \$22.9 million bond to build a new law enforcement center and jail.

The county jail has struggled with overcrowding for years as Dallas County's population has increased. But voters have shot down plans to build a new jail three times since 2013.

The Dallas County supervisors approved the not-to-exceed price tag at their meeting Tuesday.

The county spends \$40,000 to \$50,000 every month on transportation and housing fees to send inmates to the Story County Jail — equal to about \$55 per prisoner, per day. Sheriff Chad Leonard told the board Tuesday that Story County could reduce the number of Dallas County inmates it accepts at any time. Last month, there were 20 Dallas County inmates housed there. Leonard is looking for additional agreements with Jasper and Marion counties to help spread the burden.

Earlier this year, a consultant found Dallas County could save \$22 million over 30 years if it builds a new jail and stops paying neighboring counties to house inmates.

Another year's delay in construction could add nearly \$1 million to the project, said Operations Administrator Rob Tietz.

"This is the reality of what the costs are," said Supervisor Mark Hanson.

Built in 1990, the Dallas County Jail has 48 beds but the county averages 69 prisoners daily.

The number of beds allowed at the county jail will drop to 36 when a state variance runs out in March 2018. The new \$22.9 million jail would hold 92 beds and include space for jail administration, sheriff's department staff and inmates' initial court appearances. It would be located on county-owned property on Highway 6 on the east side of Adel. If the new facility is built, the old sheriff's office on Nile Kinnick Drive could be converted into criminal courtrooms to alleviate space concerns at the courthouse, Hanson said. Incarceration rates combined with population growth indicate the need for 172 beds by 2046, said Sid Samuels, president of The Samuels Group, in a previous interview with the Register. Design Alliance's construction documents lay out room for three separate expansions if necessary.

The special election will be held May 2, 2017.

Residents failed to pass bond referendums in 2013, 2014 and 2015. Last year's proposal garnered 52 percent of the vote but needed 60 percent approval to pass. Previous proposals included space for the county's E-911 dispatch center, but that has since moved to the new Dallas County Human Services Campus, 25747 N Ave., in Adel.

DMR: State treasurer: Iowa faces a retirement savings crisis

Plan aims at spurring investments by workers in the private sector

WILLIAM PETROSKI

Iowa is facing a retirement savings crisis, says State Treasurer Michael Fitzgerald, who is proposing legislation aimed at spurring investments by private-sector workers to provide a financial cushion for their golden years.

Fitzgerald has filed a bill for consideration in the Iowa Legislature's 2017 session that would require businesses that do not offer a pension or retirement plan to participate in an Iowa Retirement Savings Plan Trust. The program's trustee would be the state's treasurer, but all investments would be made solely by a private firm's employees. "The state will not be putting any money into it. This would not be the state funding anybody's retirement," Fitzgerald told The Des Moines Register. However, the program would require a \$1.5 million state appropriation for startup costs and management expenses.

The goal would be to remove many of the complexities and costs small business owners face when setting up and maintaining retirement plans, making it easier for their workers to access a retirement account, the state treasurer said.

Americans typically rely on employer-sponsored plans for retirement savings, yet nearly half of U.S. firms — and 70 percent of small businesses — do not offer this option, according to a report issued last year by the Pew Charitable Trusts. In Iowa, 42 percent of workers lack workplace retirement savings plans, Fitzgerald said, placing hundreds of thousands of Iowans at risk of not having enough money when they want to retire.

"We are helping people who have nothing. These are not people who will be retiring in Florida with big boats. They want to be able to buy a turkey dinner and stuff like that," the state treasurer said.

The National Institute on Retirement Security, a nonprofit organization based in Washington, D.C., reported last year that households that do own retirement accounts have more than 2.4 times the annual income of households that do not own a retirement account. To maintain a standard of living in retirement, the typical working American household needs to replace roughly 85 percent of pre-retirement income.

Eight states have adopted state-sponsored retirement savings plans for private-sector workers, and many other states have been considering the concept. Fitzgerald's proposal was introduced in Iowa Legislature last year and failed to gain much traction, although it continues to have support from AARP Iowa, a nonprofit interest group.

The state treasurer envisions a program in which private-sector Iowa workers could invest 3 percent of their earnings into Roth Individual Retirement Accounts that would allow tax-free growth and distributions. He suggests the money could be placed into low-fee stock index funds that would build savings for retirement. However, workers would have the option of declining to participate.

"We are not trying to steal business from major investment firms and people like that. We are trying to give professional, tax-free retirement savings to people out there who have no access to it" through their employers, Fitzgerald said. Some of these people may now make annual contributions to IRA retirement plans, but they are more likely to participate if they can simply have a portion of their paycheck deducted for retirement savings, he added.

California Gov. Jerry Brown signed legislation in September that will automatically enroll nearly 7 million Californians in a savings plan because they work in jobs without retirement benefits. The bill says the state and employers will not be liable if savings plans lose money in a market downturn or because of a bad investment.

"This is a step forward, and it's also something very important in today's age of spend now and worry about it later," Brown told reporters. "This is save now and prepare for later."

Critics of the California legislation questioned whether the state should establish another retirement plan when its public employees' pension plan already has billions of dollars in unfunded liabilities for state workers and teachers, according to news reports. The financial services industry lobbied against the bill, contending a state-run plan would hurt investment firms that currently offer retirement savings accounts to workers who don't have them through employers.

Under Fitzgerald's proposal, his office would be the trustee of the retirement savings plan and an audited financial statement would be provided annually to the governor and the Iowa Legislature.

He noted that the state treasurer's office already administers the College Savings Iowa plan, a tax-advantaged program intended to help an individual or a family pay for higher-education costs. However, returns are never guaranteed and the account value fluctuates with market performance.

DMR: Proposed wind farm faces opposition

Residents have voiced opposition to a proposed wind farm development in southern Black Hawk County.

RPM Access has planned to build the 70-megawatt Washburn Wind Farm just south of Waterloo, the Waterloo-Cedar Falls Courier reported.

Several people who live nearby have said they're concerned that the turbines could hurt their property values, kill bats and birds, throw ice from the blades and cause health issues due to low-frequency noise, motion and shadow flicker.

"If this windmill farm goes through I'm looking at \$5,000 per machine increase in my (insurance) premium," business owner Rick Green said. "It's going to cause me to have to raise my rates. Plus, as a human being, I'm not looking forward to seeing flashing lights every evening."

Company spokesman Felix Friedman said plans detailing the exact size, number and location of the turbines and other infrastructure may not be available until next summer, so it's still unknown who the neighbors will be. The energy company is offering lease payments to landowners and additional payments to surrounding property owners within a certain distance of the turbines.

AP: Congress averts U.S. farm loan crisis

Budget patch allows USDA to meet demand sparked by one of worst ag downturns in recent years

ROXANA HEGEMAN

ASSOCIATED PRESS

WICHITA, Kan. — U.S. farmers drained all available government agricultural loan money this past fiscal year to get through one of the worst agricultural downturns in recent years, but no one who qualifies for a farm loan will be denied in the next four months due to an unusual provision passed this month by Congress.

The budget patch gives the Agriculture Department's Farm Service Agency authority to meet the spike in loan demand by using future funding, according to U.S. Sen. Jerry Moran, a Kansas Republican who chairs an agricultural appropriations panel. There is no limit to how much the USDA can lend through April 28 — a victory for farm groups who pressed Washington for the fix to avert a looming loan crisis.

Already, corn and wheat prices have pushed farmers to the limit, and beef prices are hurting ranchers. They turned to lenders, leading the FSA to fall short \$137 million of needed direct and guaranteed loan funds in the fiscal year ending Sept. 30.

When the money ran out, approved loans were funded in the current fiscal year, piling on to the demand for loans and raising the specter that FSA would again run out of money before spring — when most farmers need it the most.

“If you are trying to grow a crop and feed a family and pay the bills, it is a problem,” Moran said. “This is one of the most difficult times in agriculture in a long time.”

Operating loans for 2016 are coming due at a time of widespread downturn. Farmers in Georgia, the Carolinas and Alabama have gotten a double whammy of drought and flooding. Midwest states are reeling from a glut in global grain markets that has slashed crop prices, and cotton growers in Georgia and Texas also are suffering due to low prices. Consumer demand for milk is down. Cattle prices are falling.

Not as many people are able to pay off their 2016 operating loans, and the next 60 to 90 days will be telling, said Steve Apodaca, vice president for the Washington, D.C.-based The American Bankers Association’s Center for Agricultural and Rural Banking. Most borrowers will be able to sustain themselves another year, and bankers will be able to help restructure their loans and add federal guarantees to commercial loans, Apodaca said.

He is not expecting a repeat of the farm crisis of the 1980s, when land values tanked and interest rates were high.

Matt Ubell and his two siblings took out an FSA loan this month to buy their parents’ cattle and crops farm in Wheaton, Kan., but he says the agricultural economy “has us scared to death.” Their balance sheet was just above the break-even point to qualify for the loan. “We are kind of starting out fresh. We bought the farm, we bought the equipment.” Ubell said. “We are pretty highly leveraged right now.”

The 34-year-old farmer and his wife put in long hours to make ends meet for their four children. His wife is a cook and a nursing assistant. He works at a lumberyard and delivers liquid feed supplements for cattle.

One measure of the farm economy is equity — the amount of debt compared to assets like land and machinery. The USDA’s Economic Research Service predicted last month U.S. farm equity would decline 3.1 percent in 2016 to \$2.47 trillion — the second straight year of declines. Farm debt is expected to rise 5.2 percent to \$375.4 billion in 2016.

With such low commodity prices, Russell Boening said he is doing everything he can to not borrow more money than he absolutely needs to operate his 7,500-acre family farm in south Texas because “that gets you further and further behind.” That includes delaying equipment purchases.

The 57-year-old has farmed for 35 years, has hundreds of dairy and beef cattle and grows hay, corn, cotton, wheat and watermelons to diversify his income. Also the president of the Texas Farm Bureau, Boening knows he’s in a better spot than younger farmers like Ubell. “We have been here long enough,” he said. “We have a good relationship with the lender, so we have equity built up and we are in a better spot than someone who has struck out on their own within the last 10 years.”

This year’s bountiful yields and low interest rates on loans helped many growers. But many commercial lenders are now demanding farmers whose operations are under stress to get government guarantees that any money lent for next year’s crops will be repaid. “When a farmer goes under, it affects that rural community,” Apodaca said. “He is no longer buying seed, he is no longer buying equipment. His family is no longer going to the local Main Street and buying goods and services.”

DMR: Iowa produces record ethanol output in 2016

## RENEWABLE FUELS

Increases in E10 blending, gasoline demand, export opportunities said to be behind uptick

KEVIN HARDY

KMHARDY@DMREG.COM

Iowa's 43 ethanol plants produced a record 4.1 billion gallons of ethanol in 2016, according to a state trade group.

The Iowa Renewable Fuels Association credits increases in gasoline demand, E10 blending and ethanol export opportunities for the slight uptick in production over 2015's 4 billion gallons.

"Setting another annual ethanol production record is a testament to the efficiency and hard work of Iowa's ethanol plants," Iowa Renewable Fuels Association Executive Director Monte Shaw said in a news release. "However, Iowa has the resources, both in corn and plant capabilities, to do much more."

Shaw said Iowa can unlock a "wealth of untapped potential" by moving beyond E10 to higher blends at the pump like E15. He said the federal government should relax regulatory barriers to higher blends of ethanol that protect petroleum producers.

Shaw pointed to the recently released Iowa Energy Plan, a report outlining the state's energy needs over the next decade. Among other renewable energy priorities, the 100-page plan called for infrastructure upgrades to increase the availability of higher blends of ethanol and biodiesel.

The report said ethanol production in Iowa produces \$2.253 billion in gross domestic product and supports nearly 9,000 jobs.

In the coming year, the Iowa Renewable Fuels Association will push to secure funding for the Iowa Renewable Fuels Infrastructure Program to ensure more retailers have the equipment to offer higher blends of ethanol. Funding for that grant program expired in 2016.

"Home-grown ethanol is better for our environment, economy and national security," Shaw's statement said. "But we can't maximize all those benefits if the petroleum industry is allowed to monopolize access to the consumer."

Ethanol production will only continue to increase in Iowa with the addition of a new production plant in Atlantic.

Elite Octane is expected to hire at least 49 people as it breaks ground on the new plant in 2017, the Daily Nonpareil newspaper reported.

The nearly \$200 million plant will produce 120 million gallons of ethanol annually.

The Cass County Board of Supervisors will issue a \$4 million bond to install new roads and other infrastructure to the 102-acre site just outside of Atlantic. The plant is expected to be operational by June 2018.

DMR Editorial: Hunting with lead ammo kills eagles



Iowa allows poisonous substance, but hunters should use nontoxic shot

Aman walking the trail along the Des Moines River last week saw what he thought was a log in the ice — until the piece of wood lifted its head and looked at him. The female bald eagle was rescued and transported to SOAR, Saving Our Animal Resources, a raptor rehabilitation center in Manning.

The eagle showed a lack of coordination, weighed only 8 pounds and had a blood lead level higher than the facility's diagnostic equipment could measure. Though immediately started on chelation treatments and given high calorie fluids, she remains in critical condition, said Kay Neumann, SOAR's executive director.

Very few lead-poisoned eagles live to be released.

Her plea to hunters: Please stop using lead ammunition. It is poisoning wildlife in Iowa.

The dangers of lead are widely known. The toxic substance has been removed from products including gasoline and paint. The federal government banned lead shot from being used to hunt waterfowl more than 20 years ago due to poisoning of birds, and numerous states have imposed additional restrictions on the ammunition.

When the small toxic pellets contained in a shotgun shell scatter across the land, they look like the weeds and seeds birds eat and the gravel and grit they consume to aid digestion. One or two pellets can kill a small bird. Bald eagles and other large raptors may die when they feed on animals that ingested or were shot with lead ammunition. But Iowa is not known for being a friend to Mother Nature, and our state lawmakers have not made this issue a priority. That means it's up to hunters to do the right thing on their own by using nontoxic shot, including copper and steel, which is widely available. They should teach their children and encourage friends to do the same.

Neumann has hunted her entire life and has not used lead shot in more than a decade. On Tuesday, she told a Register editorial writer her daughter planned to go deer hunting that night and would be using copper ammunition.

She said the accuracy with the nontoxic alternative has been excellent, and she's baffled hunters continue to use ammunition they know is toxic to wildlife.

"Lead poisoning is not something that should happen," she said.

Yet the same day the eagle from Des Moines arrived at SOAR last week, a trumpeter swan was brought in. Two days later a bald eagle from Delaware County arrived. Both were victims of lead poisoning, which causes kidney failure, liver damage and brain damage. Lead destroyed the stomach lining of the eagle who most recently died at the facility. The raptor was bleeding from its mouth and could not digest food, Neumann said.

Bald eagles, the country's national symbol, are provided special protection under federal law. Shooting one can result in huge fines and imprisonment. Yet in Iowa, hunters are free to legally spray lead across our fields and forests.

About 250,000 hunters spend 4.2 million days hunting in Iowa each year, according to the U.S. Census. They leave home with shotguns and boxes of shells and hope to return with a deer, pheasant or dove.

They love the sport of hunting. It's unlikely any of them want to contribute to the sickening and killing of other wildlife.

When they use lead ammunition, that is exactly what they do.

DMR Iowa View: U.S. has a strange way of treating an ally, Israel

By: David Adelman

Obama administration abandoned U.S. role by abstaining on U.N. vote

Relations between Israel and the United States sank on Friday to their lowest point in years after the Obama administration declined to veto a resolution in the United Nations Security Council declaring Israel's settlements in the West Bank and the Old City of Jerusalem (the Jewish Quarter including the Western Wall; the holiest site in all of Judaism), to be illegal under international law. By way of background, this is not a new policy by the U.N. nor the U.S., but the actions taken by the United States were unprecedented.

I am shocked and disappointed by the U.S. abstention on the U.N. Security Council vote on Dec. 23. I have defended the Obama administration as it has vetoed similar one-sided resolutions that only serve to isolate Israel and make the pursuit of peace even more difficult. I have supported the administration as it agreed to the largest military aid package to Israel in history and signed legislation providing millions for the Iron Dome, a technology with the sole purpose to protect innocent civilians. However, last week's decision to abstain on this misguided resolution was an abandonment of the important role America has played as both a conscientious ally of Israel at the U.N., and as a voice of reason in a Security Council that has an obsession with the Israeli/Palestinian conflict.

While I agree that certain Israeli settlement activity runs counter to the ability to achieve a peaceful resolution, the framing of the issue in such one-sided and absolutist terms not only disproves certain facts on the ground (particularly with respect to Jerusalem), but also rewards a strategy of the Palestinian leadership to use the U.N. as a forum to litigate conflict-related issues as opposed to sitting down with Israel in direct bilateral negotiations without preconditions. Israelis has repeatedly requested this, and current Palestinian leadership has declined. Recall that Israelis froze settlement construction for 10 months and waited for the Palestinians to join them at the negotiation table with no luck.

Bias has extended beyond Israel as a country or simply Israel as an idea within the United Nations. Israel is just not treated like other countries. One need only look at the 18 resolutions against Israel adopted during the U.N. General Assembly in September, or the 12 Israel-specific resolutions adopted this year in the Human Rights Council, more than those directed at Syria, North Korea, Iran and South Sudan combined. Member States promote resolutions condemning Israel, but refuse to recognize when innocent Israelis are the victims of terrorism. With vigor they denounce the closings of crossings in Gaza as exacerbating the humanitarian situation, but saying nothing of the resources diverted from helping Gaza's residents by digging tunnels into Israeli territory so that terrorists can attack Israelis in their homes.

The Security Council has not been able to adopt the simplest of resolutions calling for pauses in the savage bombardment of innocent civilians, hospitals and schools in Aleppo where more than 500,000 people have been slaughtered and 2 million injured. Yet when a resolution on Israel comes before this council, members suddenly summon the will to act. This hypocrisy is why the U.S. has defended Israel for the last 69 years but chose not to act last week.

The vote on Friday has been condemned by congressional leaders from both parties. Friday's action at the U.N., and America's inaction, runs counter to longstanding and bipartisan support of Israel in Congress, and as evidenced by bipartisan statements of disappointment from across the political spectrum.

Democratic Whip Steny Hoyer sums it up best: "As a proud leader of the bipartisan coalition in Congress in support of our ally Israel, I am extremely disappointed by this action and today's vote. It will also do nothing to move the parties closer to a peaceful and lasting solution. This resolution ignores the

culpability of Palestinian leaders and groups for engaging in violent acts, inciting violence against civilians, and delegitimizing Jews' ancient and historic connection to the land. Only direct, bilateral negotiations can bring an end to this conflict. I join in expressing my very significant disagreement with the administration's decision to abstain."

Those willing and capable to find peace have a hard path; Friday's resolution, and the administration's choice, only makes it harder.

DMR: Lykam wins Scott County special election

MOLLY LONGMAN

MLONGMAN@DMREG.COM

Jim Lykam was declared the winner of the Dec. 27 special election to fill a vacant Iowa Senate seat, according to unofficial results from the Scott County Auditor's office.

Lykam will represent Senate District 45, which includes Davenport. He'll replace Iowa Democratic Sen. Joe Seng, after his Sept. 16 death. Seng was diagnosed with a brain tumor in 2014 and battled cancer for about two years before his death.

Lykam defeated Republican Mike Gonzales, a police officer from Davenport, in the race for the Senate seat with 73 percent to 25 percent of the vote, with all precincts reporting. Lykam racked up 3,788 Scott County votes, compared to Gonzales' 1,130. Democrats nominated Lykam, of Davenport, in November, while he served in the Iowa House of Representatives. Strong absentee ballot efforts contributed to the Democrat's win, as often happens in special elections.

The Quad-City Times endorsed Lykam for the open Iowa Senate position earlier this month.

The Iowa Senate makeup now consists of 29 Republicans, 20 Democrats and one independent (David Johnson of Ocheyedan), with the addition of Lykam. Lykam's victory is a small gain for Iowa Democrats, who lost six seats in the Iowa Senate in the 2016 general election.

The general election's results expelled the Democratic Senate majority, and Republicans now control both the House, the Senate and the governor's office.

LEE: Lykam wins Senate special election

ED TIBBETTS

Iowa Rep. Jim Lykam won a convincing victory Tuesday in the special election to fill the vacant state Senate seat in District 45.

The longtime Davenport Democrat defeated Republican Mike Gonzales and Libertarian Severin Gilbert in the contest to succeed Joe Seng, who died in September.

With all 20 precincts counted, as well as absentees, the unofficial tally from the Scott County Auditor's Office showed Lykam getting 3,788 votes, or 73.2 percent, while Gonzales got 1,310, or 25.3 percent. Gilbert received 76 votes, or 1.5 percent.

The district covers much of west Davenport, along with the town of Buffalo.

Lykam's win was not unexpected. He's represented half the district in the Iowa House since 2003, and the Senate district has twice the number of Democrats as Republicans.

Lykam campaigned as a pragmatic Democrat working for the middle class who was seeking to carry on Seng's legacy. Gonzales, a LeClaire police officer who lives in west Davenport, said he wanted to shrink government, help small business but also maintain education funding. Gilbert expressed an interest in taking part in fixing Iowa's medicinal marijuana laws.

Bottom of Form

Lykam and his party vastly outspent their rivals. Lykam estimated their expenditures would hit about \$100,000. A chunk of that went toward soliciting absentee ballots.

Lykam's win will give Democrats their 20th seat in the Senate, but Republicans still will hold a solid majority with 29 members. Republicans also control the House.

Now that Lykam will move to the state Senate, a new special election will be needed to fill his 89th House District seat. Local party leaders said last week that they would wait until after Tuesday's election before working on setting a date for nominating conventions. First, Gov. Terry Branstad will need to set a date for the special election.

The Gazette: Former C.R. resident gives Canadians skinny on U.S. political news

Canadians' understanding of United States politics and public policy is being shaped by a former Cedar Rapidsian.

When CTV News Channel, Canada's 24-hour all-news network, presents its weekly "Angle on America" segment, it turns to Jefferson High School graduate Cory Crowley for insight. Over the past year, as Canadians' interest in American politics and the presidential election, in particular, grew, Crowley, 34, was called on three and four times a week.

A Republican campaign consultant and government relations consultant, Crowley often is paired with a Democrat or an academic for discussions of policy and developments in various campaigns.

Although he describes the CTV as "not as rowdy as Fox and CNN," Crowley has proved he can turn a phrase.

Recently, while discussing Newt Gingrich downplaying President-elect Donald Trump's campaign promise to "drain the swamp," Crowley described the former U.S. House speaker as a "swamp monster" because he's the "biggest benefactor" of the swamp.

"It's interesting because once I say something, it's out there," even when he's wrong, Crowley said. "I, of course, didn't think Donald Trump was going to win, and I'm on the record saying that for six months in a row," he said.

In non-election years, "Angle on America" focuses on "whatever is the hot news out of the United States that week," Crowley said. "They were very interested in the (Keystone) pipeline because that affected Canada."

Because he follows politics and policy debates, fielding CTV questions is relatively easy, Crowley said.

"And after having worked for (U.S. Sen. Chuck) Grassley for 10 years, I have a pretty good grasp of what will pass."

He doesn't work for Grassley any longer but still gets involved in campaigns, including Ohio Gov. John Kasich's run for the GOP presidential nomination.

He tracks legislation for clients in the tech and finance industries, offering advice on legislative strategies and messaging. He also teams up with his sister, Stephanie, on Iowa legislative issues and campaigns.

"Fortunately, politics is not the way I make my whole living, so I can be a little choosy and only get involved when I want to, when there is a candidate I really like or believe in," Crowley said. "I don't have to jump from campaign to campaign to pay the bills."

It hasn't always been that way. To make ends meet when he was a congressional staffer, he and a friend started a business designing and selling bow ties.

"I was so poor, and bow ties never go on sale, so I figured out how to make my own," he said. His business partner took time off after having two children, but they plan to relaunch their company, James and Jene, in the spring.

In addition to CTV, Crowley also appears on CBC — the Canadian Broadcasting Corporation and a Canadian radio station from time to time.

Crowley didn't foresee himself as a media analyst. The first few times he was on CTV, he was substituting for another former Cedar Rapids resident, Benny Johnson, now with IJR, the Independent Journal Review.

"I didn't plan on doing it," Crowley said, "and when I went in to fill in for someone else, I didn't plan on them calling me for four-and-a-half years."

Crowley said his parents, Jerry Crowley and Eileen Crowley, both of Cedar Rapids, were not active politically. But when he showed an interest, his grandparents introduced him to Jim Dvorsky, a former Linn County GOP chairman. He was a volunteer on George W. Bush's 2000 presidential campaign.

After graduating from high school, he attended Kirkwood Community College and went to work for Grassley in Washington before coming back to make an unsuccessful run for the Iowa Legislature. Crowley went back to Washington to work as a congressional staffer and then set up Cory Crowley & Co.

The Gazette: Private wells may pose health risks

Good-tasting water sometimes belies high nitrate levels

By Lauren Shotwell, IowaWatch

Dec 27, 2016 at 9:00 am | [Print View](#)

Roughly 288,000 Iowans rely on private water supplies but may not know just what they're drinking because their wells' water quality is unregulated.

Moreover, many well owners IowaWatch spoke with during an investigation this past year in southwest Iowa said they largely were unconcerned, even though tests revealed high levels of nitrates and bacteria in some of their wells.

That could put their health and the health of their families at risk.

IowaWatch spent the past year researching wells and testing samples looking at four common contaminants: nitrogen, bacteria, arsenic and lead. Similar to a number of scientific studies, the IowaWatch review found a large percentage of wells with high nitrate and bacteria levels.

Nitrate levels in 28 wells that IowaWatch, a nonprofit news organization, tested in May and June ranged from the acceptable level of less than 1 milligrams per liter to, at one rural home, 168 milligrams per liter.

The State Hygienic Lab measures nitrogen levels using nitrate. The acceptable level for that under U.S. Environmental Protection Agency health standards is 45 milligrams per liter.

Eleven of the wells IowaWatch tested had nitrate levels above 45 milligrams per liter. Two more tested at 43. Fifteen wells showed unsafe bacteria levels. A handful also had trace amounts of arsenic and lead.

Many county sanitarians who test well water for common contaminants like bacteria and nitrogen said they struggle to get owners to understand the importance of testing their water regularly.

“I have so many people with hand-dug wells that say they’ve got the best-tasting water, the clearest water, the coldest water,” said Sherry Storjohann, an environmental health specialist who’s been testing wells in Crawford and Carroll counties for 25 years. “Yet, what they realize after they test is just how unsafe that water is.”

While some contaminants may not be a health concern by themselves, they are an indicator of susceptibility to contamination from the outside — like runoff from agricultural fields, septic system leaks and animal infestations.

High levels of nitrogen pose a health risk to infants in the form of blue-baby syndrome, in which an infant becomes lethargic or worse. Some studies have shown increased risks for some types of cancers, reproductive issues, diabetes, and thyroid conditions.

The risk of low levels of arsenic and lead are largely unknown, but the EPA puts maximum contaminant level goals for both at zero.

Infants and children exposed to elevated levels of lead could experience delays in physical or mental development and adults could face higher risks of kidney problems and high blood pressure. Elevated levels of arsenic increase risks of skin damage or problems with circulatory systems, and may increase risks of cancer.

Iowans who wish to test their wells may do so through a number of different channels, including requesting a kit from a laboratory like the State Hygienic Lab at the University of Iowa. Or, in 98 of Iowa’s 99 counties, they can go through their county sanitarian.

## TESTING TO BE SAFE

When Jenny and Craig Melvin moved to their home near Farragut, they tested their well through a sanitarian. They found a high nitrogen level of 74 milligrams per liter, with total coliform bacteria present.

They shocked the well, which cleared up the bacteria, but the nitrates remained. With one infant in the house, Jenny Melvin and the newborn used bottled water.

“He was a preemie, so I just wanted to be extra careful,” Jenny Melvin said. “And whatever I take in, he takes in.”

Although the two previously lived in town, with town water, they grew up in the country with well water.

They said they've enjoyed not having a monthly bill and being able to do things like fill up an aboveground pool for their kids without worrying about the cost.

The water from their well comes straight into the house without filtration. Craig Melvin pointed to the location of the well as cause for some concern. It's about 800 feet from the house in a low point, surrounded by fields, near a ditch.

"It doesn't smell bad or taste bad, so I'm not too worried about it, which isn't necessarily the best thing," he said. "We should probably be more concerned about what's in it."

## GRANTS TO COUNTIES

Iowa's Grants to Counties Program, established in 1987 when the Legislature passed the Iowa Groundwater Protection Act, provides funds for county health departments to be used for well-related services. All Iowa counties but Marshall participate.

"In public health, we prevent a lot of things and so we can't necessarily see the impact because prevention means it never happens, right?" said Carmily Stone, chief of the Bureau of Environmental Health Services in the Iowa Department of Public Health. "But for this one, you can see the water tests being done. You can see the results that come back. You can see the wells that are plugged. You can see all of that good work happening."

The amount of money available through a grant, which comes from pesticide and fertilizer taxes, varies each year and is split evenly among counties. The funding can be used to cover private well water tests and administrative costs for, at minimum, total coliform bacteria and total nitrate tests, with an option added in 2015 that allows counties to perform arsenic testing.

Services such as well plugging for up to \$575, cistern plugging up to \$375 and well reconstruction up to \$1,330 also are covered under the grant.

Storjohann, the specialist with Crawford and Carroll counties, said quite a few people still are unaware of the available services despite her efforts to get the word to well owners — including visiting fairs and advertising in the newspaper.

"I've gotten to the point now in the last number of years where I actually send out a personal letter to homeowners trying to explain our services, hoping to generate that interest and make them understand the good service this is and what we can provide and that this is all for their benefit," she said.

Mills County Sanitarian Mike Sukup said he tests about 150 to 200 wells a year. A portion of those are for people who get their wells tested regularly, but he said sometimes people are spurred to act when a family member gets sick or when they have kids.

Connie Schroder, who lives in Pottawattamie County near Avoca, has had the water tested periodically in her well, built in 1920 and only about 40 feet deep, since the 1990s.

She watched the nitrate results slowly tick upward — from a safe 33 milligrams per liter, to 71 milligrams in 1995 and 63 milligrams in 1997. In 1998, Schroder installed a reverse osmosis system on the kitchen tap and has used one ever since. IowaWatch tests at Schroder's well this past summer indicated no coliform bacteria or e.coli.

"I was having babies and wondering if we could use that water for formula. That's what caused me to test it," she said.

## REGIONAL DIFFERENCES

Risks can depend on the region where the well is located.

Northeast Iowa, for example, has areas of karst bedrock, which State Geologist Bob Libra called “an extra kicker.”

In karst areas, the bedrock has cracks, fissures and sinkholes that provide direct connections between the surface and underground water.

Shallow wells in these areas have a higher risk for contaminants because water doesn’t filter through layers of soil.

Other areas of Iowa, including in the Des Moines Lobe, which reaches from north-central Iowa into the center of the state, are known to have naturally occurring high arsenic. Recent research and sampling have shown arsenic hot spots throughout the state, which can be hard to predict.

Different areas of the state also have inherently different water quality in the available aquifers, with generally good quality water in the northeast, hit-and-miss water quality in the northwest and poorer water quality in southern Iowa, Libra said. However, within each of those areas, depending on the lay of the land, spots of relatively good- or poor-quality water can exist.

## USE RURAL WATER?

Several well owners IowaWatch spoke with talked about switching to rural water utilities, which pipe water to areas previously not served by municipal water and are required to test their water frequently.

But for many, not having to pay a water bill is a strong incentive to stick with well water.

Even for those wanting to switch, that choice may not be available.

Ben Schaben and his wife, Jena, moved into their house in Defiance along with their three kids a little more than a year ago and found the well has both high nitrate levels and bacteria.

He said they had plans to put in a reverse osmosis system and a UV light, although a new well might be in the cards in the future.

“Rural or town water doesn’t quite come close enough,” he said. “We wish it was an option.”

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## RI: Dakotans lobby Trump to pick Iowan as ag secretary

Two members of President-elect Donald Trump’s Ag Advisory Committee are suggesting a family farmer from north central Iowa would be a “common sense” choice for secretary of agriculture. Legislators from North and South Dakota told a reporter for “Agweek” that Annette Sweeney of Alden, Iowa, would be an effective U.S. Ag Secretary.

Sweeney spoke with Radio Iowa this morning about the perspective she could bring to Trump’s Administration.

“I’m very blessed to still be on the same farm on which I was raised, despite teaching in Illinois, then moving home to start farming with my mom after my dad died,” Sweeney says. “It’s just blossomed since then.”



Sweeney later married. She and her husband, Dave, raise Angus cattle as well as corn and soybeans on their farm. Sweeney served in the Iowa House for four years and was the first woman to be chair of the Iowa House Ag Committee. Sweeney remains part of the State Agriculture and Rural Leaders group, an organization of officials from all 50 states, Canada and the United Kingdom.

Sweeney met one-on-one with Trump last year in Des Moines, but has not interviewed for a job in the Trump Administration.

Sweeney served as co-chair of America's Renewable Future, a group agribusinessman Bruce Rastetter formed in 2015. The group's aim was to lobby the presidential candidates to support the Renewable Fuels Standard. Sweeney was the lead speaker at the group's kick-off event in January of 2015.

"How important that Renewable Fuels Standard is to the economy, sustainability and to the future of fuels here in the United States," Sweeney said.

Sweeney feeds the cattle on her farm dried distiller's grain. That's the protein byproduct of ethanol production.

During her four years in the Iowa House, Sweeney was instrumental in passage of a 2012 state law that set up a misdemeanor charge for people caught getting a job at a livestock confinement or on a farm to go undercover or to disrupt the operation in some way.

"We are serious about protecting our agriculture that we have in this state," Sweeney said five years ago.

Sweeney called some of the "stings" by groups like PETA a disservice to "bona fide" farmers.

"A lot of those videos have been edited and a lot of those videos have been staged," Sweeney says. "...There is one instance where somebody looked at the video...and the buildings weren't even on those people's places."

Reports indicate Trump would like to name a woman as the next secretary of agriculture. Trump and his transition team have met with the former president of Texas A-and-M University, a former Texas Agriculture Commissioner and a North Dakota senator — all women — to discuss the cabinet post.

RI: Multiple Sclerosis Society asks for state money for home modifications

DECEMBER 27, 2016 BY O. KAY HENDERSON

The National Multiple Sclerosis Society is pressing state officials to create a new grant program to help elderly and disabled lowans renovate their homes.

Dan Endreson is a public policy manager for the organization's upper Midwest chapter. "That goal is that by creating homes that are safe, they can either delay or forego the need to move into long-term care," he says.

Endreson and others met privately with Governor Branstad in August to discuss the concept. Endreson made the case in public last week at a budget hearing, asking Branstad to set aside \$600,000 in state money for a Home Modification Assistance Program.

"The purpose is to provide grants to lowans who are elderly or living with the disability to modify their homes, to increase accessibility and safety," Endreson says. Endreson argues the investment ultimately would save the state money, keeping more lowans living independently at home rather than moving into costly long-term care facilities.

Traditional health insurance, Medicare and Medicaid typically do not cover modifications like grab bars in the shower that make a home more accessible and safe for an elderly or disabled resident. Several other states offer mortgage assistance or grant programs to help finance those kind of upgrades.

POLITICO: Israeli minister slams Kerry's upcoming speech as 'pathetic move'

By ASSOCIATED PRESS

An Israeli minister says U.S. Secretary of State 's planned policy speech Wednesday on Israeli-Palestinian peace is a "pathetic move" and "anti-democratic."

Public Security Minister Gilad Erdan told Israel Army Radio that if Kerry lays out principles for a peace deal, as he is expected to do in his speech, it will limit President-elect Donald Trump's ability to set his own policy on the Israeli-Palestinian conflict.

Erdan said Obama administration officials are "pro-Palestinian" and "don't understand what's happening in the Middle East."

He said the Obama administration's refusal to veto a recent U.N. Security Council resolution, which calls settlements a flagrant violation of international law, "threatens the security of Israel."

POLITICO: NYPD responds to 'suspicious package' at Trump Tower, gives 'all clear'

Trump Tower was briefly evacuated Tuesday afternoon, with NYPD and FDNY officials reporting to the location, according to multiple reports.

J. Peter Donald, an NYPD spokesman, wrote on Twitter, "Out of an abundance of caution, NYPD Bomb Squad is responding to a suspicious package in the lobby of Trump Tower. Updates to follow."

Minutes later, he tweeted, "All clear at Trump Tower following the earlier suspicious package in the lobby."

NYPD officials did not immediately respond to a request for more information. The Associated Press later reported the "package" was a backpack full of children's toys.

The midtown Manhattan skyscraper is the home and office of President-elect Donald Trump, who is currently in Florida. The ground floor of the building is also a shopping area open to the public. Since the presidential election, the location has drawn onlookers, supporters, protesters and would-be administration officials.

POLITICO: Reid: White House options for 2020 resemble 'an old-folks' home'

By NOLAN D. MCCASKILL

The likely 2020 class of Democratic presidential candidates is starting to resemble "an old-folks' home," according to retiring Senate Minority Leader Harry Reid.

Reid recently told an aide that he was unsure whether he would support Vice President Joe Biden should he challenge President-elect Donald Trump for the White House in 2020 because the field has

yet to take shape.

"It depends on who's running," Reid told the staffer, according to a New York Magazine profile of the Nevada Democrat published online Tuesday. "We've got [Elizabeth] Warren; she'll be 71. Biden will be 78. Bernie [Sanders] will be 79."

Indeed, as the Democratic Party looks to pick up the pieces from a tough November showing that shattered their hopes to keep the White House, make deep inroads in the House and retake the Senate, a roster of familiar faces has surfaced as top contenders for the next presidential election.

Biden repeatedly teased a 2020 run earlier this month but eventually conceded that he has "no plans" to run for president. Sanders is unlikely to run another presidential campaign, although he has said he will seek reelection for another six-year term in the Senate in 2018.

Warren was vetted as a potential VP candidate alongside Hillary Clinton to form a historic two-woman ticket. While she expressed confidence that she could be commander in chief, she lacked the foreign policy credentials of someone like Virginia Sen. Tim Kaine, who was tapped to join the Democratic ticket. She'll get that experience, however, in the next Congress in her role on the Senate Armed Services Committee. Her term is also up in 2018.

It's unclear whether 69-year-old Hillary Clinton, a twice-failed White House aspirant, will take the third-times-the-charm approach and seek the presidency again after a devastating loss to a political novice who, she maintained, was temperamentally unfit for office. But Democratic and independent voters hope she doesn't.

While such voters would most like to see Sanders or Biden run for president in 2020, a recent USA Today/Suffolk University survey shows that 66 percent would like to see "someone entirely new" as the face of the Democratic Party, which lacks leadership without a permanent head of the Democratic National Committee.

Warren and Sanders, the liberal firebrands and Trump antagonists, top The Hill's list of top 15 potential Democratic presidential candidates. They're joined by Biden, Clinton, Kaine, first lady Michelle Obama and Oprah Winfrey, among others.

On Monday's podcast with former senior adviser David Axelrod, President Barack Obama said the party needs to "accelerate" the emergence of up-and-coming Democratic leaders on the national scene.

"And that's where I can be helpful, shine a spotlight on all the great work that's being done and all the wonderful young Americans who will help lead the way in the future," said Obama, who added that he wants to use his impending presidential center "as a mechanism for developing that next generation of talent."

POLITICO: Trump could hit a brick wall on NAFTA

Dramatically changing the agreement could send tremors throughout the North American business community.

By DOUG PALMER

President-elect Donald Trump may have ridden to the White House on a wave of working-class hatred for NAFTA, but he's going to find it tough to deliver on his promise to scrap the trade agreement that he blames for sending U.S. jobs abroad.

Dramatically changing the pact could instead threaten 14 million American jobs that rely on trade with

Canada and Mexico and send tremors throughout the North American business community, which has invested billions of dollars in developing ways to manufacture everything from cars and airplanes to pharmaceutical products using labor from multiple countries.

"There could be some tectonic shifts," said Dan Ikenson, director of the trade policy center at the free-market Cato Institute. "The slightest hint that things are going to be disrupted could cause capital flight from the U.S."

Trump's contempt for NAFTA has been a cornerstone of his message to the working-class voters who elected him. The pact was forged by an earlier generation of Republican leaders, including President George H.W. Bush, Secretary of State James Baker and U.S. Trade Representative Carla Hills, before being signed into law by President Bill Clinton in 1994.

But few business groups are clamoring for a renegotiation, and many are warning that Trump's threat to withdraw from NAFTA will actually cause the loss of millions of industrial jobs instead of saving them.

"You want to get rid of NAFTA?," U.S. Chamber of Commerce Tom Donohue asked in an interview with Fox News earlier this year. "NAFTA is 14 million jobs in the United States."

Meanwhile, the National Association of Manufacturers calls NAFTA "a boost to U.S. manufacturing competitiveness."

"We look forward to working with government officials - the incoming administration, leaders in Mexico and Canada - on possible improvements to reduce barriers and improve U.S. manufacturing competitiveness given the agreement is now over 20 years old," Linda Dempsey, vice president of international economic affairs at the manufacturers group, said in an email. "At the same time, it is critical not to put at risk the 2 million U.S. manufacturing workers whose jobs rely on U.S. exports to Canada and Mexico."

So far, Trump has offered few details about what changes he'd like to make to the pact, other than threatening to withdraw from it entirely unless Mexico and Canada agree to new terms. Business groups are hoping they can convince him to instead "fix" the agreement in ways that will benefit them.

In an ironic twist, many business groups hope Trump will steal ideas from another trade agreement -- the Trans-Pacific Partnership -- as he seeks to upgrade NAFTA. That should be possible since both Canada and Mexico are part of the 12-nation deal that Trump is vowing to jettison on his first day in office. They'd like to see rules similar to those in the TPP covering digital trade and the movement of electronic business data across borders, concerns that didn't exist when negotiators crafted NAFTA.

Meanwhile, whatever Trump decides to do on NAFTA, it won't be as easy as simply issuing an edict. He'll have to work closely with his counterparts in Mexico and Canada.

Both Mexican President Enrique Peña Nieto and Canadian Prime Minister Justin Trudeau have indicated their willingness to revisit parts of NAFTA, but they have some leverage considering the estimated 9 million American jobs that depend on trade with Canada and the 5 million that depend on trade with Mexico. And they won't stand for tariffs or other punitive measures that Trump has suggested.

Canada and Mexico are the second- and third-largest markets for U.S. farm goods, behind China. The three countries are also closely integrated in many manufacturing sectors, such as autos and steel, making any talk of U.S. tariff hikes to bring jobs back to the United States a double-edged sword since it could make the entire region less competitive.

"What we're looking for is to move forward, not backtracking," Kenneth Smith Ramos, head of Mexico's trade and NAFTA office in Washington, told POLITICO Pro earlier this month. "So, anything involving [an] increase in tariffs, anything along those lines, we feel is a big detriment. It's shooting ourselves in

the foot."

The veteran trade negotiator said he would also like to remind the incoming Trump administration that Canada and Mexico are the top two export destinations for the United States, taking in more than \$500 billion in U.S. goods each year.

"We are your top clients," Ramos said. "Mexico is not a country that simply comes to ask for concessions from the United States. We work together with the U.S.. We sell a lot to the U.S., but we buy more from the U.S. than all the BRIC [Brazil, Russia, India, China] countries combined and

The Columbus Dispatch: Kasich vetoes bill weakening clean-energy standards

Gov. John Kasich has vetoed a bill that would weaken the state's clean-energy standards, saying that the measure "amounts to self-inflicted damage to both our state's near- and long-term economic competitiveness."

The action on House Bill 554 was part of a series of vetoes on Tuesday, including a rejection of a \$264 million tax break for the oil and gas industry, and a measure that would have created a new mechanism to eliminate state agencies.

In vetoing the energy bill, Kasich defied a House and Senate controlled by fellow Republicans. This slight could be felt as the next General Assembly begins its work. The governor has warned that his upcoming budget will be tight, and Republicans are adding to their majorities in both chambers.

"It is apparent that Gov. Kasich cares more about appeasing his coastal elite friends in the renewable-energy business than he does about the millions of Ohioans who decisively rejected this ideology when they voted for President-elect Trump," said Sen. Bill Seitz, R-Cincinnati, a leading supporter of the bill.

The bill passed the House and Senate this month, but the majorities were not large enough to override a veto.

That said, legislative leaders are leaving open the option of coming back on Thursday for potential override votes on several bills, including the "Heartbeat Bill" that restricts abortion.

"Our members are reviewing the governor's messages and assessing their next steps," said John Fortney, spokesman for Senate Republicans.

The energy bill deals with Ohio rules that say electricity utilities must meet annual standards for investing in renewable energy and for helping customers reduce energy use. The standards have been in place since 2008, interrupted by a soon-to-expire two-year freeze.

Under the just-vetoed bill, the energy standards would have been optional for the next two years, after which the mandates would have resumed.

Kasich said in his veto message that the bill risks hurting the state by taking away some of the energy options that are "most prized by the companies poised to create many jobs in Ohio in the coming years, such as high-technology firms."

For example, Amazon has invested heavily in the state and supports policies that encourage renewable energy, although Kasich did not name any companies.

Supporters of the bill, such as the Ohio Chamber of Commerce, had said standards were too difficult to meet, which would lead to high compliance costs.

Opponents included environmental advocates, clean-energy businesses and consumer advocates.

Ohio Consumers' Counsel Bruce Weston, a consumer advocate, said the governor's action will save money in the long run because the bill would have diminished programs that encourage energy efficiency.

"Our goal is to reduce what Ohioans pay for electricity," Weston said in an e-mail.

Kasich, who signed the freeze in 2014, has said all year that he would likely oppose legislation that extends the freeze.

But the debate is not over. Seitz, who is moving from the Senate to the House, said he hopes to pass a bill in 2017 that would fully repeal the energy standards.

"With veto-proof majorities next session, we are optimistic of success," he said.

Also on Tuesday, Kasich used his line-item veto to reject a \$264 million sales-tax break for the oil and gas industry. The tax provision was tucked into Senate Bill 235 and was passed with little discussion.

"It is unlikely that the General Assembly intended for this item to yield such a significant loss of tax revenue ... to provide even more favorable tax treatment to an industry that is already comparatively lightly taxed," the governor said in his veto message.

In addition, Kasich vetoed Senate Bill 329, which would have set up a process for lawmakers to regularly review whether to eliminate certain state agencies. He said the bill needlessly duplicates an aspect of the budget process, which already allows for eliminating agency budgets.

## Mother Jones: The Bizarre and Inspiring Story of Iowa's Fish Farmers

An aquaculture operation in hog country just might help save the world's seafood supply.

By mid-October, harvest is in full swing in central Iowa. Giant green combines crawl through rows of withered corn until well after dusk as Webster City's farmers hurry to gather their crops before the first freeze sets in. The stiff, pale bodies of dead hogs pile up in dumpsters along gravel roads, waiting to be butchered. Geese sail south in wavering Vs, and the maple trees on the banks of Brewer Creek flare crimson.

A few miles outside of town, in a squat white barn that used to house hundreds of sows, a different sort of harvest has kicked into gear. Grace Nelson, 22 and tan with ombré hair, stands alert, clipboard in hand, watching her co-workers hustle to transfer fish from tanks to a flatbed truck bound for Colorado.

Their neighbors raise hogs and cattle, sow soybeans, and tend pumpkin patches and orchards now sagging with apples. But five years ago, the Nelsons—a third-generation Iowa farming family—turned to raising fish. Hundreds of thousands of silvery barramundi, to be precise. Part of a hearty species that's roughly the size of coho salmon and has flesh the flavor of red snapper, the Nelsons' barramundi start their lives in their native Australia. Seventeen days after spawning, they are flown in plastic bags of water to central Iowa, where they spend their adolescence swimming against a current pulsing through rectangular tanks on the Nelsons' farm. Barramundi easily tolerate many environments and have a flexible diet, attributes that led *Time* in 2011 to call them "just about perfect" as a farmed species. Once the fish reach nearly two pounds, they'll be shipped live to seafood markets and restaurants across the country, or filleted, flash-frozen, and sent to food distributors like Sysco.

The Nelsons' operation is so intriguing that in 2014, a pair of Canadian investors named Keith Driver and Leslie Wulf acquired it, changing the name to VeroBlue Farms. (Vero means "true" in Latin.) With

the Nelsons still in charge of the day-to-day operations, VeroBlue aims to become North America's biggest land-based fish farm and the largest domestic producer of barramundi, raising as much as 10 million pounds every year—more than twice as much as anyone else.

Some scientists and ocean advocates believe we need more fish farms like this one: A 2015 World Wildlife Fund report revealed that half of all marine vertebrates have been wiped out since 1970 because of pollution, climate change, and industrial fishing. According to the United Nations' Food and Agriculture Organization, about 30 percent of the world's wild stocks are fished at biologically unsustainable levels, and research by acclaimed French marine biologist Daniel Pauly suggests the real figure could be more like 45 percent.

Here in Iowa, they know how to grow protein. That's all we're doing—growing protein.

That's prompted experts at the US National Oceanic and Atmospheric Administration (NOAA) and the Department of Health and Human Services' Dietary Guidelines Advisory Committee to embrace farmed varieties. "If responsibly developed and practiced, aquaculture can generate lasting benefits for global food security and economic growth," the director general of the UN Food and Agriculture Organization declared in 2014. "Here in Iowa, they know how to grow protein," Driver, the president of VeroBlue, recently told a group of investors. "That's all we're doing—growing protein." The difference, suggests Paul Greenberg, author of the seafood bible *Four Fish*, is that when it's done right, aquaculture presents "a real opportunity to change the footprint of our protein."

How did a family from Webster City, a bucolic town about 75 miles north of Des Moines and 1,000 miles from the nearest ocean, get the idea to farm fish? On a break from manning a booth at Iowa's annual Pork Congress in 2009, Mark Nelson—co-founder of the aquaculture venture, along with his cousin Jeff—noticed a diagram of a feed dispenser rigged above a pool of tilapia. His mind flashed to his family's barn, which had sat empty since the family quit raising hogs when the market soured the year before. "It just sort of clicked," he remembers. Why not fill it with fish tanks? Mark and Jeff, who at the time were in their mid-50s, spent the next three years researching aquaculture systems and retrofitting the sow barn. In 2012, they began selling hybrid striped sea bass to a distributor in Minneapolis. Soon, they switched to the heartier barramundi, supplying Minnesota restaurants as well as Hy-Vee grocery stores. (Jeff still runs the family's conventional farm down the road, where he harvests corn, hay, and soybeans and fattens hogs for market.)

The Nelsons were betting on math. They knew that one pound of beef can require six pounds of grain and 1,800 gallons of water to produce; a pound of pork might take four pounds of grain and about 600 gallons of water. But one pound of barramundi requires just one pound of grain and up to seven gallons of water. Because the fish's native rivers in Australia frequently dry up, the barramundi have also adapted to survive close together in billabongs with low levels of oxygen—as if primed to prosper in tanks. When fully grown, they fetch \$4 to \$5 a pound, while ground beef averages \$4.20 and pork averages \$3.70. "You look at that stuff and it's like, okay, this is a good way to go if we're going to continue to feed the world," says Mark.

The Nelsons are fussing over Jeff's broken combine the day I arrive in Webster City, so VeroBlue's Driver, an energetic 41-year-old with close-cropped strawberry blond hair, gives me a brisk tour of the barn. We don plastic muck boots and swish our soles in a milky antimicrobial mixture sitting in trays on the floor of each doorway. Inside, the air is hot and moist, smelling more like a damp forest than a seafood market. Down a long corridor, we pass tanks and filters that transform water drawn from the local aquifer—smelling of sulfur and red with manganese and iron—into clear and fish-friendly water. Water from the tanks is continuously pushed through filters where beneficial bacteria convert excess ammonia into nitrates. Most of the water is recirculated back into the tanks, and concentrated wastewater flows into a lined lagoon behind the barn, eventually bound for the irrigation systems that water the Nelsons' crops. (Unlike hog manure, this filtered fish waste doesn't pollute—there's much less volume, and the concentrations of nitrates are significantly lower.) And once the company grows bigger, Driver says, it will recycle virtually all the fish excrement into fertilizer.

The Nelsons bought this unique water recirculation system, called Opposing Flows, from an inventor in Maryland named Rick Sheriff, who back in the 1980s designed a simple, elegant setup that uses air blowers to simultaneously circulate and oxygenate the water. The current also churns up fish poop, creating a self-cleaning tank. Most enclosed aquaculture rigs rely on ozone and pumps to circulate the water. By cutting out those two elements, Sheriff suspects that Opposing Flows uses 8 times less energy and costs 10 times less to run than competing systems. And low overhead is key: The United States' only other land-based barramundi operation, Australis, couldn't compete with cheaper ocean-based barramundi farms in Southeast Asia, so it moved the majority of its production to Vietnam. Grace Nelson calls Opposing Flows the family's "secret sauce."

Driver leads me into a long "grow out" room, which holds two dozen 10,000-gallon tanks painted dark green to mimic the color of a riverbed. Teenage barramundi—11 inches long—cluster under the surface of churning water kept at 82 degrees. Banks of lights put the fish through six sunrises and sunsets each day, a trick to keep them feeding and growing faster. When the lights turn on, they know lunch will drop from plastic containers hanging over the tanks. Pellets made from ground fish meal, chicken byproducts, and wheat are quickly snatched up, helping the barramundi swell from 1.4 ounces to two pounds in mere months, a growth spurt that would take them a year in nature.

The surface of the tank froths like a gurgling hot tub, so Driver asks technician Joe Rezek to grab a fish so I can take a closer look. He stands on the wooden platform parallel to the tank, leans over the railing, and scoops out a football-sized barramundi. The fish is nickel-colored, with an underbite and a sharp, webbed dorsal fin that calls to mind prehistoric creatures. In the wild, barramundi eat insects, shrimp, other fish, and, according to the Australian government, even baby crocodiles; they've been tracked traveling upward of 380 miles and can live 20 years. At about five years old, they migrate from rivers to coastal estuaries, shift from male to female, and spawn. The fish in Rezek's hand flops violently before Rezek dunks it into an ice bath, where it disappears under the chalky slurry, a dark splotch that writhes for a moment before stilling.

Mark and Jeff Nelson say aquaculture is what kept their kids down on the farm. Grace, Mark's daughter, had been studying education at Iowa State University, on the road to becoming a teacher, when the fish experiment started to take off. "I was like, 'Oh my gosh, hold up,'" she says. "I could see where this is going, and I was like, 'I can't not be a part of it.'" For Grace and her sister, Kelsey, along with Grace's boyfriend and various in-laws and cousins, the excitement and financial opportunity of a new industry beckoned. And unlike hog farming—which involves handling powerful animals, enduring the stench of toxic manure, and then managing a gruesome slaughter—aquaculture is mostly just waiting for fish to grow. "I felt like I had to shower 14 times before I got that smell off me," Grace says of hog farming. Now, "I can come in here, do chores, go home and freshen up, and go to church."

VeroBlue is hoping the Nelsons' neighbors will see the appeal of switching from hogs to fish. Already, about 150 local farmers have expressed interest in installing tanks in their barns. And in the fall of 2015, the company bought a 270,000-square-foot warehouse in downtown Webster City for \$2.5 million. The space once housed an Electrolux washing-machine factory that shuttered in 2011, with a loss of 500 jobs. With its "urban farm," which opens in January, VeroBlue has promised to introduce 150 new jobs in a town of 8,000 people. The company has started construction on a hatchery, too, so it no longer has to import fry from Australia. Scaling up, says Mark Nelson, will be key to the company's long-term success. Big-name grocers, he says, "don't want to talk to me unless I can produce so many thousands of pounds of fish a week."

That's a tall order, according to Randy Cates, owner of the first offshore fish farm in the United States. Cates believes land-based aquaculture alone will never meet the skyrocketing demand for seafood; he once compared the practice to "growing corn on a barge in the middle of the ocean."

Indeed, one challenge on a landlocked farm is getting enough water to make sea creatures feel at home. The Nelsons' operation uses a whopping 15,000 gallons of water a day. But Driver points out



that much of that is reused to irrigate the Nelsons' cornfield. And luckily for the Nelsons, their water source, the Jordan Aquifer, is the state's most productive source of groundwater—despite the fact that farmers and businesses drew 24 billion gallons from the aquifer in 2013, more than a 50 percent increase from the 1970s. VeroBlue's new facility will include a wastewater treatment plant that will recycle up to 90 percent of its water, further minimizing its dependence on the state's groundwater.

Barramundi require a third of the feed that salmon do—yet they're just as nutritious.

In addition to the water concerns, there's also the carbon emissions associated with keeping water flowing within tanks day in and day out. Steven Gaines, the dean of the Bren School of Environmental Science & Management in California, studies the environmental footprints of food. He estimates that with the current mix of power sources in the United States, land-based fish farms create half the emissions of beef, one of the most carbon-intensive foods on the planet. VeroBlue plans to install solar panels on its new facility eventually, but for now it draws its power from the grid.

Actually, it's likely that VeroBlue's biggest challenge isn't water or any technical problem—it's marketing. Elite chefs like The French Laundry's Thomas Keller and Top Chef's Rick Moonen have begun featuring barramundi on their menus, and meal-kit service Blue Apron includes it in its dinners. Yet most foodies still consider farmed fish inferior to wild seafood. Aquaculture's poor reputation stems from a long line of mistakes, says Corey Peet, a former aquaculture program manager at Mont-erey Bay Aquarium's Seafood Watch. Southeast Asian farmers clear-cut hundreds of thousands of acres of mangrove swamps to make way for dirty shrimp farms. Domestic farmed salmon have suffered frequent outbreaks of disease and sea lice, and their waste often damages the surrounding ecosystem. And farmed salmon are typically fed large amounts of smaller fish like anchovies and herring—whose stocks are also on the decline. One pound of salmon requires the fish oil wrung from five pounds of these forage fish. The barramundi raised in tightly controlled, indoor environments like the Nelsons' don't need antibiotics or hormones. They require a third of the feed to produce roughly the same quantity of healthy omega-3 fatty acids as some kinds of salmon. And recent innovations in the feed industry have slashed or even eliminated the amount of fish meal required to sustain farmed fish; Skretting, the company that makes the pellets used by VeroBlue, announced in the spring that it had developed a feed without fish meal. Other researchers are looking to nut waste, algae, or insect larvae as a replacement.

Whatever the challenges of farming fish, the fact is that aquaculture may be the oceans' last hope for survival. "We're now in a situation where doctors and nutritionists are asking us to double our seafood consumption," says Michael Rubino, director of aquaculture at NOAA, referring to the recommendation by the US Dietary Guidelines that people increase their seafood consumption to twice a week. "Where is all that seafood going to come from?" Rubino says. "So far, the choice we've made is to go elsewhere, rather than figuring it out at home." By pioneering the mass production of barramundi in the United States, VeroBlue hopes to play a role in easing that strain, though Gaines points out that it's going to take a lot more than just VeroBlue to produce enough sustainable seafood to satisfy our ever-growing appetite. Land-based fish farms in the United States produce only a fraction of 1 percent of the 7 billion pounds of fish we'd need if every American ate as much fish as the government guidelines recommend.

On my last day at the farm, Driver hosts three potential investors for a lunch of barramundi, as well as trout and salmon, which the company also hopes to raise and sell. One man, an Australian who grew up eating barramundi, inhales three cornmeal-encrusted chunks and admonishes his colleagues for not consuming the oil-rich skin. After plates sit empty for several minutes, awaiting the salmon and trout courses, Driver grows impatient.

He enters the kitchen and discovers the problem—Rezek is struggling to carve a piece of coral-colored trout.

"Where's the salmon?" Driver asks.

"We butchered it trying to fillet it," Rezek says sheepishly.

We are, after all, 1,000 miles from the Atlantic and 1,500 miles from the Pacific. But if the rest of my visit is any indication, it likely won't take long before Iowa farmhands master the art of the fish fillet.

National Journal: How Analytical Models Failed Clinton

Her campaign was so confident in its data that it opted not to do tracking polls in states that decided the election.

The November elections pitted Democrats against Republicans, conservatives against liberals, Trump-style populists and tea partiers against the establishment and conventional politicians. Another contest, followed mainly by political aficionados, matched traditional pollsters against newly fashionable analytics wizards, some of whom—pretentiously in my opinion—called themselves “data scientists.”

It was well known that traditional polling was having problems. The numbing effect of billions of telemarketing calls and the advent of caller ID and voice mail had reduced response rates (the percentage of completed interviews for every hundred attempts) from the 40s a couple of decades ago to the high single digits. As they struggled to get truly representative samples, pollsters “weighted” their data more than ever before, making assumptions of what the electorate would look like on election days that were weeks, months, or even a year or more away.

Problems with traditional, live-telephone polling led to experimentation and more recently a growing acceptance of new methods like Interactive Voice Response, popularly known as robo-polls, and online polling. Each new method brings both good and bad attributes. As a traditionalist, I see the new techniques as bad ideas whose time is regrettably coming.

The other trend is “analytics,” which incorporates information from a variety of sources—Census Bureau studies, commercially available market data combined with past election results, and conclusions gleaned from polling, voter canvassing, and economic measures such as the unemployment rate. This “big data” enable campaigns to model the anticipated electorate, identify voters most likely to be sympathetic to their candidates, and shape their messages accordingly.

The roots of campaign analytics go back to the 1970's when Democratic campaign consultant Matt Reese and Republican consultant Ed die Mahe promoted a new technology branded Claritas, a geo-demographic targeting system centered on lifestyles and neighborhoods based on a market-segmentation platform developed by computer scientist Jonath-an Rob-bin (Claritas is now owned by Nielsen). It was an idea ahead of its time, too expensive for most campaigns, and it eventually left the political theater altogether.

In 2004 the Howard Dean, George W. Bush-Dick Cheney, and John Kerry-John Edwards presidential campaigns advanced the uses of data to contact voters, but it was the 2008 campaign of Barack Obama that took analytics to a whole new level. The infatuation with analytics after Obama's reelection in 2012 prompted some of his operatives to say they didn't need traditional polling anymore.

When Hillary Clinton began putting together her 2016 campaign, she brought on board many Obama veterans, going all in for the new technology. Donald Trump's general-election campaign also employed analytics, though how sophisticated and important it was in his victory is a matter of considerable debate. House and Senate campaign committees and super-PACs also used analytics to varying degrees.

The reliance, or perhaps over-reliance on analytics, may be one of the factors contributing to

Clin-ton's sur-prise de-feat. The Clin-ton team was so con-fid-ent in its ana-lyt-ic-al mod-els that it op-ted not to con-duct track-ing polls in a num-ber of states dur-ing the last month of the cam-paign. As a con-sequence, de-teri-or-at-ing sup-port in states such as Michi-gan and Wis-con-sin fell be-low the radar screen, slip-page that that tra-di-tion-al track-ing polls would have cer-tainly caught.

Ac-cord-ing to Kantar Me-dia/CMAG data, the Clin-ton cam-paign did not go on the air with tele-vi-sion ads in Wis-con-sin un-til the weeks of Oct. 25 and Nov. 1, spend-ing in the end just \$2.6 mil-lion. Su-per PACs back-ing Clin-ton didn't air ads in Wis-con-sin un-til the last week of the cam-paign. In Michi-gan, aside from a tiny \$16,000 buy by the cam-paign and a party com-mit-tee the week of Oct. 25, the Clin-ton cam-paign and its al-lied groups didn't con-duct a con-cer-ted ad-vert-ising ef-fort un-til a week be-fore the elec-tion.

In fact, the Clin-ton cam-paign spent more money on tele-vi-sion ad-vert-ising in Ari-zona, Geor-gia, and the Omaha, Neb-raska mar-kets than in Michi-gan and Wis-con-sin com-bined. It was Michi-gan and Wis-con-sin, along with Penn-sylvania (the Clin-ton cam-paign and al-lied groups did spend \$42 mil-lion on tele-vi-sion in the Key-stone State), that ef-fec-tively cost Demo-crats the pres-id-ency.

In the end, the na-tion-al polls fared bet-ter than com-monly thought. The Real-Clear-Polit-ics av-er-age of na-tion-al polls showed Clin-ton ahead by 3.2 per-cent-age points go-ing in-to Elec-tion Day, and the fi-nal ABC News/Wash-ing-ton Post, CBS News, NBC News/Wall Street Journ-al, and Fox News polls each had Clin-ton ahead by 4 points (the last CNN na-tion-al poll was taken two weeks be-fore the elec-tion and had Clin-ton ahead by 5 points). She ended up win-ning the na-tion-al pop-u-lar vote by 2.1 per-cent-age points, 48.2 to 46.1. Thus the RCP av-er-age was off by 1.1 per-cent-age points, the net-work polls were off by 1.9 per-cent-age points. They were off by far more in 2012, but nobody no-ticed be-cause the pop-u-lar vote and Elect-or-al Col-lege tally went the same dir-ec-tion. If one buys the ar-gu-ment that the race changed con-sid-er-ably in the last week, for whate-ver reas-on, then some of these polls may not have been off by much if at all.

Like so many oth-er as-pects of this elec-tion, a lot of small misses ad-ded up to one gi-ant er-ror on the out-come of the elec-tion. In 54 out of our 58 pres-id-en-tial elec-tions, the win-ner of the pop-u-lar vote also pre-vailed in the elect-or-al vote. A good rule of thumb is that if a can-did-ate wins the pop-u-lar vote by at least 2 per-cent-age points, he or she will al-most cer-tainly cap-ture the Elect-or-al Col-lege. So in an elec-tion when one can-did-ate is thought to have a com-fort-able lead of more than 2 per-cent-age points, there is a reas-on-able ex-pect-a-tion that the elect-or-al vote will go in the same dir-ec-tion. But if the fi-nal res-ult is hov-er-ing at the 2-point threshold, that's a wrinkle that can cre-ate an un-ex-pec-ted out-come, as the Clin-ton team learned to its dis-may.

It was the in-di-vidu-al state polling that badly missed the mark. In Wis-con-sin, Clin-ton led in each of the 32 pub-lic polls from mid-Au-gust on. The fi-nal Mar-quette Uni-versity Law School, gen-er-ally con-sidered to be the most re-spec-ted in the state, had the Demo-crat up by 6 points. She lost by eight-tenths of a point.

In Penn-sylvania, Clin-ton led in 37 out of 38 polls be-gin-ning in early Au-gust. CNN's last poll had Clin-ton up by 4 points, the fi-nal Quin-nipi-ac poll had her up by 5 points, and the Real-Clear-Polit-ics av-er-age had her up by 1.9 per-cent-age points. She lost by eight-tenths of a point.

In Michi-gan, Clin-ton was ahead in 25 out of 26 polls taken from the be-gin-ning of Au-gust on. The De-troit Free Press's last poll had her up by four points, and the Real-Clear-Polit-ics av-er-age had her up by 3.6 points. She lost by two-tenths of a point.

It's worth not-ing that state polls con-duc-ted by news or-gan-iz-a-tions and uni-versit-ies vary enor-mously in qual-ity and soph-ist-ic-a-tion. Few state-based news or-gan-iz-a-tions spend the kind of money on polling that many once did. Much of the state-level polling is of a dime-store qual-ity, con-duc-ted by polling firms that are even un-fa-mil-i-ar to polit-ic-al pros.

Ex-per-i-enced journ-al-ists might ar-gue that the over-re-li-ance by re-port-ers on both polls and ana-

lytics has led to a decrease in shoe-leather, on-the-ground reporting that might have picked up movements in the electorate that the polls missed. As the Michigan results came in on election night, I vividly recalled that two congressmen from Michigan—one a Democrat, the other a Republican—had been warning me for months that Michigan was more competitive than publicly thought. I wished I had listened.

The analytical models for both sides pointed to a Clinton victory, albeit not a run-away. The Clinton campaign and super PACs had several of the most highly regarded polling firms in the Democratic Party, yet in the places that ended up mattering, very little if any polling was done. So while 2016 wasn't a victory for traditional polling, it certainly took a lot of the luster from analytics. In the end, big data mattered very little.

CLA-RIFIC-A-TION: According to Kantar Media/CMAG, a firm that monitors political advertising, the Clinton campaign's advertising started the week of Nov. 1 in Michigan and Oct. 25 in Wisconsin. The campaign also made a \$70 million national ad buy, \$59 million of which would have been prior to Oct. 25, and some of that would have gone into Michigan and Wisconsin. The campaign also had field organizations in both states.

From: Hammes, Ben <ben.hammes@iowa.gov> on behalf of Hammes, Ben <ben.hammes@iowa.gov> <ben.hammes@iowa.gov>  
To: Ben Hammes <ben.hammes@iowa.gov>  
Cc:  
Bcc: iadeptdirectors@iowa.gov <iadeptdirectors@iowa.gov>  
Subject: MORNING CLIPS 12.28.16  
Date: Wed Dec 28 2016 06:29:58 CST  
Attachments:

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Contents

DMR: HAPPY BIRTHDAY IOWA!. 1

DMR: Lawyer a force behind wind. 1

DMR: Dallas County will seek \$23M for law enforcement center. 3

DMR: State treasurer: Iowa faces a retirement savings crisis. 4

DMR: Proposed wind farm faces opposition. 5

AP: Congress averts U.S. farm loan crisis. 6

DMR: Iowa produces record ethanol output in 2016. 7

DMR Editorial: Hunting with lead ammo kills eagles. 9

DMR Iowa View: U.S. has a strange way of treating an ally, Israel 10

DMR: Lykam wins Scott County special election. 11

LEE: Lykam wins Senate special election. 12

The Gazette: Former C.R. resident gives Canadians skinny on U.S. political news. 13

The Gazette: Private wells may pose health risks. 14

RI: Dakotans lobby Trump to pick Iowan as ag secretary. 18

RI: Multiple Sclerosis Society asks for state money for home modifications. 19

POLITICO: Israeli minister slams Kerry's upcoming speech as 'pathetic move' 19

POLITICO: NYPD responds to 'suspicious package' at Trump Tower, gives 'all clear' 20

POLITICO: Reid: White House options for 2020 resemble 'an old-folks' home' 20

POLITICO: Trump could hit a brick wall on NAFTA.. 21

The Columbus Dispatch: Kasich vetoes bill weakening clean-energy standards. 23

Mother Jones: The Bizarre and Inspiring Story of Iowa's Fish Farmers. 24

National Journal: How Analytical Models Failed Clinton. 29

DMR: HAPPY BIRTHDAY IOWA!

The state that brought you computers, vending machines and so much more marks milestone

Happy birthday, Iowa! Amazing how you've maintained your figure over 17 decades.

Wednesday, Dec. 28, will mark the anniversary of the 1846 law that transformed Iowa from a humble territory into a state that would offer the world computers, vending machines, Herbert Hoover, Tom Arnold, Slipknot and so much more.

It's been a busy 170 years. To celebrate, we've combed the Register archives to bring you iconic moments from our shared history. Enjoy!

Find dozens of pictures dating back almost 200 years — plus our collections of Iowa history, the Iowa Sports Hall of Fame and profiles of Famous Iowans — at DesMoinesRegister.com.

DMR: Lawyer a force behind wind

Farmer plays key role in development of energy source

GRANT RODGERS

GRODGERS@DMREG.COM

Each wind turbine spinning on the Iowa skyline stands on reams of legal paperwork spelling out in fine detail the property rights of all those involved — from rural landowners to the developers involved in building the project.

Before many of the approximately 3,700 turbines dotting Iowa's fields and prairies went up, Des Moines real estate attorney Kathleen Law drafted those documents, sometimes working the phones to answer questions from farmers about the effects wind farms might have on their crops and livestock.

She works behind the scenes on behalf of wind-energy developers. But some credit the Iowa native who grew up on a family farm south of Lohrville with playing a significant role in the development of around 40 percent of Iowa's overall wind capacity — more than 6,300 megawatts.

"She's very quiet and is one of those people that is sort of old-school in the sense that she believes that you learn things when you listen, not when you talk," said Terry Monson, a semi-retired attorney who supervised Law when she started working in the Nyemaster Goode law firm's business and real estate department in 2005.

Law, who is one of The Des Moines Register's People to Watch in 2017 has a busy year planned ,

including work on projects that could become part of the Wind XI development by MidAmerican Energy, she said. The \$3.6 billion project is expected to add 2,000 megawatts to Iowa's capacity, in what the American Wind Energy Association says is the nation's largest wind energy project.

A survivor of the 1980s farm crisis, Law helped run a Greene County farm with her husband, worked in a grocery store, raised children and created folk art for extra money before pursuing a law career in her late 30s.

In the 1980s, Law and her husband, Dave, were like other Midwestern farmers struggling to keep their business afloat amid debt and high interest rates. She attended a year of college at Buena Vista University but left to get married and help her husband run the farm.

"Lots of people we knew lost their farms," she said. "We hung on and kind of debated in the '90s whether that was a good decision or not, but now we're glad we did."

She eventually returned to school and graduated with a degree in business from a night program. On the same day, in May 2002, that her son, Johnathan, graduated from high school, Law enrolled in law school at Drake University.

She finished her degree in 2005 and went to work at Nyemaster Goode's office in downtown Des Moines.

Law still farms the same 500 acres with her husband and son in between work. It was this agricultural background that led her toward the work she does now. She credits Monson with steering her in that direction.

"He said, 'Lots of the farmers that we go out and talk to — none of us can talk to them about their concerns,'" she said. "He said, 'You've got that background. You can relate to them and say, 'We farm. I know what you're talking about.''" Law's main role is ensuring that builders have a clean title to the land needed for wind turbines, roads and other infrastructure before construction begins.

When she is done, both landowners and developers should have a complete agreement on how the land is to be used — down to understanding how a wind turbine will cast its shadow and how loud it will be when operating.

She even wrote a manual on the topic: "A Practitioners Guide to Real Estate and Wind Energy Development," which was published by the American Bar Association.

Working in litigation never appealed to Law, but transactional law in real estate proved a good fit. The practice is not as confrontational, and regardless of the client she represents, the aim typically is to find the best outcome for everyone, she said.

Since becoming an attorney, she also has served as president of the Iowa Wind Energy Association, a nonprofit that supports development in Iowa.

"She grew up on the farm and she still is part of the farm, so she fits in and is very comfortable talking with people in rural Iowa," Monson said. "Developers that don't have too much experience will come in and want to treat the farm as purely business and are insensitive to the fact that they are invited into the farmer's home. The whole piece of land is really the farmer's home."

Throughout 2017, Law is expected to work on at least 1,140 megawatts of new wind energy projects. She and other experts will also closely watch the effects a Donald Trump administration could have on the industry and the tax credits that have propelled it forward.

"The wind is a free resource," she said. "Why not capture it? It's just another Iowa product, like corn or beans."

DMR: Dallas County will seek \$23M for law enforcement center

KIM NORVELL

KNORVELL@DMREG.COM

Voters in Dallas County will be asked in May to approve a \$22.9 million bond to build a new law enforcement center and jail.

The county jail has struggled with overcrowding for years as Dallas County's population has increased. But voters have shot down plans to build a new jail three times since 2013.

The Dallas County supervisors approved the not-to-exceed price tag at their meeting Tuesday.

The county spends \$40,000 to \$50,000 every month on transportation and housing fees to send inmates to the Story County Jail — equal to about \$55 per prisoner, per day. Sheriff Chad Leonard told the board Tuesday that Story County could reduce the number of Dallas County inmates it accepts at any time. Last month, there were 20 Dallas County inmates housed there. Leonard is looking for additional agreements with Jasper and Marion counties to help spread the burden.

Earlier this year, a consultant found Dallas County could save \$22 million over 30 years if it builds a new jail and stops paying neighboring counties to house inmates.

Another year's delay in construction could add nearly \$1 million to the project, said Operations Administrator Rob Tietz.

"This is the reality of what the costs are," said Supervisor Mark Hanson.

Built in 1990, the Dallas County Jail has 48 beds but the county averages 69 prisoners daily.

The number of beds allowed at the county jail will drop to 36 when a state variance runs out in March 2018. The new \$22.9 million jail would hold 92 beds and include space for jail administration, sheriff's department staff and inmates' initial court appearances. It would be located on county-owned property on Highway 6 on the east side of Adel. If the new facility is built, the old sheriff's office on Nile Kinnick Drive could be converted into criminal courtrooms to alleviate space concerns at the courthouse, Hanson said. Incarceration rates combined with population growth indicate the need for 172 beds by 2046, said Sid Samuels, president of The Samuels Group, in a previous interview with the Register. Design Alliance's construction documents lay out room for three separate expansions if necessary.

The special election will be held May 2, 2017.

Residents failed to pass bond referendums in 2013, 2014 and 2015. Last year's proposal garnered 52 percent of the vote but needed 60 percent approval to pass. Previous proposals included space for the county's E-911 dispatch center, but that has since moved to the new Dallas County Human Services Campus, 25747 N Ave., in Adel.

DMR: State treasurer: Iowa faces a retirement savings crisis

Plan aims at spurring investments by workers in the private sector

WILLIAM PETROSKI



Iowa is facing a retirement savings crisis, says State Treasurer Michael Fitzgerald, who is proposing legislation aimed at spurring investments by private-sector workers to provide a financial cushion for their golden years.

Fitzgerald has filed a bill for consideration in the Iowa Legislature's 2017 session that would require businesses that do not offer a pension or retirement plan to participate in an Iowa Retirement Savings Plan Trust. The program's trustee would be the state's treasurer, but all investments would be made solely by a private firm's employees. "The state will not be putting any money into it. This would not be the state funding anybody's retirement," Fitzgerald told The Des Moines Register. However, the program would require a \$1.5 million state appropriation for startup costs and management expenses.

The goal would be to remove many of the complexities and costs small business owners face when setting up and maintaining retirement plans, making it easier for their workers to access a retirement account, the state treasurer said.

Americans typically rely on employer-sponsored plans for retirement savings, yet nearly half of U.S. firms — and 70 percent of small businesses — do not offer this option, according to a report issued last year by the Pew Charitable Trusts. In Iowa, 42 percent of workers lack workplace retirement savings plans, Fitzgerald said, placing hundreds of thousands of Iowans at risk of not having enough money when they want to retire.

"We are helping people who have nothing. These are not people who will be retiring in Florida with big boats. They want to be able to buy a turkey dinner and stuff like that," the state treasurer said.

The National Institute on Retirement Security, a nonprofit organization based in Washington, D.C., reported last year that households that do own retirement accounts have more than 2.4 times the annual income of households that do not own a retirement account. To maintain a standard of living in retirement, the typical working American household needs to replace roughly 85 percent of pre-retirement income.

Eight states have adopted state-sponsored retirement savings plans for private-sector workers, and many other states have been considering the concept. Fitzgerald's proposal was introduced in Iowa Legislature last year and failed to gain much traction, although it continues to have support from AARP Iowa, a nonprofit interest group.

The state treasurer envisions a program in which private-sector Iowa workers could invest 3 percent of their earnings into Roth Individual Retirement Accounts that would allow tax-free growth and distributions. He suggests the money could be placed into low-fee stock index funds that would build savings for retirement. However, workers would have the option of declining to participate.

"We are not trying to steal business from major investment firms and people like that. We are trying to give professional, tax-free retirement savings to people out there who have no access to it" through their employers, Fitzgerald said. Some of these people may now make annual contributions to IRA retirement plans, but they are more likely to participate if they can simply have a portion of their paycheck deducted for retirement savings, he added.

California Gov. Jerry Brown signed legislation in September that will automatically enroll nearly 7 million Californians in a savings plan because they work in jobs without retirement benefits. The bill says the state and employers will not be liable if savings plans lose money in a market downturn or because of a bad investment.

"This is a step forward, and it's also something very important in today's age of spend now and worry about it later," Brown told reporters. "This is save now and prepare for later."

Critics of the California legislation questioned whether the state should establish another retirement plan when its public employees' pension plan already has billions of dollars in unfunded liabilities for state workers and teachers, according to news reports. The financial services industry lobbied against the bill, contending a state-run plan would hurt investment firms that currently offer retirement savings accounts to workers who don't have them through employers.

Under Fitzgerald's proposal, his office would be the trustee of the retirement savings plan and an audited financial statement would be provided annually to the governor and the Iowa Legislature.

He noted that the state treasurer's office already administers the College Savings Iowa plan, a tax-advantaged program intended to help an individual or a family pay for higher-education costs. However, returns are never guaranteed and the account value fluctuates with market performance.

DMR: Proposed wind farm faces opposition

Residents have voiced opposition to a proposed wind farm development in southern Black Hawk County.

RPM Access has planned to build the 70-megawatt Washburn Wind Farm just south of Waterloo, the Waterloo-Cedar Falls Courier reported.

Several people who live nearby have said they're concerned that the turbines could hurt their property values, kill bats and birds, throw ice from the blades and cause health issues due to low-frequency noise, motion and shadow flicker.

"If this windmill farm goes through I'm looking at \$5,000 per machine increase in my (insurance) premium," business owner Rick Green said. "It's going to cause me to have to raise my rates. Plus, as a human being, I'm not looking forward to seeing flashing lights every evening."

Company spokesman Felix Friedman said plans detailing the exact size, number and location of the turbines and other infrastructure may not be available until next summer, so it's still unknown who the neighbors will be. The energy company is offering lease payments to landowners and additional payments to surrounding property owners within a certain distance of the turbines.

AP: Congress averts U.S. farm loan crisis

Budget patch allows USDA to meet demand sparked by one of worst ag downturns in recent years

ROXANA HEGEMAN

ASSOCIATED PRESS

WICHITA, Kan. — U.S. farmers drained all available government agricultural loan money this past fiscal year to get through one of the worst agricultural downturns in recent years, but no one who qualifies for a farm loan will be denied in the next four months due to an unusual provision passed this month by Congress.

The budget patch gives the Agriculture Department's Farm Service Agency authority to meet the spike in loan demand by using future funding, according to U.S. Sen. Jerry Moran, a Kansas Republican who chairs an agricultural appropriations panel. There is no limit to how much the USDA can lend through April 28 — a victory for farm groups who pressed Washington for the fix to avert a looming loan crisis.

Already, corn and wheat prices have pushed farmers to the limit, and beef prices are hurting ranchers. They turned to lenders, leading the FSA to fall short \$137 million of needed direct and guaranteed loan funds in the fiscal year ending Sept. 30.

When the money ran out, approved loans were funded in the current fiscal year, piling on to the demand for loans and raising the specter that FSA would again run out of money before spring — when most farmers need it the most.

“If you are trying to grow a crop and feed a family and pay the bills, it is a problem,” Moran said. “This is one of the most difficult times in agriculture in a long time.”

Operating loans for 2016 are coming due at a time of widespread downturn. Farmers in Georgia, the Carolinas and Alabama have gotten a double whammy of drought and flooding. Midwest states are reeling from a glut in global grain markets that has slashed crop prices, and cotton growers in Georgia and Texas also are suffering due to low prices. Consumer demand for milk is down. Cattle prices are falling.

Not as many people are able to pay off their 2016 operating loans, and the next 60 to 90 days will be telling, said Steve Apodaca, vice president for the Washington, D.C.-based The American Bankers Association’s Center for Agricultural and Rural Banking. Most borrowers will be able to sustain themselves another year, and bankers will be able to help restructure their loans and add federal guarantees to commercial loans, Apodaca said.

He is not expecting a repeat of the farm crisis of the 1980s, when land values tanked and interest rates were high.

Matt Ubell and his two siblings took out an FSA loan this month to buy their parents’ cattle and crops farm in Wheaton, Kan., but he says the agricultural economy “has us scared to death.” Their balance sheet was just above the break-even point to qualify for the loan. “We are kind of starting out fresh. We bought the farm, we bought the equipment.” Ubell said. “We are pretty highly leveraged right now.”

The 34-year-old farmer and his wife put in long hours to make ends meet for their four children. His wife is a cook and a nursing assistant. He works at a lumberyard and delivers liquid feed supplements for cattle.

One measure of the farm economy is equity — the amount of debt compared to assets like land and machinery. The USDA’s Economic Research Service predicted last month U.S. farm equity would decline 3.1 percent in 2016 to \$2.47 trillion — the second straight year of declines. Farm debt is expected to rise 5.2 percent to \$375.4 billion in 2016.

With such low commodity prices, Russell Boening said he is doing everything he can to not borrow more money than he absolutely needs to operate his 7,500-acre family farm in south Texas because “that gets you further and further behind.” That includes delaying equipment purchases.

The 57-year-old has farmed for 35 years, has hundreds of dairy and beef cattle and grows hay, corn, cotton, wheat and watermelons to diversify his income. Also the president of the Texas Farm Bureau, Boening knows he’s in a better spot than younger farmers like Ubell. “We have been here long enough,” he said. “We have a good relationship with the lender, so we have equity built up and we are in a better spot than someone who has struck out on their own within the last 10 years.”

This year’s bountiful yields and low interest rates on loans helped many growers. But many commercial lenders are now demanding farmers whose operations are under stress to get government guarantees that any money lent for next year’s crops will be repaid. “When a farmer goes under, it affects that rural community,” Apodaca said. “He is no longer buying seed, he is no longer buying equipment. His family is no longer going to the local Main Street and buying goods and services.”

DMR: Iowa produces record ethanol output in 2016

## RENEWABLE FUELS

Increases in E10 blending, gasoline demand, export opportunities said to be behind uptick

KEVIN HARDY

KMHARDY@DMREG.COM

Iowa's 43 ethanol plants produced a record 4.1 billion gallons of ethanol in 2016, according to a state trade group.

The Iowa Renewable Fuels Association credits increases in gasoline demand, E10 blending and ethanol export opportunities for the slight uptick in production over 2015's 4 billion gallons.

"Setting another annual ethanol production record is a testament to the efficiency and hard work of Iowa's ethanol plants," Iowa Renewable Fuels Association Executive Director Monte Shaw said in a news release. "However, Iowa has the resources, both in corn and plant capabilities, to do much more."

Shaw said Iowa can unlock a "wealth of untapped potential" by moving beyond E10 to higher blends at the pump like E15. He said the federal government should relax regulatory barriers to higher blends of ethanol that protect petroleum producers.

Shaw pointed to the recently released Iowa Energy Plan, a report outlining the state's energy needs over the next decade. Among other renewable energy priorities, the 100page plan called for infrastructure upgrades to increase the availability of higher blends of ethanol and biodiesel.

The report said ethanol production in Iowa produces \$2.253 billion in gross domestic product and supports nearly 9,000 jobs.

In the coming year, the Iowa Renewable Fuels Association will push to secure funding for the Iowa Renewable Fuels Infrastructure Program to ensure more retailers have the equipment to offer higher blends of ethanol. Funding for that grant program expired in 2016.

"Home-grown ethanol is better for our environment, economy and national security," Shaw's statement said. "But we can't maximize all those benefits if the petroleum industry is allowed to monopolize access to the consumer."

Ethanol production will only continue to increase in Iowa with the addition of a new production plant in Atlantic.

Elite Octane is expected to hire at least 49 people as it breaks ground on the new plant in 2017, the Daily Nonpareil newspaper reported.

The nearly \$200 million plant will produce 120 million gallons of ethanol annually.

The Cass County Board of Supervisors will issue a \$4 million bond to install new roads and other infrastructure to the 102-acre site just outside of Atlantic. The plant is expected to be operational by June 2018.

DMR Editorial: Hunting with lead ammo kills eagles

Iowa allows poisonous substance, but hunters should use nontoxic shot

Aman walking the trail along the Des Moines River last week saw what he thought was a log in the ice — until the piece of wood lifted its head and looked at him. The female bald eagle was rescued and transported to SOAR, Saving Our Animal Resources, a raptor rehabilitation center in Manning.

The eagle showed a lack of coordination, weighed only 8 pounds and had a blood lead level higher than the facility's diagnostic equipment could measure. Though immediately started on chelation treatments and given high calorie fluids, she remains in critical condition, said Kay Neumann, SOAR's executive director.

Very few lead-poisoned eagles live to be released.

Her plea to hunters: Please stop using lead ammunition. It is poisoning wildlife in Iowa.

The dangers of lead are widely known. The toxic substance has been removed from products including gasoline and paint. The federal government banned lead shot from being used to hunt waterfowl more than 20 years ago due to poisoning of birds, and numerous states have imposed additional restrictions on the ammunition.

When the small toxic pellets contained in a shotgun shell scatter across the land, they look like the weeds and seeds birds eat and the gravel and grit they consume to aid digestion. One or two pellets can kill a small bird. Bald eagles and other large raptors may die when they feed on animals that ingested or were shot with lead ammunition. But Iowa is not known for being a friend to Mother Nature, and our state lawmakers have not made this issue a priority. That means it's up to hunters to do the right thing on their own by using nontoxic shot, including copper and steel, which is widely available. They should teach their children and encourage friends to do the same.

Neumann has hunted her entire life and has not used lead shot in more than a decade. On Tuesday, she told a Register editorial writer her daughter planned to go deer hunting that night and would be using copper ammunition.

She said the accuracy with the nontoxic alternative has been excellent, and she's baffled hunters continue to use ammunition they know is toxic to wildlife.

"Lead poisoning is not something that should happen," she said.

Yet the same day the eagle from Des Moines arrived at SOAR last week, a trumpeter swan was brought in. Two days later a bald eagle from Delaware County arrived. Both were victims of lead poisoning, which causes kidney failure, liver damage and brain damage. Lead destroyed the stomach lining of the eagle who most recently died at the facility. The raptor was bleeding from its mouth and could not digest food, Neumann said.

Bald eagles, the country's national symbol, are provided special protection under federal law. Shooting one can result in huge fines and imprisonment. Yet in Iowa, hunters are free to legally spray lead across our fields and forests.

About 250,000 hunters spend 4.2 million days hunting in Iowa each year, according to the U.S. Census. They leave home with shotguns and boxes of shells and hope to return with a deer, pheasant or dove.

They love the sport of hunting. It's unlikely any of them want to contribute to the sickening and killing of other wildlife.

When they use lead ammunition, that is exactly what they do.

DMR Iowa View: U.S. has a strange way of treating an ally, Israel

By: David Adelman

Obama administration abandoned U.S. role by abstaining on U.N. vote

Relations between Israel and the United States sank on Friday to their lowest point in years after the Obama administration declined to veto a resolution in the United Nations Security Council declaring Israel's settlements in the West Bank and the Old City of Jerusalem (the Jewish Quarter including the Western Wall; the holiest site in all of Judaism), to be illegal under international law. By way of background, this is not a new policy by the U.N. nor the U.S., but the actions taken by the United States were unprecedented.

I am shocked and disappointed by the U.S. abstention on the U.N. Security Council vote on Dec. 23. I have defended the Obama administration as it has vetoed similar one-sided resolutions that only serve to isolate Israel and make the pursuit of peace even more difficult. I have supported the administration as it agreed to the largest military aid package to Israel in history and signed legislation providing millions for the Iron Dome, a technology with the sole purpose to protect innocent civilians. However, last week's decision to abstain on this misguided resolution was an abandonment of the important role America has played as both a conscientious ally of Israel at the U.N., and as a voice of reason in a Security Council that has an obsession with the Israeli/Palestinian conflict.

While I agree that certain Israeli settlement activity runs counter to the ability to achieve a peaceful resolution, the framing of the issue in such one-sided and absolutist terms not only disproves certain facts on the ground (particularly with respect to Jerusalem), but also rewards a strategy of the Palestinian leadership to use the U.N. as a forum to litigate conflict-related issues as opposed to sitting down with Israel in direct bilateral negotiations without preconditions. Israelis has repeatedly requested this, and current Palestinian leadership has declined. Recall that Israelis froze settlement construction for 10 months and waited for the Palestinians to join them at the negotiation table with no luck.

Bias has extended beyond Israel as a country or simply Israel as an idea within the United Nations. Israel is just not treated like other countries. One need only look at the 18 resolutions against Israel adopted during the U.N. General Assembly in September, or the 12 Israel-specific resolutions adopted this year in the Human Rights Council, more than those directed at Syria, North Korea, Iran and South Sudan combined. Member States promote resolutions condemning Israel, but refuse to recognize when innocent Israelis are the victims of terrorism. With vigor they denounce the closings of crossings in Gaza as exacerbating the humanitarian situation, but saying nothing of the resources diverted from helping Gaza's residents by digging tunnels into Israeli territory so that terrorists can attack Israelis in their homes.

The Security Council has not been able to adopt the simplest of resolutions calling for pauses in the savage bombardment of innocent civilians, hospitals and schools in Aleppo where more than 500,000 people have been slaughtered and 2 million injured. Yet when a resolution on Israel comes before this council, members suddenly summon the will to act. This hypocrisy is why the U.S. has defended Israel for the last 69 years but chose not to act last week.

The vote on Friday has been condemned by congressional leaders from both parties. Friday's action at the U.N., and America's inaction, runs counter to longstanding and bipartisan support of Israel in Congress, and as evidenced by bipartisan statements of disappointment from across the political spectrum.

Democratic Whip Steny Hoyer sums it up best: "As a proud leader of the bipartisan coalition in Congress in support of our ally Israel, I am extremely disappointed by this action and today's vote. It will

also do nothing to move the parties closer to a peaceful and lasting solution. This resolution ignores the culpability of Palestinian leaders and groups for engaging in violent acts, inciting violence against civilians, and delegitimizing Jews' ancient and historic connection to the land. Only direct, bilateral negotiations can bring an end to this conflict. I join in expressing my very significant disagreement with the administration's decision to abstain."

Those willing and capable to find peace have a hard path; Friday's resolution, and the administration's choice, only makes it harder.

DMR: Lykam wins Scott County special election

MOLLY LONGMAN

MLONGMAN@DMREG.COM

Jim Lykam was declared the winner of the Dec. 27 special election to fill a vacant Iowa Senate seat, according to unofficial results from the Scott County Auditor's office.

Lykam will represent Senate District 45, which includes Davenport. He'll replace Iowa Democratic Sen. Joe Seng, after his Sept. 16 death. Seng was diagnosed with a brain tumor in 2014 and battled cancer for about two years before his death.

Lykam defeated Republican Mike Gonzales, a police officer from Davenport, in the race for the Senate seat with 73 percent to 25 percent of the vote, with all precincts reporting. Lykam racked up 3,788 Scott County votes, compared to Gonzales' 1,130. Democrats nominated Lykam, of Davenport, in November, while he served in the Iowa House of Representatives. Strong absentee ballot efforts contributed to the Democrat's win, as often happens in special elections.

The Quad-City Times endorsed Lykam for the open Iowa Senate position earlier this month.

The Iowa Senate makeup now consists of 29 Republicans, 20 Democrats and one independent (David Johnson of Ocheyedan), with the addition of Lykam. Lykam's victory is a small gain for Iowa Democrats, who lost six seats in the Iowa Senate in the 2016 general election.

The general election's results expelled the Democratic Senate majority, and Republicans now control both the House, the Senate and the governor's office.

LEE: Lykam wins Senate special election

ED TIBBETTS

Iowa Rep. Jim Lykam won a convincing victory Tuesday in the special election to fill the vacant state Senate seat in District 45.

The longtime Davenport Democrat defeated Republican Mike Gonzales and Libertarian Severin Gilbert in the contest to succeed Joe Seng, who died in September.

With all 20 precincts counted, as well as absentees, the unofficial tally from the Scott County Auditor's Office showed Lykam getting 3,788 votes, or 73.2 percent, while Gonzales got 1,310, or 25.3 percent. Gilbert received 76 votes, or 1.5 percent.

The district covers much of west Davenport, along with the town of Buffalo.

Lykam's win was not unexpected. He's represented half the district in the Iowa House since 2003, and the Senate district has twice the number of Democrats as Republicans.

Lykam campaigned as a pragmatic Democrat working for the middle class who was seeking to carry on Seng's legacy. Gonzales, a LeClaire police officer who lives in west Davenport, said he wanted to shrink government, help small business but also maintain education funding. Gilbert expressed an interest in taking part in fixing Iowa's medicinal marijuana laws.

Bottom of Form

Lykam and his party vastly outspent their rivals. Lykam estimated their expenditures would hit about \$100,000. A chunk of that went toward soliciting absentee ballots.

Lykam's win will give Democrats their 20th seat in the Senate, but Republicans still will hold a solid majority with 29 members. Republicans also control the House.

Now that Lykam will move to the state Senate, a new special election will be needed to fill his 89th House District seat. Local party leaders said last week that they would wait until after Tuesday's election before working on setting a date for nominating conventions. First, Gov. Terry Branstad will need to set a date for the special election.

The Gazette: Former C.R. resident gives Canadians skinny on U.S. political news

Canadians' understanding of United States politics and public policy is being shaped by a former Cedar Rapidsian.

When CTV News Channel, Canada's 24-hour all-news network, presents its weekly "Angle on America" segment, it turns to Jefferson High School graduate Cory Crowley for insight. Over the past year, as Canadians' interest in American politics and the presidential election, in particular, grew, Crowley, 34, was called on three and four times a week.

A Republican campaign consultant and government relations consultant, Crowley often is paired with a Democrat or an academic for discussions of policy and developments in various campaigns.

Although he describes the CTV as "not as rowdy as Fox and CNN," Crowley has proved he can turn a phrase.

Recently, while discussing Newt Gingrich downplaying President-elect Donald Trump's campaign promise to "drain the swamp," Crowley described the former U.S. House speaker as a "swamp monster" because he's the "biggest benefactor" of the swamp.

"It's interesting because once I say something, it's out there," even when he's wrong, Crowley said. "I, of course, didn't think Donald Trump was going to win, and I'm on the record saying that for six months in a row," he said.

In non-election years, "Angle on America" focuses on "whatever is the hot news out of the United States that week," Crowley said. "They were very interested in the (Keystone) pipeline because that affected Canada."

Because he follows politics and policy debates, fielding CTV questions is relatively easy, Crowley said.

"And after having worked for (U.S. Sen. Chuck) Grassley for 10 years, I have a pretty good grasp of what will pass."



He doesn't work for Grassley any longer but still gets involved in campaigns, including Ohio Gov. John Kasich's run for the GOP presidential nomination.

He tracks legislation for clients in the tech and finance industries, offering advice on legislative strategies and messaging. He also teams up with his sister, Stephanie, on Iowa legislative issues and campaigns.

"Fortunately, politics is not the way I make my whole living, so I can be a little choosy and only get involved when I want to, when there is a candidate I really like or believe in," Crowley said. "I don't have to jump from campaign to campaign to pay the bills."

It hasn't always been that way. To make ends meet when he was a congressional staffer, he and a friend started a business designing and selling bow ties.

"I was so poor, and bow ties never go on sale, so I figured out how to make my own," he said. His business partner took time off after having two children, but they plan to relaunch their company, James and Jene, in the spring.

In addition to CTV, Crowley also appears on CBC — the Canadian Broadcasting Corporation and a Canadian radio station from time to time.

Crowley didn't foresee himself as a media analyst. The first few times he was on CTV, he was substituting for another former Cedar Rapids resident, Benny Johnson, now with IJR, the Independent Journal Review.

"I didn't plan on doing it," Crowley said, "and when I went in to fill in for someone else, I didn't plan on them calling me for four-and-a-half years."

Crowley said his parents, Jerry Crowley and Eileen Crowley, both of Cedar Rapids, were not active politically. But when he showed an interest, his grandparents introduced him to Jim Dvorsky, a former Linn County GOP chairman. He was a volunteer on George W. Bush's 2000 presidential campaign.

After graduating from high school, he attended Kirkwood Community College and went to work for Grassley in Washington before coming back to make an unsuccessful run for the Iowa Legislature. Crowley went back to Washington to work as a congressional staffer and then set up Cory Crowley & Co.

The Gazette: Private wells may pose health risks

Good-tasting water sometimes belies high nitrate levels

By Lauren Shotwell, IowaWatch

Dec 27, 2016 at 9:00 am | [Print View](#)

Roughly 288,000 Iowans rely on private water supplies but may not know just what they're drinking because their wells' water quality is unregulated.

Moreover, many well owners IowaWatch spoke with during an investigation this past year in southwest Iowa said they largely were unconcerned, even though tests revealed high levels of nitrates and bacteria in some of their wells.

That could put their health and the health of their families at risk.

IowaWatch spent the past year researching wells and testing samples looking at four common contaminants: nitrogen, bacteria, arsenic and lead. Similar to a number of scientific studies, the IowaWatch review found a large percentage of wells with high nitrate and bacteria levels.

Nitrate levels in 28 wells that IowaWatch, a nonprofit news organization, tested in May and June ranged from the acceptable level of less than 1 milligrams per liter to, at one rural home, 168 milligrams per liter.

The State Hygienic Lab measures nitrogen levels using nitrate. The acceptable level for that under U.S. Environmental Protection Agency health standards is 45 milligrams per liter.

Eleven of the wells IowaWatch tested had nitrate levels above 45 milligrams per liter. Two more tested at 43. Fifteen wells showed unsafe bacteria levels. A handful also had trace amounts of arsenic and lead.

Many county sanitarians who test well water for common contaminants like bacteria and nitrogen said they struggle to get owners to understand the importance of testing their water regularly.

“I have so many people with hand-dug wells that say they’ve got the best-tasting water, the clearest water, the coldest water,” said Sherry Storjohann, an environmental health specialist who’s been testing wells in Crawford and Carroll counties for 25 years. “Yet, what they realize after they test is just how unsafe that water is.”

While some contaminants may not be a health concern by themselves, they are an indicator of susceptibility to contamination from the outside — like runoff from agricultural fields, septic system leaks and animal infestations.

High levels of nitrogen pose a health risk to infants in the form of blue-baby syndrome, in which an infant becomes lethargic or worse. Some studies have shown increased risks for some types of cancers, reproductive issues, diabetes, and thyroid conditions.

The risk of low levels of arsenic and lead are largely unknown, but the EPA puts maximum contaminant level goals for both at zero.

Infants and children exposed to elevated levels of lead could experience delays in physical or mental development and adults could face higher risks of kidney problems and high blood pressure. Elevated levels of arsenic increase risks of skin damage or problems with circulatory systems, and may increase risks of cancer.

Iowans who wish to test their wells may do so through a number of different channels, including requesting a kit from a laboratory like the State Hygienic Lab at the University of Iowa. Or, in 98 of Iowa’s 99 counties, they can go through their county sanitarian.

## TESTING TO BE SAFE

When Jenny and Craig Melvin moved to their home near Farragut, they tested their well through a sanitarian. They found a high nitrogen level of 74 milligrams per liter, with total coliform bacteria present.

They shocked the well, which cleared up the bacteria, but the nitrates remained. With one infant in the house, Jenny Melvin and the newborn used bottled water.

“He was a preemie, so I just wanted to be extra careful,” Jenny Melvin said. “And whatever I take in, he takes in.”

Although the two previously lived in town, with town water, they grew up in the country with well water. They said they've enjoyed not having a monthly bill and being able to do things like fill up an aboveground pool for their kids without worrying about the cost.

The water from their well comes straight into the house without filtration. Craig Melvin pointed to the location of the well as cause for some concern. It's about 800 feet from the house in a low point, surrounded by fields, near a ditch.

"It doesn't smell bad or taste bad, so I'm not too worried about it, which isn't necessarily the best thing," he said. "We should probably be more concerned about what's in it."

## GRANTS TO COUNTIES

Iowa's Grants to Counties Program, established in 1987 when the Legislature passed the Iowa Groundwater Protection Act, provides funds for county health departments to be used for well-related services. All Iowa counties but Marshall participate.

"In public health, we prevent a lot of things and so we can't necessarily see the impact because prevention means it never happens, right?" said Carmily Stone, chief of the Bureau of Environmental Health Services in the Iowa Department of Public Health. "But for this one, you can see the water tests being done. You can see the results that come back. You can see the wells that are plugged. You can see all of that good work happening."

The amount of money available through a grant, which comes from pesticide and fertilizer taxes, varies each year and is split evenly among counties. The funding can be used to cover private well water tests and administrative costs for, at minimum, total coliform bacteria and total nitrate tests, with an option added in 2015 that allows counties to perform arsenic testing.

Services such as well plugging for up to \$575, cistern plugging up to \$375 and well reconstruction up to \$1,330 also are covered under the grant.

Storjohann, the specialist with Crawford and Carroll counties, said quite a few people still are unaware of the available services despite her efforts to get the word to well owners — including visiting fairs and advertising in the newspaper.

"I've gotten to the point now in the last number of years where I actually send out a personal letter to homeowners trying to explain our services, hoping to generate that interest and make them understand the good service this is and what we can provide and that this is all for their benefit," she said.

Mills County Sanitarian Mike Sukup said he tests about 150 to 200 wells a year. A portion of those are for people who get their wells tested regularly, but he said sometimes people are spurred to act when a family member gets sick or when they have kids.

Connie Schroder, who lives in Pottawattamie County near Avoca, has had the water tested periodically in her well, built in 1920 and only about 40 feet deep, since the 1990s.

She watched the nitrate results slowly tick upward — from a safe 33 milligrams per liter, to 71 milligrams in 1995 and 63 milligrams in 1997. In 1998, Schroder installed a reverse osmosis system on the kitchen tap and has used one ever since. IowaWatch tests at Schroder's well this past summer indicated no coliform bacteria or e.coli.

"I was having babies and wondering if we could use that water for formula. That's what caused me to test it," she said.

## REGIONAL DIFFERENCES

Risks can depend on the region where the well is located.

Northeast Iowa, for example, has areas of karst bedrock, which State Geologist Bob Libra called “an extra kicker.”

In karst areas, the bedrock has cracks, fissures and sinkholes that provide direct connections between the surface and underground water.

Shallow wells in these areas have a higher risk for contaminants because water doesn’t filter through layers of soil.

Other areas of Iowa, including in the Des Moines Lobe, which reaches from north-central Iowa into the center of the state, are known to have naturally occurring high arsenic. Recent research and sampling have shown arsenic hot spots throughout the state, which can be hard to predict.

Different areas of the state also have inherently different water quality in the available aquifers, with generally good quality water in the northeast, hit-and-miss water quality in the northwest and poorer water quality in southern Iowa, Libra said. However, within each of those areas, depending on the lay of the land, spots of relatively good- or poor-quality water can exist.

## USE RURAL WATER?

Several well owners IowaWatch spoke with talked about switching to rural water utilities, which pipe water to areas previously not served by municipal water and are required to test their water frequently.

But for many, not having to pay a water bill is a strong incentive to stick with well water.

Even for those wanting to switch, that choice may not be available.

Ben Schaben and his wife, Jena, moved into their house in Defiance along with their three kids a little more than a year ago and found the well has both high nitrate levels and bacteria.

He said they had plans to put in a reverse osmosis system and a UV light, although a new well might be in the cards in the future.

“Rural or town water doesn’t quite come close enough,” he said. “We wish it was an option.”

This story was produced by the Iowa Center for Public Affairs Journalism-IowaWatch.org, a nonprofit, online news website that collaborates with Iowa news organizations and which received a Fund for Investigative Journalism grant for this report.

## RI: Dakotans lobby Trump to pick Iowan as ag secretary

Two members of President-elect Donald Trump’s Ag Advisory Committee are suggesting a family farmer from north central Iowa would be a “common sense” choice for secretary of agriculture. Legislators from North and South Dakota told a reporter for “Agweek” that Annette Sweeney of Alden, Iowa, would be an effective U.S. Ag Secretary.

Sweeney spoke with Radio Iowa this morning about the perspective she could bring to Trump’s Administration.

“I’m very blessed to still be on the same farm on which I was raised, despite teaching in Illinois, then moving home to start farming with my mom after my dad died,” Sweeney says. “It’s just blossomed since then.”

Sweeney later married. She and her husband, Dave, raise Angus cattle as well as corn and soybeans on their farm. Sweeney served in the Iowa House for four years and was the first woman to be chair of the Iowa House Ag Committee. Sweeney remains part of the State Agriculture and Rural Leaders group, an organization of officials from all 50 states, Canada and the United Kingdom.

Sweeney met one-on-one with Trump last year in Des Moines, but has not interviewed for a job in the Trump Administration.

Sweeney served as co-chair of America's Renewable Future, a group agribusinessman Bruce Rastetter formed in 2015. The group's aim was to lobby the presidential candidates to support the Renewable Fuels Standard. Sweeney was the lead speaker at the group's kick-off event in January of 2015.

"How important that Renewable Fuels Standard is to the economy, sustainability and to the future of fuels here in the United States," Sweeney said.

Sweeney feeds the cattle on her farm dried distiller's grain. That's the protein byproduct of ethanol production.

During her four years in the Iowa House, Sweeney was instrumental in passage of a 2012 state law that set up a misdemeanor charge for people caught getting a job at a livestock confinement or on a farm to go undercover or to disrupt the operation in some way.

"We are serious about protecting our agriculture that we have in this state," Sweeney said five years ago.

Sweeney called some of the "stings" by groups like PETA a disservice to "bona fide" farmers.

"A lot of those videos have been edited and a lot of those videos have been staged," Sweeney says. "...There is one instance where somebody looked at the video...and the buildings weren't even on those people's places."

Reports indicate Trump would like to name a woman as the next secretary of agriculture. Trump and his transition team have met with the former president of Texas A-and-M University, a former Texas Agriculture Commissioner and a North Dakota senator — all women — to discuss the cabinet post.

RI: Multiple Sclerosis Society asks for state money for home modifications

DECEMBER 27, 2016 BY O. KAY HENDERSON

The National Multiple Sclerosis Society is pressing state officials to create a new grant program to help elderly and disabled lowans renovate their homes.

Dan Endreson is a public policy manager for the organization's upper Midwest chapter. "That goal is that by creating homes that are safe, they can either delay or forego the need to move into long-term care," he says.

Endreson and others met privately with Governor Branstad in August to discuss the concept. Endreson made the case in public last week at a budget hearing, asking Branstad to set aside \$600,000 in state money for a Home Modification Assistance Program.

"The purpose is to provide grants to lowans who are elderly or living with the disability to modify their homes, to increase accessibility and safety," Endreson says. Endreson argues the investment ultimately would save the state money, keeping more lowans living independently at home rather than

moving into costly long-term care facilities.

Traditional health insurance, Medicare and Medicaid typically do not cover modifications like grab bars in the shower that make a home more accessible and safe for an elderly or disabled resident. Several other states offer mortgage assistance or grant programs to help finance those kind of upgrades.

POLITICO: Israeli minister slams Kerry's upcoming speech as 'pathetic move'

By ASSOCIATED PRESS

An Israeli minister says U.S. Secretary of State 's planned policy speech Wednesday on Israeli-Palestinian peace is a "pathetic move" and "anti-democratic."

Public Security Minister Gilad Erdan told Israel Army Radio that if Kerry lays out principles for a peace deal, as he is expected to do in his speech, it will limit President-elect Donald Trump's ability to set his own policy on the Israeli-Palestinian conflict.

Erdan said Obama administration officials are "pro-Palestinian" and "don't understand what's happening in the Middle East."

He said the Obama administration's refusal to veto a recent U.N. Security Council resolution, which calls settlements a flagrant violation of international law, "threatens the security of Israel."

POLITICO: NYPD responds to 'suspicious package' at Trump Tower, gives 'all clear'

Trump Tower was briefly evacuated Tuesday afternoon, with NYPD and FDNY officials reporting to the location, according to multiple reports.

J. Peter Donald, an NYPD spokesman, wrote on Twitter, "Out of an abundance of caution, NYPD Bomb Squad is responding to a suspicious package in the lobby of Trump Tower. Updates to follow."

Minutes later, he tweeted, "All clear at Trump Tower following the earlier suspicious package in the lobby."

NYPD officials did not immediately respond to a request for more information. The Associated Press later reported the "package" was a backpack full of children's toys.

The midtown Manhattan skyscraper is the home and office of President-elect Donald Trump, who is currently in Florida. The ground floor of the building is also a shopping area open to the public. Since the presidential election, the location has drawn onlookers, supporters, protesters and would-be administration officials.

POLITICO: Reid: White House options for 2020 resemble 'an old-folks' home'

By NOLAN D. MCCASKILL

The likely 2020 class of Democratic presidential candidates is starting to resemble "an old-folks' home," according to retiring Senate Minority Leader Harry Reid.

Reid recently told an aide that he was unsure whether he would support Vice President Joe Biden

should he challenge President-elect Donald Trump for the White House in 2020 because the field has yet to take shape.

"It depends on who's running," Reid told the staffer, according to a New York Magazine profile of the Nevada Democrat published online Tuesday. "We've got [Elizabeth] Warren; she'll be 71. Biden will be 78. Bernie [Sanders] will be 79."

Indeed, as the Democratic Party looks to pick up the pieces from a tough November showing that shattered their hopes to keep the White House, make deep inroads in the House and retake the Senate, a roster of familiar faces has surfaced as top contenders for the next presidential election.

Biden repeatedly teased a 2020 run earlier this month but eventually conceded that he has "no plans" to run for president. Sanders is unlikely to run another presidential campaign, although he has said he will seek reelection for another six-year term in the Senate in 2018.

Warren was vetted as a potential VP candidate alongside Hillary Clinton to form a historic two-woman ticket. While she expressed confidence that she could be commander in chief, she lacked the foreign policy credentials of someone like Virginia Sen. Tim Kaine, who was tapped to join the Democratic ticket. She'll get that experience, however, in the next Congress in her role on the Senate Armed Services Committee. Her term is also up in 2018.

It's unclear whether 69-year-old Hillary Clinton, a twice-failed White House aspirant, will take the third-times-the-charm approach and seek the presidency again after a devastating loss to a political novice who, she maintained, was temperamentally unfit for office. But Democratic and independent voters hope she doesn't.

While such voters would most like to see Sanders or Biden run for president in 2020, a recent USA Today/Suffolk University survey shows that 66 percent would like to see "someone entirely new" as the face of the Democratic Party, which lacks leadership without a permanent head of the Democratic National Committee.

Warren and Sanders, the liberal firebrands and Trump antagonists, top The Hill's list of top 15 potential Democratic presidential candidates. They're joined by Biden, Clinton, Kaine, first lady Michelle Obama and Oprah Winfrey, among others.

On Monday's podcast with former senior adviser David Axelrod, President Barack Obama said the party needs to "accelerate" the emergence of up-and-coming Democratic leaders on the national scene.

"And that's where I can be helpful, shine a spotlight on all the great work that's being done and all the wonderful young Americans who will help lead the way in the future," said Obama, who added that he wants to use his impending presidential center "as a mechanism for developing that next generation of talent."

POLITICO: Trump could hit a brick wall on NAFTA

Dramatically changing the agreement could send tremors throughout the North American business community.

By DOUG PALMER

President-elect Donald Trump may have ridden to the White House on a wave of working-class hatred for NAFTA, but he's going to find it tough to deliver on his promise to scrap the trade agreement that he blames for sending U.S. jobs abroad.

Dramatically changing the pact could instead threaten 14 million American jobs that rely on trade with Canada and Mexico and send tremors throughout the North American business community, which has invested billions of dollars in developing ways to manufacture everything from cars and airplanes to pharmaceutical products using labor from multiple countries.

"There could be some tectonic shifts," said Dan Ikenson, director of the trade policy center at the free-market Cato Institute. "The slightest hint that things are going to be disrupted could cause capital flight from the U.S."

Trump's contempt for NAFTA has been a cornerstone of his message to the working-class voters who elected him. The pact was forged by an earlier generation of Republican leaders, including President George H.W. Bush, Secretary of State James Baker and U.S. Trade Representative Carla Hills, before being signed into law by President Bill Clinton in 1994.

But few business groups are clamoring for a renegotiation, and many are warning that Trump's threat to withdraw from NAFTA will actually cause the loss of millions of industrial jobs instead of saving them.

"You want to get rid of NAFTA?," U.S. Chamber of Commerce Tom Donohue asked in an interview with Fox News earlier this year. "NAFTA is 14 million jobs in the United States."

Meanwhile, the National Association of Manufacturers calls NAFTA "a boost to U.S. manufacturing competitiveness."

"We look forward to working with government officials - the incoming administration, leaders in Mexico and Canada - on possible improvements to reduce barriers and improve U.S. manufacturing competitiveness given the agreement is now over 20 years old," Linda Dempsey, vice president of international economic affairs at the manufacturers group, said in an email. "At the same time, it is critical not to put at risk the 2 million U.S. manufacturing workers whose jobs rely on U.S. exports to Canada and Mexico."

So far, Trump has offered few details about what changes he'd like to make to the pact, other than threatening to withdraw from it entirely unless Mexico and Canada agree to new terms. Business groups are hoping they can convince him to instead "fix" the agreement in ways that will benefit them.

In an ironic twist, many business groups hope Trump will steal ideas from another trade agreement -- the Trans-Pacific Partnership -- as he seeks to upgrade NAFTA. That should be possible since both Canada and Mexico are part of the 12-nation deal that Trump is vowing to jettison on his first day in office. They'd like to see rules similar to those in the TPP covering digital trade and the movement of electronic business data across borders, concerns that didn't exist when negotiators crafted NAFTA.

Meanwhile, whatever Trump decides to do on NAFTA, it won't be as easy as simply issuing an edict. He'll have to work closely with his counterparts in Mexico and Canada.

Both Mexican President Enrique Peña Nieto and Canadian Prime Minister Justin Trudeau have indicated their willingness to revisit parts of NAFTA, but they have some leverage considering the estimated 9 million American jobs that depend on trade with Canada and the 5 million that depend on trade with Mexico. And they won't stand for tariffs or other punitive measures that Trump has suggested.

Canada and Mexico are the second- and third-largest markets for U.S. farm goods, behind China. The three countries are also closely integrated in many manufacturing sectors, such as autos and steel, making any talk of U.S. tariff hikes to bring jobs back to the United States a double-edged sword since it could make the entire region less competitive.

"What we're looking for is to move forward, not backtracking," Kenneth Smith Ramos, head of Mexico's trade and NAFTA office in Washington, told POLITICO Pro earlier this month. "So, anything involving



[an] increase in tariffs, anything along those lines, we feel is a big detriment. It's shooting ourselves in the foot."

The veteran trade negotiator said he would also like to remind the incoming Trump administration that Canada and Mexico are the top two export destinations for the United States, taking in more than \$500 billion in U.S. goods each year.

"We are your top clients," Ramos said. "Mexico is not a country that simply comes to ask for concessions from the United States. We work together with the U.S.. We sell a lot to the U.S., but we buy more from the U.S. than all the BRIC [Brazil, Russia, India, China] countries combined and

The Columbus Dispatch: Kasich vetoes bill weakening clean-energy standards

Gov. John Kasich has vetoed a bill that would weaken the state's clean-energy standards, saying that the measure "amounts to self-inflicted damage to both our state's near- and long-term economic competitiveness."

The action on House Bill 554 was part of a series of vetoes on Tuesday, including a rejection of a \$264 million tax break for the oil and gas industry, and a measure that would have created a new mechanism to eliminate state agencies.

In vetoing the energy bill, Kasich defied a House and Senate controlled by fellow Republicans. This slight could be felt as the next General Assembly begins its work. The governor has warned that his upcoming budget will be tight, and Republicans are adding to their majorities in both chambers.

"It is apparent that Gov. Kasich cares more about appeasing his coastal elite friends in the renewable-energy business than he does about the millions of Ohioans who decisively rejected this ideology when they voted for President-elect Trump," said Sen. Bill Seitz, R-Cincinnati, a leading supporter of the bill.

The bill passed the House and Senate this month, but the majorities were not large enough to override a veto.

That said, legislative leaders are leaving open the option of coming back on Thursday for potential override votes on several bills, including the "Heartbeat Bill" that restricts abortion.

"Our members are reviewing the governor's messages and assessing their next steps," said John Fortney, spokesman for Senate Republicans.

The energy bill deals with Ohio rules that say electricity utilities must meet annual standards for investing in renewable energy and for helping customers reduce energy use. The standards have been in place since 2008, interrupted by a soon-to-expire two-year freeze.

Under the just-vetoed bill, the energy standards would have been optional for the next two years, after which the mandates would have resumed.

Kasich said in his veto message that the bill risks hurting the state by taking away some of the energy options that are "most prized by the companies poised to create many jobs in Ohio in the coming years, such as high-technology firms."

For example, Amazon has invested heavily in the state and supports policies that encourage renewable energy, although Kasich did not name any companies.

Supporters of the bill, such as the Ohio Chamber of Commerce, had said standards were too difficult to meet, which would lead to high compliance costs.

Opponents included environmental advocates, clean-energy businesses and consumer advocates.

Ohio Consumers' Counsel Bruce Weston, a consumer advocate, said the governor's action will save money in the long run because the bill would have diminished programs that encourage energy efficiency.

"Our goal is to reduce what Ohioans pay for electricity," Weston said in an e-mail.

Kasich, who signed the freeze in 2014, has said all year that he would likely oppose legislation that extends the freeze.

But the debate is not over. Seitz, who is moving from the Senate to the House, said he hopes to pass a bill in 2017 that would fully repeal the energy standards.

"With veto-proof majorities next session, we are optimistic of success," he said.

Also on Tuesday, Kasich used his line-item veto to reject a \$264 million sales-tax break for the oil and gas industry. The tax provision was tucked into Senate Bill 235 and was passed with little discussion.

"It is unlikely that the General Assembly intended for this item to yield such a significant loss of tax revenue ... to provide even more favorable tax treatment to an industry that is already comparatively lightly taxed," the governor said in his veto message.

In addition, Kasich vetoed Senate Bill 329, which would have set up a process for lawmakers to regularly review whether to eliminate certain state agencies. He said the bill needlessly duplicates an aspect of the budget process, which already allows for eliminating agency budgets.

## Mother Jones: The Bizarre and Inspiring Story of Iowa's Fish Farmers

An aquaculture operation in hog country just might help save the world's seafood supply.

By mid-October, harvest is in full swing in central Iowa. Giant green combines crawl through rows of withered corn until well after dusk as Webster City's farmers hurry to gather their crops before the first freeze sets in. The stiff, pale bodies of dead hogs pile up in dumpsters along gravel roads, waiting to be butchered. Geese sail south in wavering Vs, and the maple trees on the banks of Brewer Creek flare crimson.

A few miles outside of town, in a squat white barn that used to house hundreds of sows, a different sort of harvest has kicked into gear. Grace Nelson, 22 and tan with ombré hair, stands alert, clipboard in hand, watching her co-workers hustle to transfer fish from tanks to a flatbed truck bound for Colorado.

Their neighbors raise hogs and cattle, sow soybeans, and tend pumpkin patches and orchards now sagging with apples. But five years ago, the Nelsons—a third-generation Iowa farming family—turned to raising fish. Hundreds of thousands of silvery barramundi, to be precise. Part of a hearty species that's roughly the size of coho salmon and has flesh the flavor of red snapper, the Nelsons' barramundi start their lives in their native Australia. Seventeen days after spawning, they are flown in plastic bags of water to central Iowa, where they spend their adolescence swimming against a current pulsing through rectangular tanks on the Nelsons' farm. Barramundi easily tolerate many environments and have a flexible diet, attributes that led Time in 2011 to call them "just about perfect" as a farmed species. Once the fish reach nearly two pounds, they'll be shipped live to seafood markets and restaurants across the country, or filleted, flash-frozen, and sent to food distributors like Sysco.

The Nelsons' operation is so intriguing that in 2014, a pair of Canadian investors named Keith Driver

and Leslie Wulf acquired it, changing the name to VeroBlue Farms. (Vero means "true" in Latin.) With the Nelsons still in charge of the day-to-day operations, VeroBlue aims to become North America's biggest land-based fish farm and the largest domestic producer of barramundi, raising as much as 10 million pounds every year—more than twice as much as anyone else.

Some scientists and ocean advocates believe we need more fish farms like this one: A 2015 World Wildlife Fund report revealed that half of all marine vertebrates have been wiped out since 1970 because of pollution, climate change, and industrial fishing. According to the United Nations' Food and Agriculture Organization, about 30 percent of the world's wild stocks are fished at biologically unsustainable levels, and research by acclaimed French marine biologist Daniel Pauly suggests the real figure could be more like 45 percent.

Here in Iowa, they know how to grow protein. That's all we're doing—growing protein.

That's prompted experts at the US National Oceanic and Atmospheric Administration (NOAA) and the Department of Health and Human Services' Dietary Guidelines Advisory Committee to embrace farmed varieties. "If responsibly developed and practiced, aquaculture can generate lasting benefits for global food security and economic growth," the director general of the UN Food and Agriculture Organization declared in 2014. "Here in Iowa, they know how to grow protein," Driver, the president of VeroBlue, recently told a group of investors. "That's all we're doing—growing protein." The difference, suggests Paul Greenberg, author of the seafood bible *Four Fish*, is that when it's done right, aquaculture presents "a real opportunity to change the footprint of our protein."

How did a family from Webster City, a bucolic town about 75 miles north of Des Moines and 1,000 miles from the nearest ocean, get the idea to farm fish? On a break from manning a booth at Iowa's annual Pork Congress in 2009, Mark Nelson—co-founder of the aquaculture venture, along with his cousin Jeff—noticed a diagram of a feed dispenser rigged above a pool of tilapia. His mind flashed to his family's barn, which had sat empty since the family quit raising hogs when the market soured the year before. "It just sort of clicked," he remembers. Why not fill it with fish tanks? Mark and Jeff, who at the time were in their mid-50s, spent the next three years researching aquaculture systems and retrofitting the sow barn. In 2012, they began selling hybrid striped sea bass to a distributor in Minneapolis. Soon, they switched to the heartier barramundi, supplying Minnesota restaurants as well as Hy-Vee grocery stores. (Jeff still runs the family's conventional farm down the road, where he harvests corn, hay, and soybeans and fattens hogs for market.)

The Nelsons were betting on math. They knew that one pound of beef can require six pounds of grain and 1,800 gallons of water to produce; a pound of pork might take four pounds of grain and about 600 gallons of water. But one pound of barramundi requires just one pound of grain and up to seven gallons of water. Because the fish's native rivers in Australia frequently dry up, the barramundi have also adapted to survive close together in billabongs with low levels of oxygen—as if primed to prosper in tanks. When fully grown, they fetch \$4 to \$5 a pound, while ground beef averages \$4.20 and pork averages \$3.70. "You look at that stuff and it's like, okay, this is a good way to go if we're going to continue to feed the world," says Mark.

The Nelsons are fussing over Jeff's broken combine the day I arrive in Webster City, so VeroBlue's Driver, an energetic 41-year-old with close-cropped strawberry blond hair, gives me a brisk tour of the barn. We don plastic muck boots and swish our soles in a milky antimicrobial mixture sitting in trays on the floor of each doorway. Inside, the air is hot and moist, smelling more like a damp forest than a seafood market. Down a long corridor, we pass tanks and filters that transform water drawn from the local aquifer—smelling of sulfur and red with manganese and iron—into clear and fish-friendly water. Water from the tanks is continuously pushed through filters where beneficial bacteria convert excess ammonia into nitrates. Most of the water is recirculated back into the tanks, and concentrated wastewater flows into a lined lagoon behind the barn, eventually bound for the irrigation systems that water the Nelsons' crops. (Unlike hog manure, this filtered fish waste doesn't pollute—there's much less volume, and the concentrations of nitrates are significantly lower.) And once the company grows bigger, Driver says, it will recycle virtually all the fish excrement into fertilizer.

The Nelsons bought this unique water recirculation system, called Opposing Flows, from an inventor in Maryland named Rick Sheriff, who back in the 1980s designed a simple, elegant setup that uses air blowers to simultaneously circulate and oxygenate the water. The current also churns up fish poop, creating a self-cleaning tank. Most enclosed aquaculture rigs rely on ozone and pumps to circulate the water. By cutting out those two elements, Sheriff suspects that Opposing Flows uses 8 times less energy and costs 10 times less to run than competing systems. And low overhead is key: The United States' only other land-based barramundi operation, Australis, couldn't compete with cheaper ocean-based barramundi farms in Southeast Asia, so it moved the majority of its production to Vietnam. Grace Nelson calls Opposing Flows the family's "secret sauce."

Driver leads me into a long "grow out" room, which holds two dozen 10,000-gallon tanks painted dark green to mimic the color of a riverbed. Teenage barramundi—11 inches long—cluster under the surface of churning water kept at 82 degrees. Banks of lights put the fish through six sunrises and sunsets each day, a trick to keep them feeding and growing faster. When the lights turn on, they know lunch will drop from plastic containers hanging over the tanks. Pellets made from ground fish meal, chicken byproducts, and wheat are quickly snatched up, helping the barramundi swell from 1.4 ounces to two pounds in mere months, a growth spurt that would take them a year in nature.

The surface of the tank froths like a gurgling hot tub, so Driver asks technician Joe Rezek to grab a fish so I can take a closer look. He stands on the wooden platform parallel to the tank, leans over the railing, and scoops out a football-sized barramundi. The fish is nickel-colored, with an underbite and a sharp, webbed dorsal fin that calls to mind prehistoric creatures. In the wild, barramundi eat insects, shrimp, other fish, and, according to the Australian government, even baby crocodiles; they've been tracked traveling upward of 380 miles and can live 20 years. At about five years old, they migrate from rivers to coastal estuaries, shift from male to female, and spawn. The fish in Rezek's hand flops violently before Rezek dunks it into an ice bath, where it disappears under the chalky slurry, a dark splotch that writhes for a moment before stilling.

Mark and Jeff Nelson say aquaculture is what kept their kids down on the farm. Grace, Mark's daughter, had been studying education at Iowa State University, on the road to becoming a teacher, when the fish experiment started to take off. "I was like, 'Oh my gosh, hold up,'" she says. "I could see where this is going, and I was like, 'I can't not be a part of it.'" For Grace and her sister, Kelsey, along with Grace's boyfriend and various in-laws and cousins, the excitement and financial opportunity of a new industry beckoned. And unlike hog farming—which involves handling powerful animals, enduring the stench of toxic manure, and then managing a gruesome slaughter—aquaculture is mostly just waiting for fish to grow. "I felt like I had to shower 14 times before I got that smell off me," Grace says of hog farming. Now, "I can come in here, do chores, go home and freshen up, and go to church."

VeroBlue is hoping the Nelsons' neighbors will see the appeal of switching from hogs to fish. Already, about 150 local farmers have expressed interest in installing tanks in their barns. And in the fall of 2015, the company bought a 270,000-square-foot warehouse in downtown Webster City for \$2.5 million. The space once housed an Electrolux washing-machine factory that shuttered in 2011, with a loss of 500 jobs. With its "urban farm," which opens in January, VeroBlue has promised to introduce 150 new jobs in a town of 8,000 people. The company has started construction on a hatchery, too, so it no longer has to import fry from Australia. Scaling up, says Mark Nelson, will be key to the company's long-term success. Big-name grocers, he says, "don't want to talk to me unless I can produce so many thousands of pounds of fish a week."

That's a tall order, according to Randy Cates, owner of the first offshore fish farm in the United States. Cates believes land-based aquaculture alone will never meet the skyrocketing demand for seafood; he once compared the practice to "growing corn on a barge in the middle of the ocean."

Indeed, one challenge on a landlocked farm is getting enough water to make sea creatures feel at

home. The Nelsons' operation uses a whopping 15,000 gallons of water a day. But Driver points out that much of that is reused to irrigate the Nelsons' cornfield. And luckily for the Nelsons, their water source, the Jordan Aquifer, is the state's most productive source of groundwater—despite the fact that farmers and businesses drew 24 billion gallons from the aquifer in 2013, more than a 50 percent increase from the 1970s. VeroBlue's new facility will include a wastewater treatment plant that will recycle up to 90 percent of its water, further minimizing its dependence on the state's groundwater.

Barramundi require a third of the feed that salmon do—yet they're just as nutritious.

In addition to the water concerns, there's also the carbon emissions associated with keeping water flowing within tanks day in and day out. Steven Gaines, the dean of the Bren School of Environmental Science & Management in California, studies the environmental footprints of food. He estimates that with the current mix of power sources in the United States, land-based fish farms create half the emissions of beef, one of the most carbon-intensive foods on the planet. VeroBlue plans to install solar panels on its new facility eventually, but for now it draws its power from the grid.

Actually, it's likely that VeroBlue's biggest challenge isn't water or any technical problem—it's marketing. Elite chefs like The French Laundry's Thomas Keller and Top Chef's Rick Moonen have begun featuring barramundi on their menus, and meal-kit service Blue Apron includes it in its dinners. Yet most foodies still consider farmed fish inferior to wild seafood. Aquaculture's poor reputation stems from a long line of mistakes, says Corey Peet, a former aquaculture program manager at Mont-erey Bay Aquarium's Seafood Watch. Southeast Asian farmers clear-cut hundreds of thousands of acres of mangrove swamps to make way for dirty shrimp farms. Domestic farmed salmon have suffered frequent outbreaks of disease and sea lice, and their waste often damages the surrounding ecosystem. And farmed salmon are typically fed large amounts of smaller fish like anchovies and herring—whose stocks are also on the decline. One pound of salmon requires the fish oil wrung from five pounds of these forage fish. The barramundi raised in tightly controlled, indoor environments like the Nelsons' don't need antibiotics or hormones. They require a third of the feed to produce roughly the same quantity of healthy omega-3 fatty acids as some kinds of salmon. And recent innovations in the feed industry have slashed or even eliminated the amount of fish meal required to sustain farmed fish; Skretting, the company that makes the pellets used by VeroBlue, announced in the spring that it had developed a feed without fish meal. Other researchers are looking to nut waste, algae, or insect larvae as a replacement.

Whatever the challenges of farming fish, the fact is that aquaculture may be the oceans' last hope for survival. "We're now in a situation where doctors and nutritionists are asking us to double our seafood consumption," says Michael Rubino, director of aquaculture at NOAA, referring to the recommendation by the US Dietary Guidelines that people increase their seafood consumption to twice a week. "Where is all that seafood going to come from?" Rubino says. "So far, the choice we've made is to go elsewhere, rather than figuring it out at home." By pioneering the mass production of barramundi in the United States, VeroBlue hopes to play a role in easing that strain, though Gaines points out that it's going to take a lot more than just VeroBlue to produce enough sustainable seafood to satisfy our ever-growing appetite. Land-based fish farms in the United States produce only a fraction of 1 percent of the 7 billion pounds of fish we'd need if every American ate as much fish as the government guidelines recommend.

On my last day at the farm, Driver hosts three potential investors for a lunch of barramundi, as well as trout and salmon, which the company also hopes to raise and sell. One man, an Australian who grew up eating barramundi, inhales three cornmeal-encrusted chunks and admonishes his colleagues for not consuming the oil-rich skin. After plates sit empty for several minutes, awaiting the salmon and trout courses, Driver grows impatient.

He enters the kitchen and discovers the problem—Rezek is struggling to carve a piece of coral-colored trout.

"Where's the salmon?" Driver asks.

"We butchered it trying to fillet it," Rezek says sheepishly.

We are, after all, 1,000 miles from the Atlantic and 1,500 miles from the Pacific. But if the rest of my visit is any indication, it likely won't take long before Iowa farmhands master the art of the fish fillet.

National Journal: How Analytical Models Failed Clinton

Her campaign was so confident in its data that it opted not to do tracking polls in states that decided the election.

The November elections pitted Democrats against Republicans, conservatives against liberals, Trump-style populists and tea partiers against the establishment and conventional politicians. Another contest, followed mainly by political aficionados, matched traditional pollsters against newly fashionable analytics wizards, some of whom—pretentiously in my opinion—called themselves “data scientists.”

It was well known that traditional polling was having problems. The numbing effect of billions of telemarketing calls and the advent of caller ID and voice mail had reduced response rates (the percentage of completed interviews for every hundred attempts) from the 40s a couple of decades ago to the high single digits. As they struggled to get truly representative samples, pollsters “weighted” their data more than ever before, making assumptions of what the electorate would look like on election days that were weeks, months, or even a year or more away.

Problems with traditional, live-telephone polling led to experimentation and more recently a growing acceptance of new methods like Interactive Voice Response, popularly known as robo-polls, and online polling. Each new method brings both good and bad attributes. As a traditionalist, I see the new techniques as bad ideas whose time is regrettably coming.

The other trend is “analytics,” which incorporates information from a variety of sources—Census Bureau studies, commercially available market data combined with past election results, and conclusions gleaned from polling, voter canvassing, and economic measures such as the unemployment rate. This “big data” enable campaigns to model the anticipated electorate, identify voters most likely to be sympathetic to their candidates, and shape their messages accordingly.

The roots of campaign analytics go back to the 1970's when Democratic campaign consultant Matt Reese and Republican consultant Ed die Mahe promoted a new technology branded Claritas, a geodemographic targeting system centered on lifestyles and neighborhoods based on a market-segmentation platform developed by computer scientist Jonath-an Rob-bin (Claritas is now owned by Nielsen). It was an idea ahead of its time, too expensive for most campaigns, and it eventually left the political theater altogether.

In 2004 the Howard Dean, George W. Bush-Dick Cheney, and John Kerry-John Edwards presidential campaigns advanced the uses of data to contact voters, but it was the 2008 campaign of Barack Obama that took analytics to a whole new level. The infatuation with analytics after Obama's reelection in 2012 prompted some of his operatives to say they didn't need traditional polling anymore.

When Hil-lary Clin-ton began putting together her 2016 campaign, she brought on board many Obama veterans, going all in for the new technology. Donald Trump's general-election campaign also employed analytics, though how sophisticated and important it was in his victory is a matter of considerable debate. House and Senate campaign committees and super-PACs also used analytics to varying degrees.

The re-li-ance, or per-haps over-re-li-ance on ana-lyt-ics, may be one of the factors con-trib-ut-ing to Clin-ton's sur-prise de-feat. The Clin-ton team was so con-fid-ent in its ana-lyt-ic-al mod-els that it op-ted not to con-duct track-ing polls in a num-ber of states dur-ing the last month of the cam-paign. As a con-sequence, de-teri-or-at-ing sup-port in states such as Michi-gan and Wis-con-sin fell be-low the radar screen, slip-page that that tra-di-tion-al track-ing polls would have cer-tainly caught.

Ac-cord-ing to Kantar Me-dia/CMAG data, the Clin-ton cam-paign did not go on the air with tele-vi-sion ads in Wis-con-sin un-til the weeks of Oct. 25 and Nov. 1, spend-ing in the end just \$2.6 mil-lion. Su-per PACs back-ing Clin-ton didn't air ads in Wis-con-sin un-til the last week of the cam-paign. In Michi-gan, aside from a tiny \$16,000 buy by the cam-paign and a party com-mit-tee the week of Oct. 25, the Clin-ton cam-paign and its al-lied groups didn't con-duct a con-cer-ted ad-vert-ising ef-fort un-til a week be-fore the elec-tion.

In fact, the Clin-ton cam-paign spent more money on tele-vi-sion ad-vert-ising in Ari-zona, Geor-gia, and the Omaha, Neb-raska mar-kets than in Michi-gan and Wis-con-sin com-bined. It was Michi-gan and Wis-con-sin, along with Penn-sylvania (the Clin-ton cam-paign and al-lied groups did spend \$42 mil-lion on tele-vi-sion in the Key-stone State), that ef-fec-tively cost Demo-crats the pres-id-ency.

In the end, the na-tion-al polls fared bet-ter than com-monly thought. The Real-Clear-Polit-ics av-er-age of na-tion-al polls showed Clin-ton ahead by 3.2 per-cent-age points go-ing in-to Elec-tion Day, and the fi-nal ABC News/Wash-ing-ton Post, CBS News, NBC News/Wall Street Journ-al, and Fox News polls each had Clin-ton ahead by 4 points (the last CNN na-tion-al poll was taken two weeks be-fore the elec-tion and had Clin-ton ahead by 5 points). She ended up win-ning the na-tion-al pop-u-lar vote by 2.1 per-cent-age points, 48.2 to 46.1. Thus the RCP av-er-age was off by 1.1 per-cent-age points, the net-work polls were off by 1.9 per-cent-age points. They were off by far more in 2012, but nobody no-ticed be-cause the pop-u-lar vote and Elect-or-al Col-lege tally went the same dir-ec-tion. If one buys the ar-gu-ment that the race changed con-sid-er-ably in the last week, for whate-ver reas-on, then some of these polls may not have been off by much if at all.

Like so many oth-er as-pects of this elec-tion, a lot of small misses ad-ded up to one gi-ant er-ror on the out-come of the elec-tion. In 54 out of our 58 pres-id-en-tial elec-tions, the win-ner of the pop-u-lar vote also pre-vailed in the elect-or-al vote. A good rule of thumb is that if a can-did-ate wins the pop-u-lar vote by at least 2 per-cent-age points, he or she will al-most cer-tainly cap-ture the Elect-or-al Col-lege. So in an elec-tion when one can-did-ate is thought to have a com-fort-able lead of more than 2 per-cent-age points, there is a reas-on-able ex-pect-a-tion that the elect-or-al vote will go in the same dir-ec-tion. But if the fi-nal res-ult is hov-er-ing at the 2-point threshold, that's a wrinkle that can cre-ate an un-ex-pec-ted out-come, as the Clin-ton team learned to its dis-may.

It was the in-di-vidu-al state polling that badly missed the mark. In Wis-con-sin, Clin-ton led in each of the 32 pub-lic polls from mid-Au-gust on. The fi-nal Mar-quette Uni-versity Law School, gen-er-ally con-sidered to be the most re-spec-ted in the state, had the Demo-crat up by 6 points. She lost by eight-tenths of a point.

In Penn-sylvania, Clin-ton led in 37 out of 38 polls be-gin-ning in early Au-gust. CNN's last poll had Clin-ton up by 4 points, the fi-nal Quin-nipi-ac poll had her up by 5 points, and the Real-Clear-Polit-ics av-er-age had her up by 1.9 per-cent-age points. She lost by eight-tenths of a point.

In Michi-gan, Clin-ton was ahead in 25 out of 26 polls taken from the be-gin-ning of Au-gust on. The De-troit Free Press's last poll had her up by four points, and the Real-Clear-Polit-ics av-er-age had her up by 3.6 points. She lost by two-tenths of a point.

It's worth not-ing that state polls con-duc-ted by news or-gan-iz-a-tions and uni-versit-ies vary enor-mously in qual-ity and soph-ist-ic-a-tion. Few state-based news or-gan-iz-a-tions spend the kind of money on polling that many once did. Much of the state-level polling is of a dime-store qual-ity, con-duc-ted by polling firms that are even un-fa-mil-i-ar to polit-ic-al pros.

Ex-per-i-enced journ-al-ists might ar-gue that the over-re-li-ance by re-port-ers on both polls and ana-lyt-ics has led to a de-crease in shoe-leath-er, on-the-ground re-port-ing that might have picked up move-ments in the elect-or-ate that the polls missed. As the Michigan res-ults came in on elec-tion night, I vividly re-called that two con-gress-men from Michigan—one a Demo-cratic, the oth-er a Re-pub-lic-an—had been warn-ing me for months that Michigan was more com-pet-it-ive than pub-licly thought. I wished I had listened.

The ana-lyt-ic-al mod-els for both sides poin-ted to a Clin-ton vic-tory, al-beit not a run-away. The Clin-ton cam-paign and su-per PACs had sev-er-al of the most highly re-garded polling firms in the Demo-cratic Party, yet in the places that ended up mat-ter-ing, very little if any polling was done. So while 2016 wasn't a vic-tory for tra-di-tion-al polling, it cer-tainly took a lot of the luster from ana-lyt-ics. In the end, big data mattered very little.

CLA-RI-FIC-A-TION: Ac-cord-ing to Kantar Me-dia/CMAG, a firm that mon-it-ors polit-ic-al ad-vert-ising, the Clin-ton cam-paign's ad-vert-ising star-ted the week of Nov. 1 in Michigan and Oct. 25 in Wis-con-sin. The cam-paign also made a \$70 mil-lion na-tion-al ad buy, \$59 mil-lion of which would have been pri-or to Oct. 25, and some of that would have gone in-to Michigan and Wis-con-sin. The cam-paign also had field or-gan-iz-a-tions in both states.



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Counterfactuals which might have altered the outcome of the election

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What if? 94 questions that still keep some Democrats up at night

Donald Trump, accompanied by Reince Priebus and Michael Flynn, speaks to reporters at Mar-a-Lago in Palm Beach yesterday. (Andrew Harnik/AP)

BY JAMES HOHMANN  
with Breanne Deppisch

THE BIG IDEA: The more time that passes, the more that the outcome of every presidential election feels inevitable in retrospect – even the close ones. That's the way the frosted glass of human memory works. We simplify, as our frame of reference shifts from the tactical to the tectonic: This was a change election, and Donald Trump was a change candidate. Hillary Clinton represented the status quo.

In 2016, it often felt like nothing mattered. Not facts. Not gaffes. Not investigative reporting.

The reality, of course, is more complex: Everything matters. History just as often turns on small decisions that don't seem significant when they are made as the weighty ones that follow weeks of deliberations.

Clinton received nearly three million more votes nationally than Trump did. If fewer than 100,000 votes had flipped across three states, she'd be the president-elect – filling her cabinet from Chappaqua.

Even after all 50 states have certified their results and Trump officially won in the electoral college, many Democrats – including alumni of the campaign – are still coming to grips with the reality that, one month from today, he will be sitting in the Oval Office.

Many Democrats say that it still feels like a bad dream. They wake up in the middle of the night in a cold sweat as the reality of a Trump presidency sinks in a little deeper, as they realize that this is not Groundhog Day and that there are no do-overs. They lay in bed, staring at the ceiling. Instead of counting sheep, they revisit the events and re-litigate their decisions.

It's very easy to Monday morning quarterback, of course, and it's impossible to ever know with any

certainty how things might have played out differently if certain choices were, or were not, made. That's what makes counterfactual history so titillating yet agonizing – and perhaps ultimately unsatisfying.

Would another Republican nominee besides Trump have defeated Clinton? No one else would have picked a fight with Gonzalo Curiel, Alicia Machado or the Khans. No one else was on tape boasting about sexual assault. As far as we know, no one else running would have had more than a dozen women come forward to accuse them of sexual misconduct in the month before the election. But no one else had the raw political talent and showmanship of Trump. No other Republican would have run as such a protectionist, nativist and isolationist as Trump. No one else would have had the same level of credibility as an outsider. These qualities cannot be discounted. That's why, despite all of his baggage, it is quite plausible that none of the other Republicans could have made the same inroads and shifted the map the way that Trump did.

As we close the book on the 2016 cycle, this will be the final big idea that looks back at the past two years. It's based on dozens of conversations with operatives from both sides about how things might have played out differently. These are among the questions that Democrats, and some establishment Republicans, are still asking themselves—

Justice Antonin Scalia's courtroom chair is draped in black to mark his death as part of a tradition that dates to the 19th century. Scalia died in February at age 79. He was the Supreme Court's longest-serving justice. (J. Scott Applewhite/AP)

The Supreme Court vacancy:

What if Antonin Scalia hadn't died?

What if Mitch McConnell allowed hearings for the president's nominee to replace him? The lack of a vacancy might have taken away one of the biggest galvanizing forces for conservatives who were uneasy with Trump.

What if Obama had nominated someone who actually excited progressives and/or African Americans, instead of a moderate, milquetoast white guy who literally drove no one to the polls for Clinton? He thought he was making the Republicans an offer they couldn't refuse by putting up Garland, the most moderate possible justice they could hope for. He thought wrong.

The former editor of the Harvard Law Review, who taught constitutional law at the University of Chicago, refused to let political considerations drive his selection. What if Obama had been more political?

What if Trump had not announced the names of 21 potential justices he will choose from? Many Republicans, especially the pro-life community, got on board with Trump because the two lists he put out signaled that he would govern as a constitutional conservative, even if he himself was not one.

The Obama administration says that Vladimir Putin personally authorized the hacking of Democratic officials' email accounts in the run-up to the election, which intelligence agencies believe was designed to help Trump prevail. (Toru Hanai/AP)

Russian interference:

On Oct. 7, the intelligence community publicly stated that the Russians were behind the hacking of Democratic emails and that "only Russia's senior-most officials could have authorized these activities." What if this announcement had not gone out on the same afternoon that The Post published the 2005

“Access Hollywood” video? Would it have gotten more attention? Or swayed anyone?

What if FBI agents walked over to DNC headquarters, instead of just leaving voicemails for a hapless IT contractor, to let party leaders know they’d been hacked?

What if Clinton I.T. guy had not told John Podesta’s assistant that a phishing email from the Russians was “a legitimate email”? He claims it was just a typo, but hundreds of you emailed me last week to question his story.

What if Trump had not pleaded directly with the Russian government to meddle in the U.S. election by finding and releasing tens of thousands of private emails from his opponent? “Russia, if you’re listening, I hope you’re able to find the 30,000 emails that are missing,” the Republican nominee said on July 27. “They probably have them. I’d like to have them released.”

What if Clinton had just released the transcripts of her Goldman Sachs speeches during the primaries, when Bernie Sanders pressed her to, instead of waiting for WikiLeaks to publish an email with the juiciest parts?

What if McConnell had not voiced doubts about the veracity of the intelligence during a secret September briefing for congressional leaders? People present at the meeting say that the GOP leader made clear to the administration that he would consider any effort by the White House to challenge the Russians publicly as an act of partisan politics.

What if Obama had spoken out loudly and publicly on the issue anyway?

What if Reince Priebus had not twice declined to sign onto a statement condemning the Russian meddling before the election?

What if other Republicans had heeded Marco Rubio’s call to not politicize the hacked emails?

What if the Russians had released emails from top Republicans too?

What if the press had not covered the WikiLeaks disclosures so intensively?

Hillary Clinton sends an email as secretary of state. (File)

The emails:

What if Hillary had never set up the private server in the first place?

What if she had not had her lawyers delete thousands of supposedly personal emails, which made it seem like she was trying to hide something?

What if the State Department had just released them all at once, instead of trickling them out?

What if Sanders had not let her off the hook at the first Democratic debate by saying he was “sick and tired” of talking about the “damn emails”?

What if Clinton had been more accessible and less cloistered? What if she gave as many interviews as Trump did?

What if Bill Clinton hadn’t huddled with Loretta Lynch on the tarmac in Phoenix?

What if James Comey had not held the July 5 press conference to announce that Clinton would not be

charged with a crime? What if the FBI had just released a short paper statement instead? What if the director had not said she was “extremely careless” in her “handling of very sensitive, highly classified information”?

What if Anthony Weiner had not continued texting inappropriately with strangers after the practice cost him his House seat and the chance to be mayor of New York? The feds might not have come across the computer with his estranged wife’s emails on it.

The Nov. 6 letter from James Comey (Jon Elswick/AP)

What if Comey did not send the first letter to Congress on Oct. 28, saying that there were more emails?

What if Comey didn’t send the second letter the Sunday before the election? Clinton has told donors that this hurt her just as much, even though it again cleared her, by bringing attention back to the issue and helping Trump consolidate Republicans in the suburbs.

“Comey’s intervention is one thing that almost certainly changed the result,” Dana Milbank writes in his column today. “Nationwide, voters who decided in the last week — the time when Comey’s announcement dominated the news — overwhelmingly went for Trump. Late-decidors went for Trump by 17 points in Florida and Pennsylvania, by 11 points in Michigan and 29 points in Wisconsin.”

Barack Obama campaigns in Ann Arbor on the Monday before the election. He had originally planned to go to Detroit but changed his plans. (Carlos Osorio/AP)

The Rust Belt:

Unlike 2000, this election was not decided by just one state. So it’s hard to say, for example, that if Clinton had just done more in Wisconsin, she would have won. Because she still would have lost the presidency had she won the Badger State. But Pennsylvania, Michigan and Wisconsin all tipped away from her in the closing days.

What if the Orlando night club attack didn’t happen? Obama and Clinton were supposed to hold their first joint rally in Milwaukee, but it got canceled. It took weeks for it to get rescheduled, and they went to Charlotte instead – and, in terrible timing, it coincided with Comey’s press conference. Hillary never went back to Wisconsin. Her team said just days out that they did not need to because they were comfortably ahead.

What if Clinton had focused more on making an affirmative, economic-focused argument for why people should support her and less on trying to make the race a referendum on Trump?

What if Trump had not picked a fight with Gold Star father Khizr Khan? This was obviously damaging to the Republican nominee, but the Clinton team remains angry that it prevented them from being able to drive an economic message during a post-convention bus tour through Pennsylvania and Ohio. Instead of talking about Hillary’s plan to create jobs in Youngstown, they were talking about Donald’s latest donnybrook. Again.

What if the Clinton high command had paid attention to the May warning from the Democratic chairman in Mahoning County, Ohio, that she needed to retool her message on trade or risk getting wiped out in the Rust Belt?

What if Obama had campaigned in Detroit in the final days? He was scheduled to, but that appearance got canceled because of concerns that his motorcade would interfere with the funeral for a police officer

who had died. She only lost the state by 10,704 votes and under-performed in urban areas that Obama won four years ago.

What if the Clinton campaign had not poured money into Missouri and Indiana, where they lost by double digits, to help Senate candidates? What if that money paid for TV ads in Michigan and Wisconsin?

What if Clinton had not focused so much on fundraising and debate prep in the fall but actually spent more time on the trail? She held far fewer rallies than Trump.

What if Clinton had not fallen ill with pneumonia at the 9/11 anniversary event?

What if she had not been caught on camera stumbling on her way to the motorcade?

What if Hillary had not said, while she was suffering from pneumonia, that “half” of The Donald’s supporters can be placed in a “basket of deplorables”?

What if the media had not believed Clinton was ultimately going to win the election? Would the coverage have been less persnickety? Her team feels like she was treated as a president-in-waiting, and this meant that the stories were tougher than the ones Trump faced.

What if Donna Brazile had not insisted that the DNC waste money on radio ads in Illinois and Louisiana to drive up Clinton’s popular vote total?

What if the Clinton team had not treated its flawed modeling software as gospel?

Why wasn’t Bernie’s huge upset in the Michigan primary this spring a bigger wake-up call that Clinton could have serious problems in the state during the fall?

What if state-level polling had been more accurate?

What if Brooklyn had allowed the SEIU to redeploy resources from Iowa to Michigan? What if the United Auto Workers hadn’t flaked on their GOTV commitments in Michigan, as Clinton world alleges, during the final week?

Vice President-elect Mike Pence warms up the crowd at Trump's thank you rally in Orlando last week. (Evan Vucci/AP)

The running mates:

Putting Mike Pence on the ticket turned out to be one of the smartest decisions Trump made. The Indiana governor helped reassure conservatives and acquitted himself well through the fall.

What if Trump had chosen Chris Christie instead? The New Jersey governor had endorsed him early, and Pence had supported Cruz before the primary in his state. But a federal trial in the weeks before the election included salacious revelations and allegations about Christie’s knowledge of and role in the Bridgegate scandal. Going after Clinton on the Clinton Foundation would have been much harder had Christie been on the ticket.

What if Pence distanced himself more from Trump after the “Access Hollywood” video came out? Remember that he canceled a fundraiser in the immediate aftermath and said he was “offended” by Trump’s comments.

On the Democratic side, what if Clinton had chosen someone besides Tim Kaine? The Virginia senator

did not cause any problems for her, and he may have helped put Virginia away.

But what if Elizabeth Warren had won the veepstakes? Would fewer liberals have defected to Jill Stein? She might have drawn bigger crowds. How many more millennials might have voted?

Or what about Cory Booker? Would he have helped to juice African American turnout in Philly, Milwaukee and Detroit?

President Obama walks with Vice President Joe Biden back to the Oval Office after speaking in the Rose Garden. (Pablo Martinez Monsivais/AP)

Looking back to the primaries:

What if Joe Biden had run?

What if CNN had not covered Trump's rallies wall to wall from the beginning, showing live video feeds of an empty podium?

What if Fox chairman Roger Ailes – who would go on to help Trump with debate prep after he lost his job amidst a sexual harassment scandal – had instructed his on-air talent to go negative on Trump after his nasty attacks on Megyn Kelly? What if Fox producers had pretended like Trump didn't exist as a credible candidate that summer as relation? Could that have taken away his oxygen?

What if Jeb Bush had not sucked up all the establishment donor money so early, making it harder for other non-Trump candidates to break through?

What if Robotic Rubio had not malfunctioned on stage during the Saturday night debate before the New Hampshire primary? Could he have done well enough to claim momentum in South Carolina and then possibly won his home state of Florida?

What if Rubio had not gone into the gutter with Trump with all the talk about small hands, which made him look so immature?

What if the GOP field had consolidated sooner? Establishment Republicans hated Ted Cruz so much that they refused to rally behind him even when he was the only realistic candidate who could have stopped Trump.

What if Cruz had not dropped out after losing Indiana on May 3? What if he fought on through California?

What if Cruz never came around to endorsing Trump after his "vote your conscience" convention speech?

What if Paul Ryan had refused to formally endorse until after the convention? How would his conference have reacted?

What if Trump had actually pivoted after he clinched the nomination? Would that have turned off some of his core loyalists and made him look like a sell-out? Or would it have put him in the driver's seat through the fall?

Corey Lewandowski and Michelle Fields in this still frame from video taken March 8 and released by the Jupiter, Florida, Police Department. (Reuters)

Personnel:

What if Clinton had shaken up her campaign team after losing New Hampshire by 22 points? Brooklyn had remarkably few unsanctioned leaks, especially compared to 2008. How might a different team have done things differently?

What if Clinton's staff had listened more to Bill Clinton, who wanted the campaign to focus more on working-class whites?

What if Clinton had a better slogan than "Stronger Together"?

What if Trump had fired Corey Lewandowski right away after he grabbed Breitbart reporter Michelle Fields and then lied about it?

What if Trump had stuck with Paul Manafort as scrutiny grew over his Ukraine ties?

What if the Mercer family had not persuaded Trump to hire Stephen Bannon from Breitbart?

What if Bannon had not brought the women who had accused Bill Clinton sexual assault to the second debate as part of a scorched-earth response to the 2005 video?

What if Kellanne Conway had not been brought on as the final manager? Would Trump have ever shown any sign of contrition?

What if Trump's access to Twitter was not limited by his staff in the final days?

We will never know which of these things truly made a difference.

Welcome to the Daily 202, PowerPost's morning newsletter.  
With contributions from Elise Viebeck (@eliseviebeck).

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WHILE YOU WERE SLEEPING:

Kellyanne Conway at Trump Tower (Bryan R. Smith/AFP/Getty Images)

-- Kellyanne Conway will work in the White House as a counselor to the president. Trump made the announcement in a press release this morning. She was the first female manager of a winning campaign and has been weighing for weeks whether to join the administration or spearhead Trump's outside political efforts. Conway, who has been ubiquitous defending Trump on cable TV, will join a West Wing team that includes Priebus and Bannon.

-- This follow's Corey Lewandowski, Trump's first manager, announcing yesterday that he will form a consulting firm. Called Avenue Strategies, Corey touts the fact that new firm is "just a block from the White House" and, in a release, he says, "I will always be President-elect Trump's biggest supporter." His partner is Barry Bennett, a former top adviser to Ben Carson's campaign. ( John Wagner)

Eric Trump at Trump Tower (Albin Lohr-Jones/EPA)

-- Calling it a "quagmire," Eric Trump said he would stop directly soliciting money for his charity, which aims to fight such things as childhood cancer. From the New York Times's Maggie Haberman and Eric Lipton: The move comes following backlash after the Eric Trump Foundation offered an online auction for the chance to have coffee with his sister, Ivanka Trump. Friends of Eric Trump also offered the opportunity for a hunting trip with Eric and his brother, Donald Jr., in exchange for a donation of \$500,000 or \$1 million to the friends' foundation, with the consent of Eric Trump. With comparisons beginning to be drawn to the Clinton Foundation, Eric said he would no longer directly solicit funds for his foundation: "As unfortunate as it is, I understand the quagmire," Trump told the Times last night. "You do a good thing that backfires." The foundation's fate is unclear -- it could be shut down or renamed, or Eric Trump could put distance between himself and the group.

-- In another sign that he is serious about moving to Washington, Trump son-in-law Jared Kushner is quietly trying to sell his newspaper, The New York Observer, according to WWD. One potential buyer is American Media Inc., which owns the National Enquirer, though Observer media chair and chief executive Joseph Meyer denied the paper was for sale.

-- Trump also made significant concessions to the unions at his hotels in Nevada and Washington, per The Times: "The agreements resolve labor disputes that could have posed a conflict of interest for the president-elect and come on the heels of other similar moves in recent weeks. ... One of the two labor agreements provides a union contract to workers at the Trump International Hotel Las Vegas, whose union the hotel had previously refused to bargain with. The second agreement eases a hurdle to unionization at a recently opened Trump hotel in Washington." The pacts lower the chance that the disputes would be arbitrated through the National Labor Relations Board, whose members will ultimately be appointed by Trump, along with its general counsel.

Vladimir Putin shakes hands with General Valery Gerasimov today as Defence Minister Sergei Shoigu looks on during a meeting today in the Kremlin. (Alexey Nikolsky/EPA/Sputnik)

-- The cybersecurity firm CrowdStrike has discovered "strong proof" that a group with ties to Russia's military intelligence arm hacked DNC servers, Ellen Nakashima reports. "CrowdStrike linked malware used in the DNC intrusion to malware used to hack and track an Android phone app used by the Ukrainian army in its battle against pro-Russia separatists in eastern Ukraine from late 2014 through 2016."

Republican State Sen. Norman Sanderson holds his head yesterday during a failed attempt to repeal HB2 in Raleigh. (Jonathan Drake/Reuters)

#### GET SMART FAST:

1. North Carolina lawmakers decided to leave the so-called "bathroom bill" in effect. Despite a special legislative session called to focus on the legislation that had sparked a national controversy, and cost the outgoing governor his job, lawmakers failed to repeal HB2, which requires transgender individuals to use the bathroom corresponding to the gender on their birth certificate. (Mark Berman and Sandhya Somashekhar)

2. A Sahara desert town got a white Christmas. A freak snow shower occurred near the Nigerian town of Ain Sefram, where it hadn't snowed there since 1979. (Jason Samenow)

3. Egypt circulated a draft U.N. resolution last night that demands a halt to Israeli settlement activities in Palestinian territory and declares that all existing settlements "have no legal validity" and are "a flagrant violation" of international law. The Security Council scheduled a meeting at 3 p.m. EST Thursday to vote on the draft resolution. (AP)

4. Two Muslim American YouTube stars appear to have been booted from a Delta flight in London



because the captain heard them speaking Arabic. New Yorkers Adam Saleh and Slim Albaher claimed they were asked to get off the plane after Saleh spoke to his mom by phone in Arabic and the two friends conversed in the language, but there's skepticism since they've been known to pull pranks aimed at exposing Muslim stereotypes. Delta called their behavior "provocative," including shouting, but other passengers corroborated the friends' account. (New York Times)

5. Brexit booster and Trump friend Nigel Farage is facing possible legal action after accusing the husband of a murdered British lawmaker of supporting an extremist group. Farage tweeted that the Berlin attack would be "Merkel's legacy." Brendan Cox, husband of murdered lawmaker Jo Cox, called blaming politicians for extremist groups a "slippery slope," prompting Farage to say that Cox "knows more about extremist groups than me," referring to the "Hope not Hate" group formed after his wife's assassination. (New York Times)

6. A University of Michigan student who told police that a stranger threatened to set her on fire if she didn't remove her hijab could soon face a felony charge for false reporting. Police say there is no evidence proving the student's report to authorities in November, when she claimed that an intoxicated man threatened her outside the Ann Arbor campus. (Kristine Guerra)

7. The National Weather Service plans to issue some news-you-can-use. In order to prevent "commutageddons," the service is testing what it's calling "Potential Winter Commuting Hazard" alerts, to be issued "24 hours before any rush hour under snow or ice threat, and will make phone calls directly to snow crew dispatch centers to alert them of the potential." It's a reaction to the light snow dusting, but nightmarish commuting conditions, in D.C. last Jan. 20. (John Hopewell)

8. A Virginia woman was sentenced to 33 months in prison for masterminding a high-end purse scam. Praepitcha Smatsorabudh would buy expensive designer purses from department stores and later return knock-offs made especially in Hong Kong and China. She would then sell the originals while keeping some of the genuine articles for herself. (Rachel Weiner)

9. A poker pro has been ordered to repay \$9.6 million in illicit winnings from playing Baccarat. Phil Ivey won the money at the Borgata Hotel in Atlantic City through an elaborate scheme known as "edge-sorting," in which Ivey's sidekick memorized minute differences in the patterns on the back of the cards. (Ben Guarino)

10. James Taylor cancelled a February concert in the Philippines to protest President Rodrigo Duterte's controversial anti-drug policies. Since the anti-drug campaign began, police have killed 2,000 people with 3,500 other killings remaining unsolved. (New York Times)

Tunisian immigrant Anis Amri is suspected of carrying out the truck attack in Berlin. German Federal Criminal Police Office (BKA)

#### THE LATEST FROM BERLIN:

-- The prime suspect in the truck attack on Berlin's Christmas markets was the subject of a previous terror investigation. From Anthony Faiola, Stephanie Kirchner, and Souad Mekhennet: "The 24-year-old Tunisian migrant was not deported even though his asylum bid was rejected... Though he went by several aliases, Anis Amri "became the subject of a national manhunt after investigators discovered a wallet with his identity documents in the truck used in Monday's attack that left 12 dead, two law enforcement officials told The Washington Post."

-- Angela Merkel's government is taking major heat for its policy of welcoming over 1 million migrants fleeing war in Syria and other Middle Eastern countries. "Dozens of terrorism suspects have slipped into Germany and neighboring nations posing as migrants. Amri, officials said, was not part of the surge of migrants who entered Europe via the onetime main route from Turkey and Greece — a path that has been now largely cut off. Rather, he came to Germany last year via Italy, where he apparently had entered as early as 2012. He applied for German asylum but was rejected in June and later faced deportation.

"Amri was the subject of a terrorism probe on suspicion of 'preparing a serious act of violent subversion,' and he had known links to Islamist extremists, authorities said. Why a failed asylum-seeker

with such links and no passport was walking German streets is 'the question 82 million Germans probably want an answer to,' said Rainer Wendt, chairman of the German Police Union."

-- Two more nuggets: "In August, Mr. Amri was arrested in the southern city of Friedrichshafen with a fake Italian document and released a short while later ... [Amri's] father told a Tunisian radio station ... that his son left Tunisia about seven years ago and served four years in prison in Italy after he was accused of setting fire to a school. The son was sentenced in absentia in Tunisia to five years in prison for violent robbery, the radio station reported."

-- So how did he slip through the cracks? Our journalists on the ground explain that Amri was in legal limbo, like other migrants without passports, with his country of origin refusing to take him back until a passport was issued. That happened Wednesday. "Amri had 'interacted' with Abu Walaa, a 32-year-old of Iraqi descent arrested in November on charges of recruiting and sending fighters from Germany to the Islamic State."

Trump: 'You've known my plans' on proposed Muslim ban

-- Meanwhile, Trump appeared to reaffirm his support for both an indefinite ban on Muslim immigrants to the United States and support for a registry of Muslims -- and called the Berlin attack a vindication of his approach. Speaking outside Mar-a-Lago, Trump did not walk back the proposals after he was asked by a reporter whether he was rethinking or reevaluating them. "You know my plans," Trump said. "All along, I've been proven to be right. One-hundred-percent correct. What's happening is disgraceful." Note that he has not been at all clear about what his plans are. (Abby Phillip and Abigail Hauslohner)

Clockwise from top left: Trump, James Mattis, George S. Patton and actor George C. Scott (in character as Patton).

#### TRUMP'S PARADE OF HOPEFULS:

-- "Trump is holding a casting call. He's seeking 'the look,'" by Philip Rucker and Karen Tumulty: "The parade of potential job-seekers passing a bank of media cameras to board the elevators at Trump Tower has the feel of a casting call. It is no coincidence that a disproportionate share of the names most mentioned for jobs at the upper echelon of the Trump administration are familiar faces to obsessive viewers of cable news — of whom the president-elect is one. 'He likes people who present themselves very well, and he's very impressed when somebody has a background of being good on television because he thinks it's a very important medium for public policy,' said Chris Ruddy, chief executive of Newsmax Media and a longtime friend of Trump. 'The look might not necessarily be somebody who should be on the cover of GQ magazine or Vanity Fair. It's more about the look and the demeanor and the swagger.' ... His personnel choices show signs of being 'cast for the TV show of his administration,' said Bob Killian, founder of a branding agency based in Chicago. 'They are all perfectly coifed people who look like they belong on a set.'"

-- Many of Trump's selections for top posts in his administration have something else in common: they are conspiracy theorists. From Elise Viebeck: "Many of Trump's highest-level appointees have a history of publicly promoting conspiratorial, outlandish and fringe beliefs, particularly about Muslims, the Clinton family and the environment. ... Those who promote such narratives include top Trump national security staff, advisers and Cabinet designees, many of whom will enter the executive branch with long records of public statements from their careers as conservative commentators and politicians. Their open and shared tendency toward repeating false narratives, a more prevalent theme in this administration than

previous ones, raises questions about what role debunked and discredited theories might play in Trump's decisions as president ... Mark Fenster, author of 'Conspiracy Theories: Secrecy and Power in American Culture,' said touting such unproven or outlandish theories can bias the judgment of people in power, with real consequences. 'You might inaccurately or unfairly interpret information that comes your way. You might seek out a limited number of sources of information and make decisions that are not as good as they could otherwise have been,' said Fenster.

Peter Navarro, center, speaks with Mark Cuban, left, outside the media filing center ahead of the first presidential debate at Hofstra University. (Andrew Harrer/Bloomberg)

-- Trump appointed China hardliner Peter Navarro to head a newly-created post within his White House called the National Trade Council, which the president-elect says will be equivalent in status to the National Security Council and the National Economic Council. Navarro, a business professor at the University of California at Irvine, is a globalization critic who is expected to implement Trump's trade strategy. While there have been some signals since the campaign ended that Trump is softening his stance on tariffs and ripping up NAFTA, observers read the appointment of Navarro, who helped shape Trump's economic ideas during the race, as doubling down on that rhetoric. (Ylan Q. Mui and Steven Mufson)

Trump's Transition: Who is Carl Icahn?

-- Trump also enlisted billionaire investor Carl Icahn as a special adviser overseeing regulatory reform, Ylan and Steven add. "It's still unclear what Icahn's role will be. ... The transition team said he would not be a government employee and would have no specific duties. Icahn has expressed skepticism of many environmental regulations. However, he has defended the sweeping financial reforms passed after the Great Recession that Trump has pledged to dismantle."

David Koch (Chip Somodevilla/Getty Images)

-- Trump met with billionaire David Koch at Mar-a-Lago in an informal session brokered by Trump friend and Newsmax chief Christopher Ruddy. It's part of a pattern of Trump seemingly seeking to make peace with some of his adversaries from during the campaign. Trump hosted Mexican businessman Carlos Slim, who he slammed during the campaign, at his Florida getaway over the weekend. (Robert Costa)

Boeing CEO on Air Force One contract: 'We're going to get it done for less'

-- Boeing chief executive Dennis Muilenberg went to Mar-a-Lago yesterday to break bread with Trump after the president-elect threatened in a recent tweet to cancel Boeing's contract to build Air Force One because of its alleged \$4 billion price tag. It's unclear what kind of understanding the two businessmen came to, but Muilenberg said afterward that they are "focused on the same thing" in getting taxpayers a good deal. "And his business head set around that is excellent. It was a terrific conversation. Got a lot of respect for him. He's a good man. And he's doing the right thing," Muilenberg said. (Abby Phillip)

-- A Virginia winery owned by Eric Trump has applied for permission to import more foreign workers to prune grapevines. From BuzzFeed: "On Wednesday, the Department of Labor posted a petition from Trump Winery, also known as Trump Vineyard Estates, asking to bring in six vineyard workers under the federal H-2 visa program, which permits US employers to bring in foreign laborers on temporary work visas. Since 2003, more than 100,000 foreigners have been brought in under the program each year. Combined with this latest request, companies owned by Trump or bearing his name have sought

permission from the Department of Labor to hire at least 263 foreign guest workers since he launched his presidential campaign.”

John McCain and Chuck Schumer in 2013 after the Senate passed the immigration bill. (Alex Wong/Getty Images)

-- In another sign of how Trump's presidency is scrambling partisan alliances in Washington, Chuck Schumer and John McCain are working together a lot more closely, Paul Kane reports. "Schumer and McCain could not seem much more stylistically different, but the two have a common ability to command the spotlight and shape debates inside the Capitol, something that becomes exponentially more powerful if they are working on the same side."

SOCIAL MEDIA SPEED READ:

Ben Sasse and his children Elizabeth, Alexandra and Breck in Lincoln, Neb. (Nati Harnik/AP)

Ben Sasse live-tweeted his kids' piano recital:

Here's the final popular vote count, which continues to make Trump uncomfortable:

The Drudge Report, like Trump himself, chose to put a certain spin on it:

Which led to tweets like these:

Trump seems not to have known his response to the Berlin attack:

He's also apparently not going to use "drain the swamp" as a catchphrase anymore, per Newt Gingrich:

A reminder about that:

Maybe it wasn't serious anyway:

Jeff Sessions is clamming up ahead of his confirmation hearings:

Kentucky Secretary of State Alison Grimes, who lost to Mitch McConnell in 2014, was appalled by the viral video of a woman's racist tirade at a mall in Louisville:

Chuck Schumer is no fan of Mick Mulvaney:

Bernie Sanders is attacking Trump's cabinet selections more broadly:

Tom Perez officiated a wedding:

Mark Meadows welcomed a granddaughter:

Rick Crawford enjoyed some fishing:

Lindsey Graham is getting into the holiday spirit:

Olivia Wilde posted this photo of herself with the Obamas:

Finally, check out this model of the Capitol at the U.S. Botanic Garden. Can you guess what it's made

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of?

#### QUOTE OF THE DAY:

"If something happens to him, then it happens to him," Trump's doctor Harold Bornstein told Stat News. "It's like all the rest of us, no? That's why we have a vice president and a speaker of the House and a whole line of people. They can just keep dying."

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- It is pretty warm for Christmas week, the Capital Weather Gang's forecast notes: "You know we are in a mild spell when a cold front pushes through today and we still climb to near 50. In fact, highs through Christmas and beyond remain similarly comfortable. This ensures that precipitation Saturday is only rain and should clear out before the "man in red" begins his deliveries that night. Snow lovers have to look to the New Year for any hopes of the white stuff. Sorry."

#### VIDEOS OF THE DAY:

Did you know Chris Matthews loves the movie "Love Actually"? Watch and learn:

'Love Actually,' politics and Chris Matthews

Jimmy Fallon recruited Paul McCartney, Reese Witherspoon and other celebrities for this rendition of "Wonderful Christmastime":

Jimmy Fallon, Paul McCartney and "Sing" Cast Perform "Wonderful Christmastime" (A Cappella)

David Remnick chatted with Seth Meyers about Trump's looming presidency:

David Remnick Is Pessimistic About Trump's Presidency

Meyers debuted a new segment devoted to Trump's tweets:

Tweetin' with the Prez

This dramatic video shows an explosion at a fireworks market in Tultepec, Mexico:

Dramatic video shows explosion at fireworks market in Mexico

Mexico's president held a moment of silence for the victims:

Mexican president holds minute of silence for fireworks blast victims

Finally, watch as this Santa gets pulled over by police:

Santa gets pulled over by police

And meet the Hawaiian fish named after Obama:

Meet the Hawaiian fish named after President Obama

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Netanyahu to US: 'Veto UN resolution on settlements'

Egypt circulated a copy of the resolution, calling on Israel to "immediately and completely cease all settlement activities."

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Netanyahu confidant: Anti-settlement Security Council resolution will...

French ambassador says resolution in line with France's position.

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Aghast at Iran's Syria gains, Gulf Arabs see potential in Trump

While drawn to Trump, the Gulf monarchies feel his views are not fully formed, and they want to...

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VIDEO: Social media stars claim removal from flight for speaking Arabic

"Two customers were removed from Delta Flight 1 departing London-Heathrow today after..."

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Archaeological discovery in Jerusalem raises question: Who was...

The name is carved into a piece of a stone bowl dating back some 2,100 years to the Hasmonean...

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Saddam Hussein's daughter touts Trump's 'political sensibility'

Raghad Hussein, the eldest daughter of the former Iraqi dictator, speaks of her hopeful...

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Israeli woman thought missing following Berlin terror attack found dead

Elyakim's husband, Rami, was seriously injured in the incident and remains hospitalized after...

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Trump proxy and Israeli official in dust up over Swedish party with...

The group is in Israel taking part in the Jerusalem Leaders Summit. Justice Minister...

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'Israeli warships being built by company owned by Lebanese defense...

The information was revealed in a letter that was sent to Attorney General Avichai Mandelblit by...

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Obama's  
failed  
foreign policy

"The outgoing US president has spawned a callow, cowardly series of leadership...

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Israeli activist arrested over photo of pig on Temple Mount

An attorney for the defendant said that he intends to appeal the charges.

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Date: Wed Dec 21 2016 08:35:37 CST  
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Eager to battle opioid epidemic, J.D. Vance will launch a new nonprofit

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Why the author of 'Hillbilly Elegy' is moving home to Ohio

J.D. Vance poses for a portrait. (Courtesy of Naomi McColloch)

BY JAMES HOHMANN  
with Breanne Deppisch

THE BIG IDEA: "Hillbilly Elegy" continues to be near the top of the bestseller list and appears on every major publication's end-of-year list of notable books. Now author J.D. Vance wants to use his newfound fame and fortune to return home to Ohio and make a difference – and maybe one day run for office.

If you haven't read it, the book is a 32-year-old's memoir about his hardscrabble upbringing in the Rust Belt. With his mom battling addiction, and his father absent, his grandparents mainly raised him. He struggled in high school but wound up joining the Marines, graduating from Yale Law School and getting a cushy job at an investment fund in San Francisco. That's what a Horatio Alger story reads like in 21st century America.

Donald Trump's name never appears, but the timing was fortuitous. Vance offered outsiders a window into why such a huge percentage of the white working-class folks he grew up with would embrace the president-elect so wholeheartedly. Just as so many have also turned to drugs, alcohol and suicide to numb their pain.

From the perspective of a conservative, Vance paints a depressing picture of a proud, but broken, people: the cycle of dependency, the near total lack of personal responsibility, rising domestic violence, declining church attendance, laziness, etc. In one unforgettable scene, his mom loses her job as a nurse because she's so high, and she makes him give her a urine sample so she can pass it off as her own. (Reading the book inspired me to travel to his hollowed-out hometown of Middletown, Ohio, for an October big idea about how Trump really could win the election.)

Rather than just collect royalty checks and give TED talks, Vance wants to do something to deal with

these afflictions.

\*He is currently looking to re-settle from California to either Columbus or Cincinnati. His San Diego-born wife has gotten onboard, and he thinks their two dogs will adjust well.

\*He is filing paperwork to set up a new nonprofit group, a 501(c)(4), called "Our Ohio Renewal."

\*He is scheduled to speak at about a dozen Lincoln Day dinners for county-level Republican chapters around the state in the next three months.

\*He recently lectured at The Ohio State University and plans to visit other campuses around the Buckeye State soon.

\*Jai Chabria, who after 20 years as a top adviser to Ohio Gov. John Kasich moved into private practice this year, is helping Vance navigate this process.

"The book has given me a platform I frankly didn't expect to have," Vance said in an interview. "The plan is to go all-in on Ohio. One of the things that concerns me is that so few people who go and get an education elsewhere ... feel any real ... pull for returning home. I don't think the answer is for everyone who grows up in Middletown to come back. But we do owe something to the community."

He explains that the book mostly diagnosed the problem, and now he wants to pivot toward finding solutions. His initial emphasis will be on two broad issues: managing the opioid crisis and improving vocational education.

Morphine Sulfate, OxyContin and Opana at a pharmacy (Rich Pedroncelli/AP)

Before diving in on policy, Vance plans a listening tour around Ohio. He's spent a lot of time in the southern part of Ohio, but he doesn't know the areas around Toledo and Cleveland too well. "At this stage, the thing I want to do the most is to go around the state and learn about what's actually going on," he explained. "I'm not one of these people who thinks I know all the answers. The first thing I want to get a sense of is what's actually been tried on the ground already."

He believes that fixing the cultural problems and stigmas he outlined in "Hillbilly Elegy" will take more than just government pulling levers. "To solve a problem as complex as the opioid crisis, you have to take an all-hands-on-deck approach," he said. "Policy can help ... but you can't find everything with legislation."

Every step that Vance is taking is exactly what a sophisticated person in his position who wanted to run for statewide office would do. He insists that's really not what this is about, while leaving the door open for down the road: "No, not now," he said when asked if he'll ever run for office. "I think that I need to live in the state for a while and get to know these problems a little better before actually doing something like that. Never say never, but it's certainly not something I am thinking about over the short-term."

Vance voted for independent Evan McMullin, not Trump, last month. "I always understood why he was so appealing to so many folks back home," he said of the president-elect. "It's not surprising they voted for him. ... My fear with Trump was always that he didn't have great solutions. I am pessimistic that you can flip the trade switch and make all these steel jobs come back to Middletown."

Investor Peter Thiel exits Trump Tower recently. (Eduardo Munoz/Reuters)

The investment group that Vance works for was co-founded and funded by billionaire Peter Thiel, who has emerged as a key adviser for Trump during the transition. (Stat News posted a story this morning on Thiel's influence in the filling of health and science posts.) "I don't interact with him a ton, but I certainly have dealt with Peter, and he's been a pretty good mentor to me," Vance said of their

relationship. "I have all the respect in the world for him."

Still, the 32-year-old remains somewhat nervous about the policies that Trump espoused on the campaign trail, though his fingers are crossed. "Solutions are complex," he noted, "and I continue to worry that Trump didn't fully appreciate the complexity of what's going on. Consequently, I worry about whether he's going to make the problems a whole lot better. ... But I am a Republican, and we really should give the guy a chance to govern and hope he's successful."

Zaine Pulliam, 17, center, rushes past family friend Jewels Hudson, 44, left, and his grandmother Madie Clark, 53, as he departs his home in South Charleston, West Virginia. After Zaine and his two sisters lost their parents to heroin overdoses, Madie moved in to care for them. (Bonnie Jo Mount/The Washington Post)

-- There has been a flurry of good journalism in the final days of 2016 on the opioid epidemic:

\*Eli Saslow told the all-too-common story of three kids in rural West Virginia who are being raised by their grandmother after their mom and dad overdosed on drugs.

\*The Charleston Gazette-Mail obtained DEA drug shipping sales receipts: "In six years, drug wholesalers showered the state with 780 million hydrocodone and oxycodone pills, while 1,728 West Virginians fatally overdosed on those two painkillers. ... The unfettered shipments amount to 433 pain pills for every man, woman and child in West Virginia."

\*The Wall Street Journal: "Left behind by addict parents, tens of thousands of youngsters flood the nation's foster-care system."

\*The Los Angeles Times published part three of its series on the role of one specific drug in the epidemic: "OxyContin goes global — 'We're only just getting started.'"

Welcome to the Daily 202, PowerPost's morning newsletter.

With contributions from Breanne Deppisch (@breanne\_dep) and Elise Viebeck (@eliseviebeck) Sign up to receive the newsletter.

#### WHILE YOU WERE SLEEPING:

The deadly explosion that ripped through a fireworks' market in Tultepec, Mexico. (Jose Luis Tolentino/AP)

#### HORROR IN MEXICO:

-- A massive explosion ripped through Mexico's best-known fireworks market on Tuesday, killing at least 39 people and injuring scores more. The blast – which sent a huge plume of smoke and fireworks bursting into the air – is the third devastating explosion to ravage the market since 2005, the AP reports. Officials said more than 70 people were rushed to the hospital following the explosion, some with severe burns covering 90 percent of their body.

A mourner kneels in front of candles, flowers and Christmas tree balls at the Christmas market in Berlin. (Reuters/Hannibal Hanschke)

#### TERROR IN EUROPE:

-- German police are mounting a manhunt for a male asylum-seeker with Tunisian papers in connection

with the attack in Berlin. Anthony Faiola and Stephanie Kirchner report: Investigators reportedly discovered the man's "leave to remain" papers in the cabin of the truck used in this week's deadly attack. "Witnesses described one man fleeing the scene after the truck — packed with a cargo of steel — roared into revelers at a traditional Christmas market. Although one suspect — a Pakistani asylum seeker — was arrested on Monday night, authorities later released him due to lack of evidence. They are now considering the Tunisian man as the prime suspect. 'We have a strong lead at the moment and our officers are out on the street,' a senior official said. The suspect reportedly uses several aliases and is known by police for alleged physical assault."

-- With one or more of the attackers still at-large, the holiday spirit in Germany and across Europe is being replaced by muscle, or increased security at Christmas events in other countries. Anthony, Stephanie and Souad Mekhennet have more on the fear unfolding across the continent:

Whether the Islamic State actually had ties to Berlin's truck attack is unclear. Militants claimed the assailant was one of its "soldiers" late Tuesday evening, but members have previously wielded the term to describe lone wolf attackers inspired by their rhetoric.

"Italy said it would ramp up security for Christmas events, including Pope Francis's appearance at St. Peter's Square in Vatican City ...The Czechs pledged 'massive' security at public events on Christmas and as the country rings in the new year. French officials said security at Christmas markets had been immediately reinforced, as its lawmakers observed a minute of silence for the all-too-familiar tragedy in Germany. In Berlin, meanwhile, the release of the only suspect left police scrambling for fresh leads in the assault. Investigation teams moved to piece together what they described as 'circumstantial evidence,' including witness descriptions and video footage. But no criminal sketches were released to the public, suggesting how much remained unknown. And as night settled over the German capital, Berliners were cautioned to stay on guard."

-- Joby Warrick explains that the attack may be part of an ISIS strategy to sow division and chaos against Muslims in Germany, despite the country's reputation for tolerance. "Islamic State officials in recent months have urged supporters to carry out attacks in Germany by any means — including using nontraditional weapons such as trucks — with the aim of creating an anti-Muslim backlash in Europe's biggest democracy. The resulting crackdown would benefit the Islamic State, the group argues, by dividing Europeans and driving wavering Muslims into the jihadists' corner. 'The specter of Muslim refugees and immigrants turning on their hosts, in a country that has accepted an especially large share of such migrants, may intensify anti-immigration sentiment not just in Germany but also elsewhere in Europe,'" said former CIA counterterrorism official Paul Pillar.

-- The future of terrorist attacks could be as rudimentary as violent truck attacks. Rick Noack reports: Both the Islamic State and al-Qaeda have encouraged attackers to use easy-to-obtain weapons, and in November, an ISIS magazine specifically recommended using a truck to inflict mass casualties. "Though being an essential part of modern life, very few actually comprehend the deadly and destructive capability of the motor vehicle and its capacity of reaping large numbers of casualties if used in a premeditated manner," the magazine said.

-- European terrorist attacks, by the numbers: From 1970 to 2015, 4,724 people died from bombings. 2,588 from assassinations. 2,365 from assaults. 548 from hostage situations. 159 from hijackings. 114 from building attacks. Thousands wounded or missing. (Chris Alcantara has more from the Global Terrorism Database, including historical "hot spots" that are most frequently targeted by assailants.)

-- Turkish and Russian diplomats gathered in Moscow to declare their intention to halt the civil war in Syria, joining with Iran to call for an expanded cease-fire in which the three countries would act as "guarantors." (David Filipov, Erin Cunningham and Kareem Fahim)

-- At least 20 are dead in the Congo, after protests erupted when the president refused to step down at the end of his term. Violent clashes between security forces and demonstrators continue. (Kevin Sieff)

Activists march in Seattle to protest Shell Oil Company's drilling rig. (Reuters/Jason Redmond)

#### GET SMART FAST:

1. President Obama banned oil drilling in large areas of the Atlantic and Arctic oceans, using a little-known law to “indefinitely” shield hundreds of millions of acres from oil exploration. Obama is trying to protect his environmental legacy from Trump, acting under an authority that cannot be revoked by his successor. (Darryl Fears and Juliet Eilperin)
2. A new species of fish discovered in Hawaii has been named after Obama, honoring the president who quadrupled the size of a national marine monument in the Pacific. Interestingly, the tiny tropical fish is not the first new species to bear Obama’s name – in fact, the 44th president has inspired the nomenclature of a trapdoor spider, a speckled freshwater darter, a parasitic worm and an extinct lizard. (Brittany Lyte and Juliet Eilperin)
3. The North Pole is facing a freakish pre-Christmas melt for the second year in a row. Computer models predict temperatures will warm anywhere from 40 to 50 degrees higher than usual; approaching the melting point of 32 degrees in December. (Jason Samenow)
4. Trump’s transition team, meanwhile, asked the State Department to disclose how much money it spends annually on international environmental efforts. The move comes as the latest example of how the incoming Trump administration will reassess the government’s approach to climate change. (Juliet Eilperin and Carol Morello)
5. Winter has officially arrived. The solstice, when the sun reaches its lowest point in the sky, happened at 5:44 a.m. Eastern. (Martin Weil)
6. The Obama administration is moving quickly to transfer a few more prisoners from Guantanamo Bay, seeking to shrink the detention facility as much as possible before Trump is sworn in. The president-elect has pledged to keep the Guantanamo open, declaring his intent to “load it up with some bad dudes.” (CNN)
7. Four more people have been charged with felonies in the ongoing Flint water crisis, including two directly appointed by Michigan Gov. Rick Snyder (R). The announcement comes as state officials continue their year-long investigation, seeking to hold accountable those who have exposed thousands of children to dangerously high lead levels. (Brady Dennis)
8. Texas is officially kicking Planned Parenthood out of its state Medicaid program, nixing millions in funding due within the next month. The move will affect thousands of low-income women, and the organization vows to challenge the defunding in court. (Texas Tribune)
9. The mayor’s office in Mobile, Ala., has apologized for cutting down one of the city’s most beloved old cedar trees in a public park so that Trump could have a Christmas tree backdrop during his rally last weekend. The 50-foot tree was a local landmark. Now all that’s left is a stump. (Samantha Schmidt)
10. Andrea Bocelli backed out from performing at Trump’s inauguration after the president-elect courted him in person for the gig. The Italian tenor said he received “intense backlash” from his fans, who took to social media to urge a boycott of his music if he went through with singing. (The Telegraph)
11. Delta has a new policy allowing on-flight doctors and nurses assist fellow passengers without first furnishing their credentials. The policy change was triggered after attendants reportedly blocked a black doctor from helping during a medical emergency – telling her they were looking for “actual” medical professionals. (Carolyn Y. Johnson)
12. The country’s largest police organization asked Walmart to halt the sale of t-shirts reading “Bulletproof,” and “Black Lives Matter,” suggesting such items were anti-police in nature and could prompt backlash from the law enforcement community. Store officials agreed to remove the “Bulletproof” shirt but not the “Black Lives Matter” one, noting they also sold shirts with the pro-officer slogan “Blue Lives Matter.” (Tom Jackman)
13. A British tabloid paid nearly \$200,000 in libel damages to a Muslim family barred from boarding its flight to L.A., after columnist Katie Hopkins used the incident to accuse them of having “ties to al-Qaeda.” She targeted the family in several of her right-leaning articles – but removed them after it was revealed they were actually traveling to Disneyland. (Derek Hawkins)
14. A homeless man has been charged with a hate crime after he allegedly attacked a Muslim woman at a Manhattan Dunkin’ Donuts, chucking his hot coffee in her face before calling her a “terrorist” and

putting her in a headlock. (New York Daily News)

15. Incoming Minority Leader Chuck Schumer fired nearly all of the employees in the Senate Democrats' internal video department last Friday, cleaning house as he attempts to revamp the unit with a digitized, social-media centric operation. (Politico)

16. South Korea's Constitutional Court will begin its first impeachment hearings for President Park Geun-hye this week, potentially making the country's first female president also the first to be ousted from office. She's currently in a period of automatic suspension for her role in a corruption and influence-peddling scandal. (Anna Fifield)

17. A former member of the church has launched a "Mormon Wikileaks" website, unveiling a secure portal for people seeking to leak internal documents or videos about the Utah-based church. His goal is to increase transparency into the famously-secretive institution. (Michael Alison Chandler)

18. Two-time Wimbledon winner and Olympic medalist Petra Kvitova is lucky to be alive after fighting off a knife-wielding intruder who posed as a gas company employee and held a knife to her throat. The tennis star suffered severe hand injuries while fighting him off, but she is expected to recover. (Cindy Boren)

19. A Loyola University student athlete accused of rape has played golf at the school for three years while awaiting his trial. The news has prompted outrage from students. (Katie Mettler)

20. A feel-good story about the Minnesota Vikings opening their stadium to house the homeless during a polar vortex was revealed to be false – but not before the tale went viral, earning coverage from major outlets including CBS and Yahoo Sports. It's the latest in a string of frustrating "fake news" incident revealing just how quickly false information can spread in the digital age. (Derek Hawkins)

21. Authorities have identified the perp who seized a \$1.6 million pail of gold flakes from an armored truck in Manhattan, strutting past security guards with an 86-pound bucket in tow. Police believe the man is now in Los Angeles, and have released several photos for identification purposes – one, fittingly, captures him on the periphery of a rainbow. (New York Times)

22. A Dutch rescuer who risked her life to save Jews during the Holocaust – resolute in her mission after she saw young children being flung "by their pigtailed" over the side of Nazi trucks – has died at age 96. Marion Pritchard is thought to have taken in or otherwise aided some 150 Jews during the war, hiding them in floorboards, and, on one occasion, executing a Nazi before he dragged away a family of four. (Emily Langer has more on her fascinating life.)

Trump's family looks on during a presidential debate. (Tasos Katopodis/AFP/Getty)

#### THE TRUMPS ARE TRANSACTIONAL, CONT.:

-- A fundraiser offering access to Trump and his adult sons has been pulled back, but major conflict-of-interest concerns remain. Matea Gold and David A. Fahrenthold report: "The initial invitation from Donald Trump Jr. and Eric Trump dangled a rare opportunity for donors willing to pony up \$500,000 and more: a private reception with the [newly-minted president], and a hunting or fishing excursion with one of the brothers. But days after the details about the high-dollar Jan. 21 'camouflage & cufflinks'-themed fundraiser first leaked, a [Trump spokeswoman claimed that] neither he nor his adult sons were involved in plans for the event. And the organizers of the function — who include close friends of the Trump brothers — dialed back offers of access to the new [first family]. The confusion over the family's connection to the fundraiser showed the degree to which Trump has failed to set rules that would protect his family from allegations of influence-peddling or draw clear lines between himself and the interests of his children. ... 'This is an obvious and ongoing problem that this president will face until he creates a true firewall,' said watchdog group director Lisa Gilbert."

Tom Toles imagines "the ceremonial starting line of the Trump presidency":

-- In the Senate, Democrats are planning to run the "Trump playbook" against secretary of state nominee Rex Tillerson, questioning the ExxonMobil CEO about conflict-of-interest concerns. Karoun



Demirjian reports: "The official sparring is expected to take place on Jan. 11, when the Senate Foreign Relations Committee plans to hold a two-part hearing. ... Democrats do not believe they stand much chance of stopping Tillerson from being confirmed. But they plan to press the top diplomat-designate to commit to full divestiture from Exxon and detail how he would pursue a different approach to the world as secretary of state, in what one Senate Democratic aide ... called a 'very thorough, tough vetting.' As they have with Trump, Democrats plan to focus sharply on potential conflicts of interests deriving from Tillerson's finances, as well as his unorthodox views on critical foreign policy matters. It's a grilling they would happily serve Trump, if only they had reason to drag him before a congressional committee."

Betsy DeVos meets with Mitch McConnell in the Capitol earlier this month. (Andrew Harrer/Bloomberg)

-- Trump's mega-rich cabinet nominees, including education secretary nominee Betsy DeVos, enter their Senate confirmation hearings with a "megadonor's advantage." Politico's Michael Stratford reports: "[DeVos] ... has been unabashed about using her wealth to advance her own agenda. 'We expect a return on our investment,' she once wrote about her family's massive political contributions. ... DeVos and her husband, Dick, have donated to the campaigns of 17 senators who will consider her nomination — four of whom sit on the Senate education committee that oversees the process."

-- Trump is planning to minimize the influence and diminish the role of the U.S. trade representative. Right now he's seriously considering Jovita Carranza, a former deputy administrator in the Small Business Administration, for the job, per Politico's Doug Palmer reports: "Other contenders for the job include a former deputy in the agency and a couple of investment company executives who've previously served in government ... That's a sign that the position will play second fiddle to Commerce Secretary-designate Wilbur Ross, a billionaire businessman, who 'will ultimately direct much of the administration's trade policy,' [Trump spokesman Jason Miller said]. And it's another indication that whoever fills the USTR slot could have one of the most difficult jobs in Washington, tasked with unwinding a lot of the work the agency has done over the past eight years, but with little real authority to craft policy."

Ed Schultz attends the International Emmy Awards last month in New York City. (Michael Loccisano/Getty Images)

#### THERE'S A BEAR IN THE WOODS:

-- After losing his opinionated MSNBC talk show, former cable news "lefty" and outspoken Vladimir Putin critic Ed Schultz has transformed his career – and become the U.S. face of Moscow media. Paul Farhi has a must-read story on his stunning political pivot: "RT, whose slogan is 'Question More,' arrived in Washington in 2010, five years after being launched in Moscow by its founder [and 2012 Putin campaign staffer] Margarita Simonyan. ... Schultz, now 62, is one of several Americans who appear on the domestic channel ... [and] now has a Russo-friendly, or perhaps American-skeptical, viewpoint on any number of issues on his RT program. So do most of the guests he interviews. The crisis in the Syrian city of Aleppo, besieged by Syrian and Russian military forces? Apparently, it's the United States' fault ... Fake online news, allegedly generated by Russian sources? Schultz ... thinks it's all 'fear and hype' by the American news media and a smear by the Democratic Party ... RT America's approach to the news makes some American officials and foreign-policy observers wonder: Is it merely 'an alternative voice,' as it likes to say, or something more sinister?"

-- Post foreign affairs columnist Anne Applebaum, who was the victim of a Russian smear campaign several years ago, says the experience made her understand the power of fake news: "Until you have seen for yourself how 21st-century disinformation works, you laugh at the very idea of it," she says. "Once you have understood its power, you stop laughing. But it was eye-opening to watch the stories move through a well-oiled system, one that had been constructed for exactly this sort of purpose. Eventually the articles about me were echoed or quoted in a dozen places: on quasi-respectable websites with ties to Russian business, on Russia Today, and on pro-Russian American websites ... The Russians understood the power of such networks to fool people before anybody else. They also understood that the global information space, accessible to all, offered a cheap way for an impoverished ex-superpower to meddle in other countries' politics. This radical revolution has happened without many politicians noticing or caring — unless, like me, they happened to have seen how the new system of information exchange works."

-- "How Tillerson Changed His Tune on Russia and Came to Court Its Rulers," by the New York Times' Neil MacFarquhar and Andrew E. Kramer: "As a member of the U.S.-Russia Business Council and [Exxon Mobil CEO] Rex W. Tillerson frequently voiced doubts about Russia's investment climate, saying as late as 2008 that Russia 'must improve the functioning of its judicial system and its judiciary.' ... [But] as Mr. Putin consolidated his control over Russia's oligarchs, Mr. Tillerson underwent a profound change of outlook. He came to realize that the key to success in Russia, a country deeply important to Exxon's future, lay in establishing personal relationships with Mr. Putin and his friend and confidant, Igor Sechin, the powerful head of Rosneft, the state oil company. And as Mr. Tillerson and other oil executives pivoted from the private sector to the state oil company, the criticism that they had directed toward the Kremlin dried up. The payoff for Exxon was immense." Key quote: "This was a man who was deeply skeptical of [Russia]," said Bernard Sucher, a former Russia director of Merrill Lynch. But with the Arctic deal, "Tillerson had done a 180 on what I understood his views to be."

-- The latest cyber threat from Russia? "Cyberforgers," who have stolen millions of revenue by impersonating news and content publishers. New York Times' Vinu Goel reports: "In a twist on the peddling of fake news to real people, researchers say a Russian cyberforgery ring has created more than half a million fake internet users and 250,000 fake websites to trick advertisers into collectively paying as much as \$5 million a day for video ads that are never watched. The fraud, which began in September and is still going on, represents a new level of sophistication among criminals who seek to profit by using bots — computer programs that pretend to be people — to cheat advertisers. The thieves impersonated more than 6,100 news and content publishers, stealing advertising revenue that marketers intended to run on those sites." Spoofed outlets include sites like Fox News and CBS Sports, as well as large news organizations like NYT and WSJ. "The scheme exploited known flaws in the system of digital advertising, including the lack of a consistent, reliable method for tracking ads and ensuring that they are shown to the promised audience."

The Clintons blame FBI Director James Comey for costing them the presidency. (Yuri Gripas/AFP/Getty Images)

#### COMEY WRONGED CLINTON, CONT.

-- Emails between HRC and Huma Abedin were what spurred the FBI to resume and publicize its controversial probe of Clinton's private email server just two weeks before the election, even though agents admitted that they did not have any inkling of what was being discussed. Matt Zapotosky reports: The documents, made public Tuesday, reinforce the impression that when Comey revealed agents were again investigating Clinton, they had no new evidence of actual wrongdoing. Looking at just the header information of emails, agents found ... thousands of Abedin emails, including what seemed to be 'regular' correspondence with Clinton, [which they say justified probable cause]. But on Tuesday, representatives for Clinton and some lawyers unaffiliated with her criticized the FBI and its director ... for stretching the limits of the bureau's authority. E. Randol Schoenberg, the lawyer who sued to have the warrant unsealed, said he saw 'nothing at all in the search warrant application that

would give rise to probable cause, nothing that would make anyone suspect that there was anything on the laptop beyond what the FBI had already searched."

-- Priorities USA, the pro-Clinton super PAC, is trying to rebrand itself to stay relevant by becoming the permanent "center of opposition" against Trump and his policies. Matea Gold scoops: "Priorities USA Action is merging with a nonprofit voting rights group called Every Citizen Counts to form an expanded organization with an ambitious agenda, according to veteran Democratic strategist Guy Cecil, who ran both organizations and will lead the merged group. The group — which already has the backing of allies such as Planned Parenthood Action Fund, the American Federation of Teachers, the Human Rights Campaign and the Latino Victory Project — could serve as a major center of gravity on the left as Democrats seek to regain their footing in the [Trump] era." Cecil decided to continue the work of Priorities USA after recent private conversations with senators including Elizabeth Warren, environmental and union leaders, party donors, local party organizers, and former Sanders and Clinton campaign officials.

-- Hillary scored the number one slot on Chris Cillizza's "worst candidates of 2016 list": "As a consultant put it to me a long time ago: If the dog doesn't like the dog food, it doesn't matter how good the marketing campaign for it is." (See the full list here.)

SOCIAL MEDIA SPEED READ:

Bill and Hillary at Donald and Melania's 2005 wedding in Palm Beach. (Maring Photography/Getty Images/Contour by Getty Images)

-- Meanwhile, the president-elect traded barbs with Bill Clinton on Twitter, portending a potentially acrimonious relationship that could defy a tradition of respect shared between former and current presidents. John Wagner and Abby Phillip report: "It's been called the world's most exclusive fraternity: the men who have served in the Oval Office. Out of respect, members largely avoid criticizing one another, regardless of political party. But now there's a new pledge, and Donald Trump is writing his own rules. ... He and Clinton broke with a long tradition of U.S. presidents treating one another with kid gloves, at least outside political campaigns, presidential historians said. But like many things during and after this campaign, the Trump-Clinton relationship is complicated in a way not fully captured by considering them only as two men in the exclusive club of presidents. And it isn't clear who is most responsible for extending the olive branch: the victor or the spouse of the political loser."

Here's the back-and-forth:

Jokes abounded:

A Bloomberg reporter wondered:

WJC's spokesman responded:

To which a Politico reporter joked:

An AP reporter said Bill's tweet sounded sort of familiar:

CNN's Jake Tapper put a a "reporter" for RT (a propaganda arm of the Russian government) in his place:

Sen. Claire McCaskill (D-Mo.) tweeted this, an apparent reference to Rogue One:

Rand Paul's former chief of staff and longtime adviser quipped:

And then Senator McCaskill replied, referring to him as "Rand man":

To which he replied:

Late to the Lena Dunham-abortion controversy? Here's what she said on her podcast:

Much of Twitter reacted like this:

Santa Claus visited the TSA:

More holiday posts from lawmakers:

Finally, via the Fish and Wildlife Service, check out this precious ocelot kitten:

#### GOOD READS FROM ELSEWHERE:

-- Vanity Fair, "Donald Trump and the rules of the new American board game," by Michael Lewis: "There was a great deal of information that these people didn't seem prepared to take on board, but the most important, it seemed to me, was that they had won. Their man was headed to the White House! And yet here they were, glued to cable news, looking for reasons to get themselves outraged and red-faced about the un-greatness of America all over again. Even in victory they were angry. They had what amounted to a need for that particular emotion, and it seemed to lead them to scour the media for whatever might trigger it. But really: How does anyone get himself worked up about a peaceful demonstration staged by a bunch of high-school kids thousands of miles from his front door? And when did anger become its own justification? And how would it sustain itself once Trump became president? Maybe because I was surrounded by kids—there at Berkeley High School—it occurred to me that the only way to get your mind around a Trump presidency was to imagine it as a game ..."

-- "Why Trump could be a popular president..." by Lee Drutman for Vox: "To understand why Trump's Carrier stunt succeeded, it's worth turning to a 1964 political science classic, Murray Edelman's 'The Symbolic Uses of Politics.' The takeaway lesson is that in politics, clear symbolic actions are often more important than results (which are often ambiguous or unclear). As long as Trump defines his presidency through symbolic actions (like the Carrier deal), he could be very popular. Edelman's foundational point is that most people don't pay close attention to the details of policy, and the news media does a poor job of covering the details (in large part because most people don't care about the details). As a result, Edelman writes, 'Politics is for most of us a passing parade of abstract symbols.' Knowing this, skillful presidents and other leaders can deceive mass publics through the careful use of symbols..."

The 1964 book has a long quote from pollster George Gallup about presidential popularity that stands the test of time: "I would say that any sharp drop in popularity is likely to come from the President's inaction in the face of an important event. Inaction hurts a President more than anything else. A president can take some action, even a wrong one, and not lose his popularity. One of the great mysteries of the political scene last year was why President Kennedy did not suffer a great loss of popularity after the Cuban setback. But he didn't. People tend to judge a man by his goals, by what he's trying to do, and not necessarily by what he accomplishes or by how well he succeeds. People used to tell us over and over again about all the things that Roosevelt did wrong and then they would say, 'I'm all for him, though, because his heart is in the right place; he is trying.'... If people are convinced you are trying to meet problems and that you are aware of their problems and are trying to do something about them, they don't hold you responsible for 100 percent success. Nor do you have to have any great ideas on how to accomplish the ends."

Drutman, who is no fan of the president-elect, argues that Trump will be popular if he can get an infrastructure bill through: "He would almost certainly spend months traversing the county, presiding over projects as they get underway, then cherry-picking those that seem most successful for an endless string of photo ops. ... It won't matter how many times Paul Krugman explains why the Trump infrastructure program is actually just a huge subsidy to private companies. The symbols that will proliferate in the minds of most voters will be those of Trump in a hard hat, standing on construction sites, talking about how many jobs he just created."

#### HOT ON THE LEFT:

"The Student Debt Crisis Is Driving Elderly People Into Poverty." From Huffington Post: "Student debt is forcing tens of thousands of elderly Americans into poverty, according to a new [GAO] report ... The findings are startling. More than 110,000 senior citizens had their Social Security checks garnished in 2015 to pay off student loans they'd already defaulted on. Nearly 70,000 Americans over the age of 50

are living in poverty as their Social Security benefits are cut to pay off student loan debts. The elderly student debt nightmare is not going to sort itself out. A full 68 percent of older borrowers living in poverty with Social Security garnishment are only seeing their benefit cuts devoted to interest and fees ... Their overall debt burden is not diminishing [and] they will never stop making payments under the current system without a new source of income.”

#### HOT ON THE RIGHT:

“Metallica singer James Hetfield says he moved out of San Francisco because he was 'sick of the elitist attitudes.’” From Daily Mail: “James Hetfield, the co-founder and lead singer for the successful heavy metal band Metallica, left his home in the San Francisco Bay Area because of an 'elitist' attitude. ... Hetfield says that after decades of living in Northern California, he grew tired of the negative reaction from locals who did not look kindly upon his political views and lifestyle choices.'They talk about how diverse they are, and things like that, and it's fine if you're diverse like them. But showing up with a deer on the bumper doesn't fly in Marin County.' [He added] that in the Bay Area, 'there was an elitist attitude there - that if you weren't their way politically, their way environmentally, all of that, that you were looked down upon.' 'I kind of got sick of the Bay Area, the attitudes of the people there, a little bit,’” he said.

#### QUOTE OF THE DAY:

A luxury travel group gave Trump’s Old Post Office hotel in Washington a brutal review – ranking it the world’s third-lousiest new hotel. “The building itself is undoubtedly impressive, but once inside we start to ask questions,” says the report from U.K.-based Luxury Travel Intelligence. It only goes downhill from there – and ultimately, reviewers conclude, is “not for the true discerning luxury traveler.” (Washingtonian)

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- A cloudy, but thankfully not-too-chilly day is ahead. The Capital Weather Gang forecasts: “Morning 20s and 30s are appropriately chilly on this first day of winter. But as the day progresses, a breeze from the west-southwest gives temperatures a bit of a boost. Afternoon highs reach the mid- to upper 40s under partly sunny skies, with light winds.”

-- The D.C. Council voted to approve an expansive paid medical and family leave program for private sector employees, fighting off a last-minute revolt by Mayor Muriel Bowser. The bill passed by a veto-proof margin of 9 to 4, and guarantees eight of paid time off to new parents, six weeks to workers caring for sick family members and two weeks of personal sick time. (Peter Jamison)

-- Bowser also signed legislation allowing terminally ill patients the right to legally end their lives, advancing the controversial measure to a final 30-day Congressional review period. It is unclear if the GOP-controlled Congress will let the legislation stand. (Fenit Nirappil)

-- A D.C. teenager was robbed and attacked by ten youths while walking in the U Street corridor on Tuesday evening. Police said the victim suffered minor injuries. (Martin Weil)

-- New census estimates show D.C.’s population has reached a four-decade high, climbing to 681,170 and gaining 10,000 residents in just a single year. Officials have praised the news, citing an increase in safe neighborhoods and schools. (Justin Wm. Moyer)

-- A former Loudoun County band director is under investigation here after school officials in Florida, where he’s been working, found that he had inappropriate communications with students there. (Moriah Balingit)

## VIDEOS OF THE DAY:

Samantha Bee and Glenn Beck sat down for a heart-to-heart (warning: adult language):

More imaginary conversations between Obama and Trump from Conan O'Brien:

Trump Calls Obama To Ask About The Line Of Succession - CONAN on TBS

Seth MacFarlane remembered being the master of Trump's roast in 2011:

Seth MacFarlane Recalls Being Donald Trump's Roast Master

Our colleague David Fahrenthold spoke with Evan Smith about the last time he talked to Trump:

David Fahrenthold on the last time he talked to Trump on the phone

Fans of Westworld -- here's the theme song sung acapella:

## WESTWORLD THEME SONG ACAPELLA

CNBC is re-circulating a clip of Trump in 2007 saying that he does not believe in hiring people who are smarter than himself. (Watch here.)

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A couple facing a major, life-altering decision asks Meghan Leahy for advice.



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The behavior of her husband, 66, signals promise even as she lives with understandable pain.

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73-year-old Calif. man with dementia fatally shot by police was carrying crucifix, not gun  
The family of Francisco Serna held a vigil in his memory in Bakersfield, Calif., on Tuesday night. On the same day, the head of the local police department said Serna "was not armed at the time of the shooting. No firearm has been recovered."

By Travis M. Andrews • Read more »

- A Saudi woman tweeted a photo of herself without a hijab. Police have arrested her.
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- Harley Quinn is returning for 'Gotham City Sirens,' probably teaming with Catwoman and Poison Ivy
- E.R. Braithwaite, author of 'To Sir, With Love,' dies at 104
- Wonder Woman is dropped as honorary U.N. ambassador for gender equality

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Hacks offer reminder that any organization is only as strong as its weakest link

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The chain of ineptitude and institutional failure that facilitated Russia's election interference

The headquarters of the Democratic National Committee (Gary Cameron/Reuters)

BY JAMES HOHMANN  
with Breanne Deppisch

THE BIG IDEA: Incompetent people work inside every important organization in Washington. Often they don't know who they are, but their colleagues do. As John F. Kennedy complained after a U.S. spy plane strayed into Soviet airspace during the Cuban missile crisis, "There's always some son of a b\*\*\*\* who didn't get the word."

The tick tock about how hackers broke into the Democratic National Committee and obtained John Podesta's emails, on the front page of today's New York Times, offers several cringe-worthy illustrations of the timeless truism that any chain is only as strong as its weakest link. Several weak links, cumulatively, apparently allowed Vladimir Putin's minions to successfully launch (and win) a cyberwar against the United States of America. Here are five nuggets from the story by Eric Lipton, David Sanger and Scott Shane:

-- The DNC as a whole was woefully but unprepared, but the hapless I.T. contractor was especially in over his head: "When Special Agent Adrian Hawkins of the Federal Bureau of Investigation called the Democratic National Committee in September 2015 to pass along some troubling news about its computer network, he was transferred, naturally, to the help desk. His message was brief, if alarming. At least one computer system belonging to the D.N.C. had been compromised by hackers federal investigators had named 'the Dukes,' a cyberespionage team linked to the Russian government. The F. B.I. knew it well: The bureau had spent the last few years trying to kick the Dukes out of the unclassified email systems of the White House, the State Department and even the Joint Chiefs of Staff...

"Yared Tamene, the tech-support contractor at the D.N.C. who fielded the call, was no expert in cyberattacks. His first moves were to check Google for 'the Dukes' and conduct a cursory search of the D.N.C. computer system logs to look for hints of such a cyberintrusion. By his own account, he did not



look too hard even after Special Agent Hawkins called back repeatedly over the next several weeks — in part because he wasn't certain the caller was a real F.B.I. agent and not an impostor. 'I had no way of differentiating the call I just received from a prank call,' Mr. Tamene wrote in an internal memo..."

FBI Director James Comey walks to the podium at FBI Headquarters in July. (Cliff Owen/AP)

-- Bafflingly, FBI agents did not travel to DNC headquarters (which is about a mile from their office!) when Tamene stopped returning their calls. "Part of the problem was that Special Agent Hawkins did not show up in person at the D.N.C. Nor could he email anyone there, as that risked alerting the hackers that the F.B.I. knew they were in the system. Mr. Tamene's initial scan of the D.N.C. system — using his less-than-optimal tools and incomplete targeting information from the F.B.I. — found nothing. So when Special Agent Hawkins called repeatedly in October, leaving voice mail messages for Mr. Tamene, urging him to call back, 'I did not return his calls, as I had nothing to report,' Mr. Tamene explained in his memo... In November, Special Agent Hawkins called with more ominous news. A D.N.C. computer was 'calling home, where home meant Russia,' Mr. Tamene's memo says, referring to software sending information to Moscow... By March, Mr. Tamene and his team had met at least twice in person with the F.B.I. and concluded that Agent Hawkins was really a federal employee."

Hillary Clinton visits a Florida campaign office of Rep. Debbie Wasserman-Schultz (D-FL), who was trying to fend off a primary challenge. (Melina Mara/The Washington Post)

-- The IT director's priorities were misplaced. Andrew Brown, the technology director at the DNC, said he knew Tamene was fielding calls from the FBI, but he said he was too distracted by the squabble over the Bernie Sanders campaign improperly accessing Hillary Clinton campaign data to pay much attention.

-- Higher-ups were not notified until it was too late: Debbie Wasserman Schultz, then the DNC chair, and Amy Dacey, the committee's chief executive, were not notified early on that the committee's system had likely been compromised. "The D.N.C. executives and their lawyer had their first formal meeting with senior F.B.I. officials in mid-June, nine months after the bureau's first call to the tech-support contractor," the story notes.

-- Eventually the DNC replaced its computer system BUT chose not to give the DCCC a heads up: "Though D.N.C. officials had learned that the Democratic Congressional Campaign Committee had been infected, too, they did not notify their sister organization, which was in the same building, because they were afraid that it would leak."

-- Donna Brazile, the interim DNC chair, tried twice to get RNC chairman Reince Priebus (the incoming White House chief of staff) to join her in condemning the Russian attacks before the election. He declined.

As one conservative thought leader puts it from his perch at the Council on Foreign Relations:

John Podesta writes emails, which would later be hacked, while he waits to board a bus in New York in June. (Melina Mara/The Washington Post)

-- A typo that might have changed the course of history: A phishing email that originated from a hacking group tied to Russian intelligence landed in John Podesta's email box on March 19. "Given how many emails Mr. Podesta received through this personal email account, several aides also had access to it,

and one of them noticed the warning email, sending it to a computer technician to make sure it was legitimate before anyone clicked on the 'change password' button. 'This is a legitimate email,' Charles Delavan, a Clinton campaign aide, replied to another of Mr. Podesta's aides, who had noticed the alert. ... With another click, a decade of emails that Mr. Podesta maintained in his Gmail account — a total of about 60,000 — were unlocked for the Russian hackers. Mr. Delavan, in an interview, said that his bad advice was a result of a typo: He knew this was a phishing attack, as the campaign was getting dozens of them. He said he had meant to type that it was an 'illegitimate' email."

Paul Ryan gave Donald Trump a Green Bay Packers jersey at his rally in Wisconsin last night. (Tannen Maury/EPA)

-- Bigger picture: As a republic, we too are really only as strong as our weakest links. As America enters the Age of Trump, I've been studying the fragility of institutions throughout U.S. history. It is not always a pretty picture. The framers made many assumptions, namely that the executive would follow certain unspoken norms. This is why the emoluments clause is written so broadly and why the Constitution was only amended to limit a president to two terms after Franklin Roosevelt heedlessly broke with the precedent set by George Washington.

Will Senate Republicans vote to confirm Rex Tillerson as secretary of state?

-- There now appears to be a very high chance that Senate Republicans will cave and kowtow to Trump on Rex Tillerson, making him the country's chief diplomat despite his ties to Putin and evidence that he's spent his career putting ExxonMobil's interests ahead of the national interest. Conservatives who care deeply about national security made their fears about Tillerson public, and Trump had a way to save face, but he forged ahead anyway. If Marco Rubio, Lindsey Graham and John McCain fall in line, make no mistake: Trump's takeaway will be that he doesn't need to respect his Article I counterparts. The president-elect is testing their resolve.

Mitch McConnell speaks during a Monday news conference at the Capitol. (Susan Walsh/AP)

-- There is already a serious collective action problem on the Hill: Congressional leaders cannot agree on how best to probe the Russian interference. Karoun Demirjian reports: "Senior Republicans want to channel any investigation through the House and Senate intelligence committees, over which they have greater control. But some Democrats, fearing that the results of such an investigation would never be released to the public, are pushing the formation of an independent body of outsiders modeled on the Sept. 11 commission. Still other Republicans would like to see a bipartisan investigation in Congress. ... The cacophony of competing voices on Capitol Hill could hamstring the rare, near-universal commitment to dig into allegations Russia interfered with the 2016 election. It may also allow Trump to discredit lawmakers' efforts as overly partisan."

High school students protest outside the Supreme Court last month. (Susan Walsh/AP)

-- The courts are supposed to be the strongest bulwark against injustice, because they are the most insulated from majoritarian whims, but the justice system has repeatedly failed to rise to the occasion. The judiciary is only as good as the flawed men and women who don black robes, and Trump is poised to choose the decisive swing justice who could tip the balance of power on the court for a generation.

Caught up in the eugenics craze, for example, the Supreme Court in 1927 upheld a Virginia law allowing for the forcible sterilization of the feeble-minded and intellectually disabled. As Oliver Wendell

Holmes wrote in one of the most shameful majority opinions ever, "Three generations of imbeciles are enough." Nazis involved in the Holocaust cited this in their defense at the Nuremberg Trials, but the decision has still never been overturned. (Adam Cohen devotes 402 pages to the case in his excellent book "Imbeciles.")

So don't delude yourself into thinking that this court will automatically protect you or your rights going forward. Maybe spend some time instead reading up on what happened to Carrie Buck, Fred Korematsu, Homer Plessy, Dred Scott or Michael Hardwick.

Welcome to the Daily 202, PowerPost's morning newsletter.  
With contributions from Breanne Deppisch (@breanne\_dep) and Elise Viebeck (@eliseviebeck).

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WHILE YOU WERE SLEEPING:

Michael T. Flynn waits for an elevator at Trump Tower. (Kathy Willens/AP)

-- Breaking this morning: A secret U.S. military investigation in 2010 determined that Michael T. Flynn, the retired Army general tapped to serve as Trump's national security adviser, "inappropriately shared" classified information with foreign military officers in Afghanistan. From Craig Whitlock and Greg Miller: "Although Flynn lacked authorization to share the classified material, he was not disciplined or reprimanded after the investigation concluded that he did not act 'knowingly' and that 'there was no actual or potential damage to national security as a result,' according to Army records obtained by The Washington Post under the Freedom of Information Act. Flynn has previously acknowledged that he was investigated while serving as the U.S. military intelligence chief in Afghanistan for sharing secrets with British and Australian allies there. ... Former U.S. officials familiar with the matter said that Flynn was accused of telling allies about the activities of other agencies in Afghanistan, including the CIA. ... The Army files call into question Flynn's prior assertion that he had permission to share the sensitive information."

Ryan Zinke arrives at Trump Tower on Monday. (Kena Betan Curkena/AFP/Getty Images)

-- Trump has picked Rep. Ryan Zinke (R-Mont.) to be interior secretary (and he made the Rick Perry pick for energy secretary official this morning). Juliet Eilperin reports: "Zinke, who studied geology as an undergraduate at the University of Oregon and served as a Navy SEAL [until 2008] campaigned for his House seat on a platform of achieving North American energy independence. He sits on the House Natural Resources Committee as well as the Armed Services Committee. A lifelong hunter and fisherman, the 55-year-old Zinke has defended public access to federal lands even though he frequently votes against environmentalists on issues ranging from coal extraction to oil and gas drilling."

Cathy McMorris Rodgers exits a sit-down with Trump last month. (Jabin Botsford/The Washington Post)

-- THE BOYS CLUB IS ALIVE AND WELL: Zinke beat out Rep. Cathy McMorris Rodgers (R-Wash.), who wanted the job and had been a leading contender. Why? He hit it off with Trump's oldest son, Don Jr., who is also an avid hunter and loves hearing old war stories.

-- A snub that could come back to haunt him: Trump did not call CMR, number four in House leadership, to tell her he was going with Zinke.

-- As Trump campaign manager Kellyanne Conway put it on Maggie Haberman's podcast, "I sometimes think I'm in the men's room at a bachelor party at the Elks club in Republican politics."

Michael Flynn, Trump lawyer Michael Cohen and Rick Perry huddle in the lobby of Trump Tower. (Albin Lohr-Jones/Pool via Bloomberg)

## A WAR ON SCIENCE?

Public servants across the executive branch are terrified. There is widespread concern that Trump will declare not just a war on science but on government scientists. Three important developments on this front:

-- Outgoing officials at the Energy Department have rejected the Trump transition team's request for "a list of all employees or contractors who have attended" climate change meetings, but it has nonetheless cast a shadow of apprehension over the workforce. From Joe Davidson: "Given civil service protections, it's not likely department employees would be fired for working on climate change. 'A greater concern would be that selected employees could be marginalized, i.e., ignored, by new leadership at the department solely based on unfounded conjecture that those employees cannot be trusted by the new political team,' said John Palguta, a civil service expert with decades of federal government experience. 'The consequences for contract employees could be greater if a future decision not to renew a contract is influenced by the same unsupported speculation.' ... American Federation of Government Employees President J. David Cox Sr., who represents Energy employees, warned against 'a return to the political witch hunts of the 1950s.'"

-- Scientists are working frantically to copy reams of government data onto independent servers to safeguard it from any potential political interference. From Brady Dennis: "The efforts include a 'guerrilla archiving' event in Toronto, where experts will copy irreplaceable public data, meetings at the University of Pennsylvania focused on how to download as much federal data as possible in the coming weeks, and a collaboration of scientists and database experts who are compiling an online site to harbor scientific information. 'Something that seemed a little paranoid to me before all of a sudden seems potentially realistic, or at least something you'd want to hedge against,' said Nick Santos, a [UC Davis environmental researcher] who over the weekend began copying government climate data onto a nongovernment server, where it will remain available to the public. 'Doing this can only be a good thing. Hopefully they leave everything in place. But if not, we're planning for that.'"

-- White House bureau chief Juliet Eilperin looks at "Obama's Mad Dash to Protect the Environment" in a piece for Outside Magazine: The president is determined to shift its trajectory as far to the left as possible before Trump takes office in January, she explains. "In many cases, that means exerting every federal lever still available to promote renewable energy, restrict drilling and coal extraction, and safeguard a handful of prized landscapes in the western United States. Within the span of just two weeks after the election, the administration issued a series of key policies aimed at cementing environmental gains. Republicans ... have threatened to overturn some of these rules ... under [a 1996 law] that has been used successfully just once in its 20-year history."

Syrians leave a rebel-held area of Aleppo towards the government-held side. (Karam Al-Masri/AFP/Getty Images)

## THE ENDGAME IN ALEPPO:

-- The latest: An evacuation deal to rescue trapped rebels and civilians has fallen apart and shelling has resumed. From Louisa Loveluck: "Brokered by Russia and Turkey, the withdrawal had been expected to begin shortly after dawn, with green buses ferrying militants and residents who wished to leave out to other rebel-held areas. It would mark a key milestone in Syria's more than five year war, potentially ending the violence in one of the most intense and bloody battles of the conflict. But residents said Wednesday that the buses remained grounded and although the evacuation plan was supposed to be accompanied by a ceasefire ... by late morning, shelling had resumed. 'The shelling started again, and bullets,' said Monther Etaki, a journalist in the area. The Syrian Observatory for Human Rights, a monitoring group, also said its monitors had witnessed a large explosion in the Salah al-Din district. There was no immediate official explanation for the delay from the government, or from the deal's sponsors."

-- Rebels believe the hold-up relates to disagreements between Moscow and Tehran, key Assad backers.

-- "Much of the famed city, the largest in Syria, has already been destroyed. The Old City has been gutted. The destruction has been compared to that at Stalingrad and in the Warsaw Ghetto," writes the New Yorker's Robin Wright. "The savagery had become primordial."

-- "This morning 20 women committed suicide in order not to be raped," a rebel leader claimed in an interview with the Daily Beast.

-- Widening the aperture: The fight for Aleppo came to symbolize the hopes, the fears and the failures of the Syrian war. The only question now is how the battle ends. Liz Sly, Louisa and Missy Ryan have the latest: "A planned evacuation of civilians from recently-captured enclaves of eastern Aleppo has been stalled for several hours as of Wednesday morning, according to a monitoring group in the area. The deal would see rebel holdouts and perhaps also the civilians still living there evacuated on buses to other rebel-held areas in the north of the province of Aleppo or the nearby province of Idlib, according to Russian officials. ... But exact details were unclear, and U.S. officials said they were doubtful it would be implemented fully, if at all. With the rebels clinging to a tiny pinprick of territory in one corner of the city, it is now only a matter of time before the government reclaims full control..."

-- Uh oh: ISIS appears to have netted a trove of weaponry – potentially including a surface-to-air missile system – since wresting control of the Syrian city of Palmyra this weekend. Thomas Gibbons-Neff reports: Video footage appears to show equipment left behind by Syrian and Russian troops, though it is unclear when it was taken. Images show food bowls still on the table, "with scenes spliced together in a fashion that makes it look as if large stores of ammunition, small arms, heavy machine guns and damaged anti-aircraft guns were all left behind." One segment that shows ammunition crates and an anti-aircraft gun appears to be within the confines of the Russian base, given the landscape in the background.

-- A Russian state-run television network ran a segment on its KSO military unit, releasing extremely uncommon battlefield footage of its nascent special ops detachment in Syria. (The unit is thought to be akin to the U.S. military's elite Delta Force). Thomas Gibbons-Neff reports: "During the wars in Iraq and Afghanistan and more recently against the Islamic State, U.S. Special Operations forces have taken advantage of their small numbers, high-tech communication gear and extensive training to achieve battlefield successes often reserved for conventional forces many times their size. Having gleaned this lesson from their American counterparts, the Russians are now implementing such forces for the first time in Syria."

U.S. Ambassador Samantha Power speaks at the U.N. (Seth Wenig/AP)

-- The deepening tensions between Washington and Moscow were reflected in a testy exchange at the Security Council: Ambassador Samantha Power rebuked Assad, Russia, and Iran: "Your forces and

proxies are carrying out these crimes. Your barrel bombs and mortars and air strikes have allowed the militia in Aleppo to encircle tens of thousands of civilians in your ever-tightening noose. It is your noose. It should shame you. Instead, by all appearances, it is emboldening you. You are plotting your next assault. Are you truly incapable of shame?" The Russian envoy replied that it was "very strange" for Power to speak "as if she was Mother Teresa." (More from the New Yorker)

-- Obama's former U.S. ambassador to Russia, who is now back teaching at Stanford, responded:

-- Clicker: The Post published a gallery of reader photos capturing the once-beautiful, bustling city of Aleppo before the war began.

Before -- Here is what Aleppo's Umayyad mosque looked like in 2010:

(Reuters/Khalil Ashawi)

After -- Assad's forces flash the sign for victory at the mosque yesterday:

(George Ourfalian/AFP/Getty)

GET SMART FAST:

1. Federal Reserve officials are likely to raise short-term interest rates today as they wrap up a two-day policy meeting. They'll also release "dot plot" economic projections for the first time since Trump's victory, which will be scrutinized for clues about where rates could be heading next year. (Wall Street Journal)

2. Ohio Gov. John Kasich signed into law a 20-week abortion ban but vetoed a farther-reaching "heartbeat bill," which sought to ban abortion past the six-week mark – before many women even realize they are pregnant. The Republican noted that such a ban would likely be struck down in court. (The Columbus Dispatch)

3. The Oklahoma Supreme Court blocked a state law requiring abortion providers to have "special relationships" with local hospitals, in continuing fallout over a Texas ruling that was struck down by the U.S. Supreme Court earlier this year. (Sandhya Somashekhar)

4. A new EPA report suggests hydraulic fracking can harm drinking water "in certain circumstances," walking back an earlier conclusion that suggested low impacts from the process. (Chelsea Harvey)

5. Temperatures in the Arctic have soared, making 2016 the warmest year on record "by far" and shattering temperature highs for several separate months. (Chris Mooney)

6. The U.S. Government Ethics Office said Trump should divest his vast business interests to avoid conflict of interest concerns, saying that simply transferring ownership to his adult children while serving in the White House would not go far enough. (NPR)

7. The Obama administration will curtail some intelligence sharing with Saudi Arabia in response to its strikes on Yemeni civilians, but will expand support in certain areas, reflecting a carrot-and-stick approach as U.S. officials seek to distance themselves from the Yemen campaign without alienating a core Middle Eastern ally. (Missy Ryan)

8. Anti-Putin activist Alexei Navalny announced he will run for president of Russia in 2018. It's a long-shot bid that could be muddled by a pending court trial, but Navalny's candidacy has sent a rare jolt of electricity through Moscow's otherwise-subdued opposition. (Andrew Roth)

9. Google parent company Alphabet has spun off its self-driving car project into a stand-alone company called Waymo. The decision signals that its self-driving technology has advanced beyond a "research

project” and is ready for commercialization. (New York Times)

10. One in six American adults has reported using a psychiatric drug, with most having done so for a year or more. Researchers found that anti-depressants and anti-anxiety medications were the most common, suggesting a growing acceptance of – or reliance upon – such pharmaceuticals. (New York Times)

11. A new report finds that Head Start – the federal program providing education, nutrition and health services to low-income children and families – is woefully underfunded. It is administered so differently from state-to-state that children do not benefit equally. The report calls for tripling the program’s current budget to fully meet its goals. That’s never going to happen, of course. (Joe Heim)

12. Hollywood is mourning the loss of “America’s favorite dad” and actor Alan Thicke after died from a sudden heart attack. He was 69. Thicke, who was best known for starring on “Growing Pains,” had an extensive acting resume, and had appeared more recently on “How I Met Your Mother,” “This Is Us,” and “Fuller House.” (Emily Yahr)

13. Roger Ailes is facing another discrimination lawsuit, this time from a local Fox News reporter who says she was harassed while applying for a job in 2011. She says Ailes asked her to “stand up and turn around” during their interview, and called her then-boyfriend to ask about their sex life. (New York Times)

14. Rep. Michelle Lujan Grisham (D) jumped into the race for governor of New Mexico. She outlined her plans in a video.

15. Longtime Clinton staffer Adam Parkhomenko launched a bid for DNC vice chair. (Buzzfeed)

16.

There are just a few hundred whooping cranes left in the world – and biologists tasked with preserving the endangered species will go to any length to ensure their survival. Sometimes that involves dressing up like “amorphous white blobs” with headlamps . Other times, keepers don crane-puppet heads, walking carefully to disguise the fact that they have arms. ( Wall Street Journal )

17.

An eight-year-old boy in Arkansas died after a tombstone fell on him in a freak accident. However unusual, though, the case is not the first of its kind – and calls to mind another incident in which a four-year-old boy was crushed by a six-foot, 250-pound tombstone while pretending to be a leprechaun. ( Cleve R. Wootson Jr.)

18.

A handcuffed 26-year-old woman stole a police car in D.C. last night, striking several vehicles as she fled during rush hour to Northern Virginia, where she was detained after a collision. (Martin Weil)

Newt and Callista Gingrich leave Trump Tower recently. (Kevin Hagen/Getty Images)

-- HAPPENING FRIDAY: The 202 Live with Newt Gingrich. Join me on Friday morning at 9 a.m. at The Post’s headquarters for an interview with the former Republican Speaker of the House and Trump campaign surrogate. We’ll talk about the president-elect’s transition and what to expect from the new administration and Republican-controlled Congress. Register to attend here.

Former Defense Secretary Robert Gates, leaving Trump Tower on Dec. 2, is single-handedly responsible for Tillerson getting one of the most important jobs in the world. (Evan Vucci/AP)

THE TILLERSON ROLLOUT:

-- Inside Trump's surprise decision to tap Rex for State, via Michael Kranish, Anne Gearan, Dan Balz and Philip Rucker: "Trump sat in his office at Trump Tower on Dec. 2 facing the most important choice of his transition to the presidency, and his indecision had set off a war among his top aides." While those in his camp remained split, Trump insisted he needed more time. He seemed to have misgivings about all of them. "Then, by happenstance, Trump welcomed into his office a man who has served presidents of both parties, Robert M. Gates. Trump asked his guest, a former CIA director and former secretary of defense, what he thought of the four candidates. After Gates ran through his thoughts, it seemed that Trump was 'looking for a way out.' ... Trump asked if there was someone else to consider. The result was an unexpected decision, nominating as the country's top diplomat a multinational corporate chief executive who had previously been on nobody's short list for the job."

\*Two days after Gates recommended Tillerson, the Exxon CEO's stock was already on the rise. Those closest to Trump said a scorecard had previously emerged among contenders, with Rudy Giuliani in first place, Mitt Romney just behind at "1A," and David Petraeus somewhere "in the mix." Tillerson quickly became ascendant.

\*Trump asked Mitt to apologize, but the former Massachusetts governor refused to do. A Romney ally said he had hoped his complimentary comments about Trump after the dinner would suffice and that he didn't want to "re-litigate" his criticism during the campaign.

\*Rudy was too high a bidder, refusing to settle for any other cabinet posting besides the State Department. "He got out too far in front of Trump," one Trump associate said. "He became the star. Trump doesn't like more than one star ... When you give an ultimatum that 'I will only take one position,' it doesn't work."

\*The process reflected Trump's refusal to be rushed or pushed and showed how he was not necessarily beholden to his strongest supporters or inclined to dismiss his most strident critics, on the right terms, yet yearned for a personal connection.

-- Trump touted Tillerson's relationships with unpopular foreign leaders during his "victory lap" tour in Wisconsin last night, saying that his ties to sometimes-hostile countries were a key reason for his selection. John Wagner reports: "'You know, Rex is friendly with many of the leaders of the world that we don't get along with,' [Trump] said, acknowledging that some people see that as a liability. But, Trump added: 'That's why I'm doing the deal with Rex.' 'People are looking at his résumé, and honestly they've never seen a résumé like this before,'" Trump said, adding that he has "the insights and talents necessary to help reverse years of foreign policy blunders and disasters."

Vladimir and Rex huddle in Russia. (Mikhail Klimentyev/AP)

-- Inside Tillerson's decades-long relationship with Putin, by Steven Mufson: "In 1997, Exxon sent Tillerson, then a promising executive who had been in Yemen, to Moscow to 'pick up the relationship and repair it,' Tillerson later recalled. His predecessor had been kicked out of the country. Tillerson met six different prime ministers over the course of 14 months. The last of those was Putin. [Now], with his nomination, the 64-year-old Tillerson has been thrust into the long-standing U.S. foreign policy divide separating those who value pragmatism and dealmaking from those who attach greater importance to principles, human rights and democracy. This is a divide that cuts across both parties. Should he be confirmed, Tillerson will no longer answer to the more than 93,000 shareholders of ExxonMobil but primarily to a single shareholder named Trump. And he will draw on views refined in industry, not diplomacy. To fans of Tillerson, his relationship with Putin is a sign of his pragmatism, seeking advantage for his company with a blunt, straightforward style ... To his critics, however, Tillerson and ExxonMobil come across as arrogant and indifferent."

-- Independent conservative presidential candidate Evan McMullin, a 10-year veteran of the CIA, spoke out against the nomination:



## AMERICA, DIVIDED:

-- PolitiFact named fake news its 2016 "lie of the year." Often, falsehoods "found a willing enabler in Trump, who at times uttered outrageous falsehoods and legitimized made-up reports," PolitiFact editor Angie Drobnic Holan writes in a column. "For those who care about accuracy and evidence, it's time to recognize that something really has gone off course." (Read more.)

-- The director of a government-funded nonprofit in West Virginia who took a leave of absence after referring to Michelle Obama as an "ape in heels" is returning to her post and will again receive a taxpayer-funded paycheck. Her racist comments were part of an exchange with the town's mayor, who subsequently resigned from her position. (Kristine Guerra and Lindsey Bever)

-- An Orange Coast college professor who was secretly recorded telling students that Trump's election was an "act of terrorism" last month said that violent threats have since forced her to flee the state of California. "You want communism, go to Cuba ... try to bring it to America and we'll put a [expletive] bullet in your face," read one email. (Peter Holley)

-- Former child star Susan Olsen, who won hearts for her bright-eyed, pigtailed portrayal of Cindy Brady on "The Brady Bunch," was fired from her modern-day gig as a conservative talk show host after going on a vulgar, homophobic rant. "I hope you meet your karma SLOWLY AND PAINFULLY," Brady told openly gay actor Leon Acord-Whiting during a profanity-laced tirade. (Amy B Wang)

-- Milwaukee County Sheriff David Clarke, once thought to be a contender to lead DHS, referred to media organizations as "subversive" as he warmed up the crowd at Trump's rally last night. "Trump and his campaign used the 'rope-a-dope strategy' on the 'fake news network,' Clarke said, calling out several national media organizations by name as he accused them of trying to 'sabotage and undermine' the president-elect. 'We're going to have to do a lot more heavy lifting to help [Trump] and [Pence] push back against this subversive movement,' Clarke told the crowd. 'Do you have the pitchforks and torches ready?'" (The Madison Capital Times' Jessie Opoien)

-- A 73-year-old dementia-stricken California man was gunned down by police in his residential neighborhood after failing to comply with officers. Authorities thought he was brandishing a weapon, they said, but the item in his hand was actually a wooden crucifix. (Travis M. Andrews)

-- Celebrity Chef Jose Andres proposed that he and Trump end their breach-of-contract legal battle and instead donate the funds to a veterans organization. The chef planned to open a restaurant in Trump's Washington hotel but backed out after Trump said most Mexican immigrants are rapists and criminals.

This seven-bedroom home on Woodland Drive was recently purchased by Wilbur Ross, the incoming commerce secretary. (Courtesy of Homevisit)

## THE TYCOON TAKEOVER:

-- "Incoming commerce secretary buys home across the street from the current commerce secretary," by Helena Andrews-Dyer: "They call it billionaire's row: the leafy stretch of multimillion dollar homes on Woodland Drive in D.C. that the uber-rich looking for urban privacy call home. Now the tony Massachusetts Heights neighborhood can add another famous feather to its top hat. Wilbur Ross ... and his wife, Hilary, have recently purchased a ... 10,000-square-foot seven-bedroom with a 12-seat movie theater and staff quarters (that) was formerly owned by philanthropist Adrienne Arsht and was listed for \$12 million. ... Perhaps the most interesting factoid about the incoming commerce secretary's new 1927 Beaux-Arts estate is that is located directly across the street from the home of current Commerce Secretary Penny Pritzker, who also lives on Woodland Drive. The area is a hot spot for Washington's megarich because most of the gated homes sit back from the street, providing extra privacy and security in a locale close to the power center of downtown D.C."

-- Government ethics officials are likely to force Gary Cohn to sell his \$207 million stake in Goldman Sachs when he joins Trump's administration as economic policy adviser, Bloomberg reports. His holdings have gained \$46 million in value since Trump won the election. (Goldman shares have surged 30 percent since Trump began stocking his government with Goldman execs.)

-- The Narrative: "Trump recruits army of chief executives to battle with the system in Washington," by Karen Tumulty: "Trump's critics have taken aim at many of his selections from the private sector. They say that populating an administration with people of enormous wealth and myriad financial interests is not 'draining the swamp' as Trump had promised, but simply bringing in another species of reptile. ... [And] even those who applaud the choices say that the former corporate chieftains may be in for something of a shock. Things move at their own pace in government, and often not at all. Not only do top officials have to manage a bureaucracy that was in place long before they arrived and will be there when they leave; they have to grapple with well-funded interests that do not necessarily share their goals. And they must answer to Capitol Hill." "They have to adapt to a different set of constraints, an actual set of constraints on behavior that exist in government that don't exist anywhere else," said [the Brookings Institution's] Elaine Kamarck. "Do they learn it, and roll with the punches, or are they constantly fighting it?"

-- Newsweek, "How Trump's business ties are already jeopardizing U.S. interests," by Kurt Eichenwald: "Given the extraordinary power [Trump] now wields, it's obvious that foreign governments and corporations can easily curry favor, bribe or even blackmail him ... Once he's president, Trump does not need to ask for cash to be delivered to his pockets or to those of his children to cross the line into illicit activities—and possibly impeachable offenses. Abe of Japan does not know if a government holdup of Ivanka Trump's deal with Sanei International will lead her impulsive father to call for an American military withdrawal from his country. Erdogan of Turkey has told associates he believes he must keep pressure on Trump's business partner there to essentially blackmail the president into extraditing a political enemy. Duterte of the Philippines believes he has received approval from the president-elect to, at best, abide by or, at worst, continue to authorize the frenzied slaughter of drug users and dealers ... America is on the precipice of an unprecedented threat, as allies and enemies alike calculate whether they are dealing with a president they can please merely by enriching his children."

Stephen Miller, policy advisor with the Trump transition team, and Hope Hicks, communications director with the Trump campaign, arrive at Trump Tower. (Drew Angerer/Getty Images)

#### MORE ON THE TRUMP TOWER JOB HUNT:

-- Trump officially tapped Stephen Miller to be a senior White House policy adviser, praising his former campaign aide in a statement as playing a critical role in both his primary and general election campaign. Miller first joined Trump's team in January and previously served as a communications aide to Jeff Sessions. (Elise Viebeck)

-- The Daily Mail's U.S. political editor, who wrote effusively positive coverage of Trump that always got good play on the Drudge Report, was interviewed for a position in the Trump administration. Politico reports that David Martosko, whose name has been mentioned as a possible press secretary, was spotted going up the elevators at Trump Tower on Tuesday. Others say he's being considered for several positions within the comms office.

-- Trump spokesman Katrina Pierson is seeking a White House role, CNN's Dylan Byers and Jim Acosta report. "Pierson visited Trump Tower on Tuesday for meetings with members of Trump's transition team. One source said she was there to make her pitch for the role of White House press secretary, while another said she was 'looking at a lot of opportunities.' Pierson – who infamously blamed both the Afghanistan invasion and 2004 death of Gold Star recipient Capt. Humayun Khan on

President Obama – said she was at Trump Tower as a transition adviser."

Trump and musician Kanye West pose for media at Trump Tower in Manhattan. (Reuters/Andrew Kelly)

#### THE MEDIA GETS EASILY DISTRACTED BY SHINY OBJECTS:

-- Kanye West met with the president-elect for 15 minutes after weeks of reports about his severe exhaustion and hospitalization. "We've been friends for a long time," Trump told reporters. Asked for more details, he said only that the two "discussed life."

-- BREATHTAKING: ABC led "World News Tonight" with the Kanye visit, instead of the carnage in Aleppo or the nomination of Tillerson, per CNN's Brian Stelter. What would Peter Jennings, Charlie Gibson or even Diane Sawyer say about that? Can you imagine? Sad!

-- Trump also met with Vogue editor Anna Wintour yesterday. She apologized on Monday for disparaging the president-elect on a train. (New York Magazine)

-- Color from last night's Trump rally, via a pool report by Mark Landler: "There are sporadic chants of 'CNN sucks' before Trump takes the stage, although an older man standing next to the press pen assures us, 'We don't really mean it.'"

Trump jokes around with Joe Scarborough after an appearance on MSNBC's "Morning Joe" in January. (Scott Morgan/Reuters)

-- "Trump might just have made Joe Scarborough as important as he always thought he was," by Ben Terris: "Scarborough knew he had Trump's ear. And so, in the fall of 2015 ... the MSNBC host sat him down for a lecture. Things were about to 'get real,' Scarborough says he told the newbie politician. It didn't matter that they had golfed together or laughed together during Trump's many jolly, blustering cameos on Scarborough's freewheeling talk shows. Now he was a candidate, and 'Morning Joe' would have to hit him with tough questions ... 'I said, 'Donald, here's the deal,'" Scarborough recalled ... 'We were friends before the campaign, and when the parade stops and everybody turns on you like they do in politics, we'll be your friends after the campaign.' It's an acknowledgment of a coziness that drove Scarborough's critics nuts throughout the 2016 campaign. ... While much of the media has been thrown into an existential crisis by the election, Scarborough isn't much for introspection. He says he has no regrets: not about how he covered Trump, nor about not joining the campaign. 'I'm good here,' he said. 'We have influence.'"

#### SOCIAL MEDIA SPEED READ:

-- Scarborough's former NBC colleague, Luke Russert, lamented Trump's mastery at playing the mainstream media, especially the TV news crowd:

We may spend the next eight years pondering this tweet from Kanye West, who had previously said he might run for president in 2020:

He had this to say about his meeting:

Mike Huckabee cracked this joke about Russian moles:

Others are taking the cyberattack on America more seriously. From the former Illinois Republican congressman:

From NPR's Moscow correspondent:

Charles Grassley advised Trump and Tillerson to be cautious about Putin:

He quickly clarified that he was not expressing any doubt about confirming Tillerson, merely encouraging him to be eyes open:

Lindsey Graham indicated he will focus on Tillerson's view of Russia:

Jeff Flake seemed open to the nomination:

One way of looking at it:

Ray Lewis tweeted about his meeting with Trump:

This image offers a blistering critique of Google search results:

To catch up on Perry's record in Texas, check out this tweetstorm from the CEO of the Texas Tribune:

Rainn Wilson thought of Trump when he spotted this on a box of Cheerios:

A few more notes -- and jokes -- about Kanye's visit with Trump:

Here's our favorite:

Matt Drudge couldn't get enough:

Here's a funny image from the Trump Tower lobby:

Two scenes from Washington:

Scott Walker did some Christmas baking:

Tom Carper rang the bell for the Salvation Army:

Tim Kaine rode Metro's silver line:

Eric Swalwell posted this sketch from his courthouse wedding in October:

Finally, a great picture of the Obamas from their Christmas card:

Anastasia Lin in Hong Kong last year. (Jerome Favre/EPA)

#### GOOD READS FROM ELSEWHERE:

-- An outrageous gag order: The Miss World pageant is silencing an outspoken China critic (and reigning Miss World Canada) at a U.S competition. From the New York Times' Andrew Jacobs: "After the Chinese authorities blocked the Canadian beauty queen Anastasia Lin from attending the 65th annual Miss World pageant in China last year, the event's British organizers offered her a consolation prize, of sorts: They promised to allow her a chance to compete in the 2016 finals, which are currently underway in suburban Washington. What they did not tell her was that she could smile but not speak out publicly during the event, which is largely sponsored by Chinese companies. Over the past three weeks, as she and her fellow contestants have rehearsed for Tuesday's finale, Ms. Lin, 26 — an actress, classically trained pianist and outspoken critic of Chinese human rights abuses — has been barred from speaking to the news media. ... And last week, when a State Department official requested a meeting with Ms. Lin, to discuss the continuing harassment of her father in China, pageant executives refused to let her go."

-- "Al Franken Faces Donald Trump and the Next Four Years," by Mark Leibovich: "As Trump bloated into the campaign's inescapable parade float, his supposed comic abundance became more of a crisis. Every stopgap failed in 2015 and 2016. So did every pundit assumption, and even the long-understood barriers between, say, real and fake news. Where does comedy even fit when the outrageous becomes the default? I was curious whether Trump's election would herald a change in Franken's approach. He was always fierce in what he describes as 'the heaping of scorn and ridicule,' first on 'S.N.L.' and later as a liberal talk-radio host and author ... 'I think this can be a moment that calls out for Al's voice,' said Ben Wikler of [MoveOn.org] ... Franken has established himself as a legislator, he said, and it might be time for him to return to his insurgent comic roots. "Part of Al's earlier approach to public life was swashbuckling and baiting antagonists into fights they could not win," Wikler told me. "Humor can be a way of blasting through fear and anxiety and giving people backbone."

-- "Who's responsible when extremists get a platform?" by John Hermann: It would be difficult to overstate the zeal that exists for platform companies in Silicon Valley. They represent staggering opportunities, the chance to create or remake entire industries and to preside over them indefinitely, with maximum control and minimum participation or liability. It's a platform that aspires to 'connect the world' but that must not be credited with changing it in the process. This line of thinking could not feel more distant from some of the alarming experiences social-media platforms foster. Facebook is not primarily understood among its billion and a half users as an attention brokerage, but that's exactly what it is: a middleman between users and other users; between advertisers and users; between developers and users; between publishers and advertisers and their viewers and readers. 'The platform's value is not necessarily what it does,' says Andrei Hagiu, [a visiting M.I.T. professor], 'but what it enables.' And what it enables can be enormous.

## HOT ON THE LEFT:

“The New Yorker Clarifies: The Borowitz Report Is ‘Not the News,’” from WWD: “With fake news a hot topic following the election, The New Yorker has taken steps to make sure people aren’t fooled by The Borowitz Report it runs on its web site. Last week, the magazine changed the tagline of Andy Borowitz’s popular online satirical humor column, which consistently tops The New Yorker’s trending chart, from ‘the news, reshuffled’ to the more blunt ‘not the news’ and added a banner to prominently display the new tagline when the posts get shared on social media. Considering this is an era when a conspiracy theory about [Clinton] running a child sex trafficking ring in the basement of a D.C. pizza parlor gains actual traction ... it’s no wonder that people who see a post from The New Yorker with the headline ‘Trump Picks El Chapo to Run D.E.A.’ may believe it.”

## HOT ON THE RIGHT:

“University: Use ‘End of (Fiscal) Year’ Party Instead of ‘Holiday’ Party to Be ‘Inclusive’” from National Review: “Texas Woman’s University is advising students and faculty not to use the word “holiday” when describing parties in December because it “connotes religious tradition,” and that might be offensive to non-religious people. Yep. The word “holiday” — previously considered the politically correct substitute for that problematic term “Christmas” — is now also too triggering: “For educational institutions, a December gathering may instead be called an ‘end of semester’ party,” advises a guide released by the school ... “For a business office, an ‘end of (fiscal) year’ party may be more appropriate,” it continues.” The guide also advises party planners to “avoid religious symbolism, such as Santa Claus, evergreen trees or a red nosed reindeer.”

## DAYBOOK:

In Trump's world: Trump hosts technology executives for a meeting at Trump Tower.

At the White House: Obama hosts two Hanukkah receptions and speaks at a My Brother's Keeper Summit.

On Capitol Hill: The Senate and House are out.

QUOTE OF THE DAY: "Honestly, he's like a fine wine," Trump said of Paul Ryan last night in Wisconsin. "Every day goes by I get to appreciate his genius more and more. Now if he ever goes against me I'm not going to say that."

## NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- A DEEP FREEZE is on its way for Thursday and Friday, the Capital Weather Gang forecasts. For now, things are slightly more mild: “Temperatures rise through the 30s this morning, and while that feels kind of chilly with a 10-15 mph wind from the northwest, we’ll be pining for such readings by tomorrow and Friday. Get out and enjoy this last day before the deep freeze, as highs reach the low-to-mid 40s under partly sunny skies, with a diminishing afternoon breeze.”

-- The chairman of the Prince George’s County liquor board resigned from his post after being arrested on DUI charges while attempting to leave the MGM National Harbor casino on opening night. His resignation comes just hours after authorities released a police report indicating he attempted to leverage his position to avoid arrest, asking officers while he was detained, “Is there any way we can make this go away?” (Lynh Bui and Arelis R. Hernández)

-- A woman was carjacked by five masked assailants while unloading groceries in Chevy Chase. Police

are investigating the incident, which has unnerved residents in the upscale Northwest Washington community. (Peter Hermann)

-- Boeing is relocating its \$30 billion defense division headquarters to Washington, a move that puts the airline crafter a lot closer to the man who has threatened to shutter their Air Force One program. (Christian Davenport)

-- A progressive state senator in Maryland, Cheryl Kagan, is hosting an Inauguration Day concert to raise money for liberal causes she thinks will be threatened under a Trump presidency. Proceeds will go to five national advocacy groups that promote abortion rights, civil liberties, environmental protections, gay rights and gun control. (Josh Hicks)

-- The Capitals beat the Islanders 4-2.

#### VIDEOS OF THE DAY:

Bill Murray and Obama played golf in the Oval Office:

Bill Murray and Obama play golf in the Oval Office

This gif of Perry is still making its way around the Internet (click to watch):

If confirmed, Perry will lead the department he forgot to list during a 2012 presidential debate (click to watch that moment):

Maureen Dowd remembered having coffee with Trump in the 1980s:

Maureen Dowd Had Coffee with Donald Trump in the '80s

An Alabama biker is being criticized as insensitive for faking an armed standoff with police as part of an elaborate engagement proposal. The officers carried stun guns, but the tone-deaf ruse played on raw emotions in a year where police-community tensions have spiked. Amy B Wang has the story. Here's the video:

Man stages police standoff to propose

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The first cable news president

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Trump leaning on TV analysts as he staffs the government

Donald Trump campaigns earlier this month. (Evan Vucci/AP)

BY JAMES HOHMANN  
with Breanne Deppisch

THE BIG IDEA: The Trump revolution won't just be televised. It will be led by television talking heads.

In August 2015, Chuck Todd asked Donald Trump on "Meet the Press" who he talks with for military advice. "Well, I watch the shows," said the former star of "The Apprentice," another NBC franchise. "I mean, I really see a lot of great— you know, when you watch your show and all of the other shows, you have the generals and you have certain people that you like."

So it should come as no surprise that the president-elect is now stocking the federal government with these generals and other people that he's seen on TV and likes.

Trump and Mike Pence have now met with 70 individuals about potential positions within the administration. The visitors to Trump Tower, Mar a Lago and the Bedminster golf club in New Jersey can almost all be grouped into just a handful of food groups: Current or former members of Congress. CEOs/rich tycoons. Pillars of the Republican establishment. And, last but not least, cable pundits.

Frances Townsend exits Trump Tower yesterday. (Drew Angerer/Getty Images)

Yesterday, Trump sat down with CBS News analyst Frances Townsend, a former counterterrorism adviser to George W. Bush.

Today, he will meet with Fox News contributor Pete Hegseth. After serving in Iraq and Afghanistan, Hegseth tried to run for U.S. Senate in Minnesota against Amy Klobuchar. His campaign went so poorly that he lost the GOP nomination to a random Ron Paul supporter, who went on to lose by 35 points.

Afterward, Hegseth was hired to lead a Koch-funded group focused on veterans' issues and then picked up by Fox in 2014. Now, at just 36, he's being considered as a potential secretary of veterans affairs.

Scott Brown arrives to meet with Trump last week. (Brendan McDermid/Reuters)

Scott Brown also came to Trump Tower last week to talk with Trump about the V.A. job. The former Massachusetts senator served just half of one term before losing to Elizabeth Warren. Then he moved to New Hampshire so he could run for Senate again – and lost. He served 35 years in the Army National Guard, but he's never managed a large bureaucracy. Since his 2014 comeback bid failed, he's worked at a bike shop and hawked dubious dietary supplements (which he claimed allowed him to lose 15 pounds in 24 days). But, much more importantly than that, he's a Fox contributor and on-call guest host. He's on "Fox & Friends" a fair amount, which Trump keeps on in the mornings.

After his meeting with the president-elect, the onetime male model told reporters that he thinks he is "the best person" for the V.A. job, which would require him to oversee a staff of 345,000 and a budget of more than \$100 billion.

Trump is looking to all of these folks largely because he's never forged deep relationships with the Republican establishment, and he has a greater sense of familiarity with them – even if many are not anywhere near the most qualified options for the jobs they're being considered for.

Ironically, even as he derides the press, Trump is making these institutions more powerful since he relies on them so much and pays such close attention to what they're saying.

Kathleen "KT" McFarland at her home in 2006. (Jason DeCrow/AP/File)

At the end of last week, Trump nominated Kathleen T. McFarland to serve as the deputy national security adviser under Mike Flynn. She has appeared frequently on Fox News and Fox Business as an analyst. She anchors a program called "DEFCON3." But the last time she worked in government was more than three decades ago, as a Pentagon spokeswoman and speechwriter. McFarland tried to run against then-Sen. Hillary Clinton in 2006, but she too lost in the Republican primary.

In the spring of 2011, then-Fox News chairman Roger Ailes (forced out this year after female employees accused him of sexual harassment) used McFarland as the go-between to encourage David Petraeus to turn down Barack Obama's offer to run the CIA. Bob Woodward obtained the audio tape of a 90-minute meeting in Afghanistan, during which she told Petraeus that Ailes thought he should accept nothing less than the chairmanship of the Joint Chiefs of Staff. And, if Obama did not offer that job, Petraeus should resign from the military and run for president. "McFarland also said that Ailes ... might resign as head of Fox to run a Petraeus presidential campaign," Woodward reported. "At one point, McFarland and Petraeus spoke about the possibility that Rupert Murdoch, the head of News Corp., which owns Fox News, would 'bankroll' the campaign. 'Rupert's after me as well,' Petraeus told McFarland."

Yesterday, perhaps not coincidentally, Petraeus met with Trump about possibly becoming secretary of state or taking another top job in the new administration.

Fox News contributor John Bolton, who is routinely on the air, was also mentioned early on as a possible pick for State, though that buzz died down when key people expressed their displeasure to Trump.

Trump is considering Laura Ingraham and Monica Crowley, both on the Fox payroll, for the role of

White House press secretary, according to several published reports. Ingraham, best known for her radio show, addressed the speculation on, where else, Fox News. "It's a big decision, but I'm at the point where, if my country needs me, and if I can do something to actually advance the Trump agenda ... then I obviously have to seriously consider that," she told Tucker Carlson.

It typically works the other way around. Someone like Dana Perino earned her coveted Fox hosting gig after serving as White House press secretary.

Stephen Bannon, who will be the chief strategist in the White House, is not a cable talking head, but he ran Breitbart until August and he had his own radio show. And don't forget all the pre-election chatter that Trump might launch an anti-establishment cable network of his own had he lost, with Bannon playing some role. (There was even at least one meeting with a financier.)

Jeanine Pirro arrives at Trump Tower on Nov. 17. (Eduardo Munoz Alvarez/AFP/Getty Images)

The list goes on and on. Donald huddled with Jeanine Pirro (the host of Fox News's "Justice with Judge Jeanine"), as well as (less surprisingly) Mike Huckabee, whose Saturday night show was canceled when he ran for president but who was re-signed as a contributor in April after he dropped out. Former Fox contributor Elaine Chao, the former Labor secretary and wife of Mitch McConnell, met with Trump last Monday afternoon.

Trump has also been meeting with people who are not employed by Fox or other channels but appear regularly. Last night, for instance, he sat down with Milwaukee County Sheriff David Clarke – who is often on Fox in primetime. He's ubiquitous enough on cable (and recognizable because he wears a cowboy hat) that a New York fire department captain, helping with security in the lobby of Trump Tower, fist bumped him on his way out the door.

Fox News President Bill Shine departs after meeting with Trump at Trump Tower last week. (Lucas Jackson/Reuters)

The president-elect's focus on cable talent has become so blatant in recent days that it's become a punch line. On Fox News's "The Five" last night, Greg Gutfeld joked that the new administration is emptying out the green rooms. "I'm looking at the roster so far," Gutfeld told his co-hosts, scanning a list of who Trump has been meeting with. "You've got K.T. McFarland, Ben Carson, Bolton, Crowley, Huckabee [and] Scott Brown. These are all [Fox News Channel] mainstays. Are they going to replace the Supreme Court with 'Outnumbered'? Does that make Clarence Thomas 'one lucky guy'? I'm worried. We're not going to have anybody here anymore. ... I'll be hosting every show!" He added, "What becomes of Fox News?"

The office he's about to assume has not changed the man, at least not yet. People who have been around Trump say he watches cable as much as ever. During his off-the-record meeting with 25 TV executives and anchors last week, he outlined grievances with coverage about him. Among them: he asked the president of NBC's news division why the network only uses unflattering pictures of him, according to Politico's Hadas Gold. Last night, he retweeted anti-CNN messages posted by random people online.

Finally, Fox briefly suspended Newt Gingrich as a contributor after it became clear he was a finalist to be Trump's running mate. But he was quickly re-activated after Trump picked Pence. The former Speaker says he will not take a formal position in the new administration, but his stock has certainly risen because of his closeness with the incoming commander-in-chief. As has his number of television

hits. Newt was on Sean Hannity's show last night to again decry Mitt Romney, who crushed his presidential dreams in 2012, as a bad choice for secretary of state. With the backdrop of the Capitol, Gingrich said: "There is an enormous base that wanted to drain the swamp, and they see Romney as the swamp."

-- More palace intrigue: Trump released a statement yesterday saying that he green-lighted former campaign manager Kellyanne Conway's broadsides against Mitt Romney on the Sunday shows. "Kellyanne came to me and asked whether or not she could go public with her thoughts on the matter," he said in an email to the New York Times. "I encouraged her to do so. Most importantly she fully acknowledged there is only one person that makes the decision."

-- Amid the scrutiny of her influence, Conway posted this photo from Trump's office last night:

Welcome to the Daily 202, PowerPost's morning newsletter.  
With contributions from Elise Viebeck (@eliseviebeck).

Sign up to receive the newsletter.

Tom Price holds a press conference on Capitol Hill. (Joshua Roberts/Reuters)

#### WHILE YOU WERE SLEEPING:

-- Trump tapped Tom Price, a six-term Georgia congressman and outspoken Obamacare critic, as health and human services secretary. From Philip Rucker: Trump's selection of Price, who chairs the House Budget Committee, is expected to be publicly announced as early as today. "As HHS secretary, Price would become the Trump administration's point person on dismantling and replacing the Affordable Care Act, one of Trump's major campaign promises ... But after meeting with Obama in the Oval Office shortly following the election, he was convinced to perhaps keep some of the more popular elements of the law intact and amend the law rather than repeal it. In picking Price to fill a key Cabinet position, Trump will add to his team a veteran lawmaker who is close to [Paul Ryan]."

#### Plane carrying Brazilian team to Copa Sudamericana finals crashes

-- A charter plane carrying 81 people, including players from a rising Brazilian soccer team headed for a championship match, crashed en route to Medellín's airport in Colombia Monday night. From Fred Barbash, Samantha Schmidt and Dom Phillips: "At least five passengers survived and the rest were killed, Colombia's aviation authority confirmed this morning. It was uncertain whether that was a final count, however, as the figures had fluctuated during the night. General José Acevedo, commander of Medellín police, told a Colombian radio station that 75 people had been killed at the site of the crash and six others had been injured and rescued from the scene. One of the rescued passengers died on the way to the hospital, Acevedo said. A local television station, Telemedellín, reported that a sixth survivor was rescued from the crash at about 5 a.m. Tuesday morning."

Abdul Razak Artan, a third-year student in logistics management, is seen in an August 2016 photo provided by The Lantern, the student newspaper of OSU. (Kevin Stankiewicz for The Lantern/Handout via Reuters)

-- The Ohio State University student who injured 11 in a knife attack on campus before being fatally shot by police had written in a Facebook post shortly before the rampage that the abuse of a little-known Muslim community in Burma drove him to the "boiling point." From Annie Gowen: More than 1 million Rohingya Muslims live in Burma, but they have long been denied citizenship and other basic rights. And in recent weeks, thousands of Rohingya Muslims have been fleeing into the forests and neighboring Bangladesh on the heels of a brutal military crackdown that followed a terror attack on police posts. Earlier this week, a U.N. refugee agency official was in the Bangladesh region of Cox's Bazar — where more than 30,000, many of them Rohingya, have fled — and told the BBC that Burmese troops were "killing men, shooting them, slaughtering children, raping women, burning and looting houses, forcing these people to cross the river" into Bangladesh. He said that the "ultimate goal" of the Burma government is "ethnic cleansing of the Muslim minority." The attacker has been identified as 18-year-old Abdul Artan. (Kathy Lynn Gray, Susan Svrluga, Mark Berman and Matt Zapposky have much more on what happened in Columbus.)

#### GET SMART FAST:

1. A federal judge ruled that Dylann Roof, the 22-year-old accused of killing nine black parishioners at a Charleston church last year, can represent himself at a federal hate-crimes trial. The decision means that Roof could potentially confront directly survivors of the attack if they are called to testify in the case. (Mark Berman and Matt Zapposky)
2. Texas officials confirmed the first case of the locally-transmitted Zika virus in Brownsville, making the border town the second place in the continental U.S. to have the virus spread directly by mosquitos. (Lena H Sun)
3. The Lone Star State also announced it is requiring all fetal remains be "properly buried or cremated" regardless of the period of gestation – garnering an intense outcry from pro-choice advocates, grieving mothers who lost children in utero or through miscarriages, and from medical providers, who have questioned who will foot the costly bill. (Texas Tribune)
4. The Department of Education released new rules on how to judge schools in accordance with the "Every Student Succeeds Act," the federal education law that replaced No Child Left Behind in 2015. It is unclear, however, whether a President Trump plans to abide by the contentious new set of regulations. (Emma Brown)
5. Rep. Darrell Issa (R-Calif.) has officially won reelection, narrowly edging out Democratic challenger Doug Applegate in a race that took weeks to tally. (AP)
6. Democrats will have supermajorities in both chambers of the California legislature, after a Democratic candidate very narrowly won a tight state Senate race. That will let liberals push through big tax hikes, enact a far-reaching social agenda under an "emergency clause" and override Jerry Brown's vetoes. (LA Times)
7. South Korean President Park Geun-hye issued a third national apology for her role in an influence-peddling scandal, saying she would resign if lawmakers vote to impeach her. The unexpected announcement means Park could step down from her post as early as this Friday, Anna Fifield reports.
8. Jimmy Carter is urging Obama to grant diplomatic recognition to Palestine before his term ends, stressing the importance of securing a two-state solution because of continued settlement activity. "I am convinced that the United States can still shape the future of the Israeli-Palestinian conflict before a change in presidents, but time is very short," the former president writes in a New York Times op-ed today.
9. Britain's pro-Brexit party picked Paul Nuttall as its new leader, selecting the former top deputy to replace firebrand and Trump ally Nigel Farage as he seeks to carve out influence in the president-elect's budding administration. (Brian Murphy)
10. Italians are voting on a Constitutional amendment this weekend to help smooth gridlock in parliament and increase the rate of government efficiency. But unlike U.S. elections, voters won't be compulsively refreshing polls or forecasting sites all day -- in Italy, it's illegal to publish polls during the final two weeks before a vote. (Anna Momigliano)
11. A headless corpse served as a most unlikely arbitrator in a years-long land dispute between the Netherlands and Belgium, which was finally resolved on Monday after a tense, years-long dispute.

(New York Times)

12. Police are investigating the death of a Good Samaritan who was gunned down while trying to help a woman being beat in the parking lot of a San Antonio Walmart. The 39-year-old had braved the Black Friday crowds to help his wife find a holiday outfit, she said, before attempting to step in and help the ailing woman. (Cleve R. Wootson Jr.)

13. A Japanese amusement park drew swift condemnation after unveiling its new ice-skating rink – which featured some 5,000 dead fish frozen into the ice. Photos of the now-shuttered exhibit showed some of the fish displayed with their heads partially protruding from the ice, while others were laid out in whimsical patterns (one spelled out the word 'hello!') (Amy B Wang)

Trump gives the thumbs-up as Romney leaves Trump National Golf Club Bedminster. (AP/Carolyn Kaster)

#### TRUMP TRANSITION:

-- The president-elect remains "unswayed" by the public revolt over the possible choice of Mitt Romney for the State Department and continues to see his foe as a serious contender for the diplomatic post, Philip Rucker and John Wagner report.

Romney plans to have a private dinner tonight with Trump, who is said to be "intrigued" by the notion of reconciling with one of his fiercest Republican antagonists. But he wants assurances that Romney could be trusted to defend and promote Trump's markedly different worldview.

More people in Trump's orbit came out against Mitt. Rep. Chris Collins (R-N.Y.) blasted Romney as "a self-serving egomaniac who puts himself first, has a chip on his shoulder, and thinks that he should be president of the United States" on CNN.

Mike Pence is viewed as a Romney supporter, "believing that he has a steady hand that would benefit Trump in the turbulent world of diplomacy."

Romney and Rudy Giuliani were seen previously as "co-favorites," but Trump officials now say that Giuliani's international business ties and consulting could prevent him from winning Senate confirmation.

Petraeus describes 'very good' meeting with Trump

-- Petraeus, who has emerged as a possible alternative for secretary of state, and whose tenure as CIA director ended amid revelations that he had an affair with his biographer, said he is taking a "wait and see" approach on serving in Trump's administration. "I was with him for about an hour," Petraeus told reporters after the meeting. "He basically walked us around the world. Showed a great grasp of a variety of the challenges that are out there and some of the opportunities as well. Very good conversation and we'll see where it goes from here." (Jerry Markon and Paul Kane)

Transition officials said Trump has long admired Petraeus and described his candidacy as formidable, despite the baggage he would carry into any confirmation hearings because of his 2015 conviction for mishandling classified information. (Remember when Trump made Hillary Clinton's mishandling of classified information, for which she was never charged with a crime, a central issue in the presidential campaign? That was earlier this month.)

-- A wrinkle: Just as the former CIA director met with Trump in New York yesterday, Defense Department officials confirmed to the AP that they are conducting a new leaks investigation related to the sex scandal that led to his resignation. "Investigators are trying to determine who leaked personal information about Paula Broadwell, the woman whose affair with Petraeus led to criminal charges

against him and his resignation. The latest twist in the case could [resurface] details of the extramarital affair and FBI investigation that ended his career at the CIA."

-- Pence: "It's going to be a busy week. Get ready. Buckle up." Among those scheduled to drop by Trump Tower today: House Homeland Security Committee chair Michael McCaul.

West Virginia residents hold signs supporting coal in Cleveland. (Reuters/Aaron P. Bernstein)

#### TRUMP TAKES WASHINGTON:

-- Trump son-in-law Jared Kushner could face serious conflict-of-interest questions of his own – even if he only takes a role as an unpaid adviser to the president-elect. From the Wall Street Journal's Peter Grant on A1: "The real-estate company [Kushner controls] ... has hundreds of millions of dollars in loans outstanding from domestic and foreign financial institutions, markets condominiums to wealthy U. S. and foreign buyers and has obtained development financing through a controversial U.S. program that sells green cards. The president himself isn't subject to the conflict-of-interest law, but all other government employees must follow it. Even if Mr. Kushner were to serve in the new administration as an unpaid adviser, his potential influence on policy would invite scrutiny, legal experts said." Some wealthy individuals and business people who have joined previous administrations have sold stocks, bonds and a wide range of other assets to comply with conflict laws. "It's a criminal statute so you don't want to get too close to the line," said former White House ethics lawyer Richard Painter.

-- Democrats on the House Oversight Committee called on Jason Chaffetz to launch a formal probe into Trump's finances, asking (futilely) that the GOP's top investigator request copies of Trump's income tax returns and to invite Trump aides to brief lawmakers on "their plans for protecting against conflicts of interest." (Mike DeBonis)

-- White House officials urged Trump not to reverse Obama's policies on Cuba, after Trump said in a tweet that he would "terminate" newly-thawed U.S.-Cuba policy unless Havana is willing to make a "better deal" for Cubans and Americans. (He did not specify what he wanted or what he would do.) "It's just not as simple as one tweet might make it seem," said White House press secretary Josh Earnest, noting that Monday marked the resumption of direct commercial flights between the U.S. and Havana for the first time in half a century. "There are significant diplomatic, economic [and] cultural costs that will have to be accounted for if this policy is rolled back." (The Hill)

-- "Trump's election suddenly created an awful lot of international Trump-branded targets for terrorists," Philip Bump writes. "Protecting Trump Tower is relatively easy. Protecting a Trump-branded resort in Indonesia is something else entirely, and raises a slew of questions. How? Who?"

-- Wall Street Journal, "Will Political Reality Derail Markets' Bet on Donald Trump?," by Gerald F. Seib: "So far, the financial markets love the coming Trump presidency, and why not? They look at the combination of a big tax cut, big infrastructure spending and lower regulations ... Less obvious is the implicit assumption the markets are making that two looming problems with all this stimulation won't short-circuit the good times. But are the markets making a safe bet? Let's look at each element in turn":

\*TAX CUTS: "Republicans have a working majority in the House, but barely hung on to their majority in the Senate. Still, with likely across-the-board Democratic opposition, it also leaves little margin for error ..."

\*INFRASTRUCTURE SPENDING: In theory, everybody in Washington loves more infrastructure spending. In reality, there are enormous differences, between parties and within the GOP ... Can Mr. Trump use Republican votes to pass a big tax cut and then Democratic votes to get a big infrastructure plan through? Perhaps that is what an unorthodox president who essentially ran as an independent can do. But it will be trickier than it looks on the potholed surface."

\*TRADE WARS: "Trade tensions still lie ahead, and China is stepping into the free-trade void in Asia

quite nicely, to the potential detriment of American companies. But visions of an all-out trade war aren't as vivid as some feared ..."

\*DEFICITS: "This is the big potential showstopper ... Look for a moment of truth in mid-2017, when a Republican president and a Republican Congress have to agree on a plan to raise the federal debt ceiling or face a market-rattling default ..."

-- New York Times, "Trump's Promises Will Be Hard to Keep, but Coal Country Has Faith," by Sheryl Gay Stolberg: "Appalachians are eyeing Washington with a feeling they have not had in years: hope. It is difficult for outsiders to fathom how deeply faith and work are intertwined here, or the economic and psychological depression that sets in when an entire region loses the only livelihood many of its people have ever known. Coal has always been boom and bust ... But in West Virginia alone, 12,000 coal industry jobs have been lost during (Obama's) tenure. In this land of staggering beauty and economic pain, Trump backers said over and over again that while coal might never be what it once was, the businessman they helped send to the White House could indeed put them back to work."

-- Some perspective on the favorability ratings of presidents-elect at this point in the past:

Former Michigan Democratic Party chair Mark Brewer testifies on the side of Jill Stein and promises a formal demand for a recount as members of the Michigan Board of Canvassers meet to certify the presidential election and consider a recount yesterday in Lansing. Michigan officials yesterday certified that Trump won the state by 10,704 votes out of nearly 4.8 million to claim all of its 16 electoral votes. (Dale G. Young/Detroit News via AP)

#### AMERICA, DIVIDED:

-- Trump and Jill Stein continued to raise competing doubts about the election results on Monday, with Trump's transition team voicing more unsubstantiated concerns about "voter fraud" and the Green Party candidate taking legal action to trigger a recount in Pennsylvania. From Sean Sullivan: "Trump was also officially declared the winner in Michigan by a slim margin. (Stein's team said it plans to demand a statewide hand-recount on Wednesday, in accordance with the 48-hour deadline to do so.) In Wisconsin, where Stein asked for a recount last week, elections officials on Monday announced a timeline and procedure for it." In Pennsylvania, Stein's campaign said requests had been filed by voters in more than 100 precincts already.

"I really do think it's ridiculous that so much oxygen has been given to recount efforts when there is absolutely no chance of the election results changing," said Trump spokesman Jason Miller. "This election has been decided. It's a conceded election." (The Trump camp continues to dubiously cite two sources to back up its claims on voter fraud. Post Fact Checker Michelle Ye Hee Lee explains why neither actually backs up their argument.)

-- An airline passenger who went on an expletive-laden, pro-Trump rant has been banned from flying Delta for life. The incident is the latest in a string of political disputes to break out among passengers mid-air including one United Airlines flight in which a pilot was forced to ban all talk of politics completely.

-- A Texas Republican presidential elector resigned his post, saying he could not vote for a man who he does not believe is "biblically qualified" to serve in the White House. "I will sleep well at night knowing I neither gave in to their demands nor caved to my convictions," welding supply salesman Art Sisneros wrote in a blog post. (Fort Worth Star-Telegram)

-- Evansville, Indiana, police are investigating racist threats that were spray painted onto a black church last week, as the congregation hosted and fed nearly 300 people during its annual Thanksgiving feast for the needy. (Cleve R. Wootson Jr.)



-- Hundreds of flag-waving veterans gathered at Hampshire College to protest the school's decision to remove all flags, including the U.S. flag. (Peter Holley)

-- Former students at a North Dallas prep school have started an online petition protesting their ex-classmate Richard Spencer, a white nationalist who coined the term "alt-right" and who last week led a D.C. conference advocating for a whites-only state. Proceeds from the effort will benefit refugee resettlement efforts. (Amy B Wang)

-- Rolling Stone, "Radically Mainstream: Why the Alt-Right Is Celebrating Trump's Win," by Sarah Posner: "[Richard Spencer] says he sees Trump as a symbol, a vehicle for white aspirations, in much the same way so many projected their hopes and dreams onto Obama. What has been "legitimized," in the Alt-Right view, is the movement's central creation myth: that white people are being "dispossessed" in contemporary America. As he hungrily eats an omelet ... Spencer begins to dream out loud. The Alt-Right 'can plausibly say we are influencing Breitbart,' he says – but now, in the wake of the Trump win, he can imagine, even predict, that Fox News will develop a show speaking directly to the movement. He imagines producing a series of white papers that would trickle up into conversations inside the White House ... 'That is influence, where people are thinking things that they had no idea who planted this in their head,' he says. 'It's planting ideas. People will come to the conclusions themselves, but the true influencer is the one who kind of helps them, that kind of leads them there.'"

-- "Angry Woman at Michaels Store Cries Discrimination for Being White, Voting Trump," from Chicago Patch: "The offer of a \$1 reusable bag erupted into a meltdown by a woman who proclaimed she had voted for [Trump] and was being discriminated against by African-American employees at a Chicago arts and crafts store. According to [a bystander,] the woman, who is white, went into a "30-minute racist rant complete with yelling and cursing and repeated references to the fact that both employees were African-American." "Yes, I voted for Trump, so there. You want to kick me out because of that? And look who won," the customer yelled. The bystander and her son watched the scene for several minutes before she began recording the yelling customer, which she wanted to document to ensure store employees would not get in trouble.

Abu Mohammed al-Adnani, ISIS's chief strategist, who laid out the blueprint for the extremist group's attacks against the West, was killed this summer while overseeing the group's operations in northern Syria. (Militant Photo via AP)

#### WAPO HIGHLIGHTS:

-- If you read one thing --> Joby Warrick has an awesome piece on the rise and fall of a top Islamic State leader: "For a man given to fiery rhetoric and long-winded sermons, Abu Muhammad al-Adnani became oddly quiet during his last summer as the chief spokesman for the Islamic State. The Syrian who exhorted thousands of young Muslims to don suicide belts appeared increasingly obsessed with his own safety ... He banished cellphones, shunned large meetings and avoided going outdoors in the daytime. He began sleeping in crowded tenements ... betting on the presence of young children to shield him from the drones prowling the skies overhead. But in late August, when a string of military defeats suffered by the Islamic State compelled Adnani to briefly leave his hiding place, the Americans were waiting for him. The Aug. 30 missile strike was the culmination of a months-long mission targeting one of the Islamic State's most prominent [and] most dangerous — senior leaders. At least six high-level Islamic State officials have died in U.S. airstrikes in the past four months ... all but erasing entire branches of the group's leadership chart. ... The loss of senior leaders does not mean that the Islamic State is about to collapse, [U.S. officials caution]. ... But the deaths point to the growing sophistication of a targeted killing campaign built by the CIA and the Defense Department over the past two years for the purpose of flushing out individual leaders who are working hard to stay hidden."

-- "The mounting death toll in Mosul forces questions about the battle plan," by Kareem Fahim, Missy

Ryan and Mustafa Salim: "Civilian and military casualties are mounting as misery spreads in Mosul six weeks after the Iraqi army launched an offensive to capture the city from the Islamic State. Nearly 600 civilians have been killed, according to one estimate, along with dozens of Iraq's elite, U.S.-trained special forces soldiers ... The carnage has slowed the army's advance and revived debate about the wisdom of the battle plan, which envisioned Mosul's residents sheltering in their homes — a means, it was hoped, of staving off a mass dislocation and the city's destruction. They also say their U.S. allies are urging them to consider steps that could ease the civilian toll but also hasten a shared victory [in the waning days] of the Obama administration ... But with the Islamic State intentionally targeting civilians, any plan to evacuate them was fraught with risk. 'If they suffer, it will be on us,'" said Maj. Gen. Sami al-Aridhi.

People stand in line yesterday to pay tribute to Cuba's late President Fidel Castro in Revolution Square in Havana. (Alexandre Meneghini/Reuters)

-- "Out of loyalty, obligation, or perhaps a bit of both, Cubans lined up for hours Monday to pay respects to Castro in a hushed procession that was tightly choreographed by their government," Nick Miroff files from Havana. "Shuffling forward in three columns ... the tribute had a dutiful feel, with nothing left to chance. Castro evolved over his half-century in power, and the swaggering, infallible figure he projected as a younger man gave way to something less imposing as he went gray and his lofty socialist ideals crashed into economic ruin. Over the years, many younger Cubans came to see him like a stubborn, grandfatherly figure whose musings on history and geopolitics were divorced from the grinding struggles of their daily lives. [And] just as Castro's one-party state imposed ideological and political conformity, the public response to his death on Friday night at age 90 has been a kind of state-directed emotional uniformity."

-- "How the far right is trying to woo an unlikely ally — Jews," by Anthony Faiola: "Attendees gathered this month inside Vienna's opulent Grand Hotel for an extraordinary event billed as the 'New Anti-Semitism Conference.' The Israeli superspy who hunted down war criminal Adolf Eichmann flew in for the occasion, timed to commemorate the 1938 night when the Nazis stormed Jewish synagogues and businesses. What made the event truly remarkable, however, was its sponsor: Austria's Freedom Party — a far-right movement founded in part by former Nazis and now on the cusp of capturing this nation's presidency. 'They are one of the most pro-Israel parties in Europe,' insisted Michael Kleiner, ... a former member of the Israeli parliament. Newly energized by the presidential victory of Trump, far-right and anti-establishment forces are pushing into the mainstream on both sides of the Atlantic. As they do, many are seeking to neutralize one of their oldest and most debilitating labels: as anti-Semites ..."

#### SOCIAL MEDIA SPEED READ:

Here's an update from Trump's Twitter feed, starting with this threat to the Cuban regime:

Trump complimented David Petraeus after their meeting at Trump Tower:

He then proceeded to go after CNN by retweeting random people's attacks on correspondent Jeff Zeleny (including a teenage kid's):

Alex Jones, who runs the pro-Trump conspiracy web site Infowars, posted a clip from an interview that Trump gave on Sept. 11, 2001, to claim that the president-elect is actually a 9/11 truther who has "been awake all along."

A staff writer at The New Yorker made this chilling accusation:

A keen observation, if Mitt gets State:

Ivanka Trump was excited her husband, Jared Kushner, made the cover of Forbes:

The Capitol Christmas tree arrived:

Lawmakers are posting snow pictures:

Jennifer Palmieri is looking forward to catching Hillary Clinton on a hiking trail soon:

This letter to the editor is going viral:

DAYBOOK:

In Trump's world: Trump meets with Rep. Marsha Blackburn (R-Tenn.); Pete Hegseth, president of Concerned Veterans of America; Marion Blakey, president of Rolls-Royce North America; Senate Foreign Relations Committee Chair Bob Corker (R-Tenn.); House Homeland Security Committee Chair Mike McCaul (R-Texas); Rep. Lou Barletta (R-Pa.); and former Massachusetts governor Mitt Romney.

At the White House: Obama visits the Walter Reed National Military Medical Center.

Harry Reid had a private dinner at the White House last night with the president and vice president.

On Capitol Hill: The Senate meets at 10 a.m. and begins consideration of the ECHO Act and the Alexander substitute amendment at 11 a.m. The House meets at 2 p.m. for legislative business, with 16 suspension votes postponed until 6:30 p.m.

QUOTE OF THE DAY:

Agriculture Secretary Tom Vilsack, the former Iowa governor, compares Democrats to a tree that “looks healthy on the outside, but is in the throes of slow and long-term demise.” “Democrats need to talk to rural voters,” Vilsack told Greg Jaffe. “They can’t write them off. They can’t ignore them. They actually have to spend a little time talking to them.”

#### NEWS YOU CAN USE IF YOU LIVE IN D.C.:

-- “Waves of rain showers remain likely through much of the day,” the Capital Weather Gang forecasts. “...You’ll want to plan on keeping an umbrella handy throughout [the day]. Despite the clouds and the rain, we should get into the warm air of a storm system to the west. It might even feel a little muggy as temperatures rise from near 60 to perhaps as high as the mid-60s. Winds are from the south around 10 mph.

-- D.C. Council members are voting on whether to pass the most generous family leave law in the country. The measure, which dwarfs the most progressive efforts passed in California and New Jersey, would allow new parents for 11 weeks off with up to 90 percent pay. The proposal – which will be voted on tonight, as well as later in December – is expected to draw wide majority support. (Aaron C. Davis)

-- The Wizards beat the Kings 101-95.

#### VIDEOS OF THE DAY:

Kellyanne Conway was serenaded by two guys who have taken to hanging out in the lobby of Trump Tower:

Kellyanne Conway serenaded by the naked Cowboys at Trump Tower.

TMZ covered the high level of security enlisted to protect Trump's family:

Barron Trump Play Date Covered by Secret Service's Big Guns | TMZ Chatter

Kathy Griffin walked through how she's preparing for Trump's presidency:

Kathy Griffin Prepares for a Trump Presidency

Seth Meyers compiled his favorite jokes of the week:

Seth's Favorite Jokes of the Week: Donald Trump Demands Hamilton Apology

Celebrities -- including Gloria Estefan and Colin Kaepernick -- reacted to Fidel Castro's death:

Gloria Estefan, Colin Kaepernick, Elián González React To Fidel Castro's Death | People NOW | People

Scott Walker thanked residents of his state for a successful deer hunting season:

2016 Gun Deer Hunt

Reindeers in Japan auditioned for a pizza delivery job:

Reindeers audition for pizza delivery job in Japan

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From: Lewis, Brian [HSEMD]  
<brian.lewis@iowa.gov> on behalf of Lewis, Brian [HSEMD]  
<Brian.Lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Kise, Gregory [DPS]  
<kise@dps.state.ia.us>  
Cc:  
Bcc:  
Subject: FW: Fourth-Quarter Forecast 2016  
Date: Wed Oct 19 2016 07:45:47 CDT  
Attachments: image023.jpg  
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image032.png  
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image034.png

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China/Asian sector

Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

515-725-3202 Fax: 515-725-6320

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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Sent: Monday, October 10, 2016 8:13 AM  
To: Lewis, Brian [HSEMD] <Brian.Lewis@iowa.gov>  
Subject: Fourth-Quarter Forecast 2016

Fourth-Quarter Forecast 2016

Forecast

October 10, 2016 | 09:30 GMT

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Text Size

(Getty Images)

If the study of geopolitics focuses on the structural forces shaping the international system, then domestic elections only rarely matter. Leaders tend to bend to their environment, not the other way around. And yet in the final months of 2016 the United States, still the world's only superpower, will choose a president in an election that will shape U.S. foreign policy more than usual.

This is because of the stark differences between the approaches of the two candidates. Both agree that the United States should preserve its hegemony, but they disagree on how to go about it. One argues that the United States should play the role it inherited after World War II, one in which U.S. power is more effectively wielded through alliances, global trade linkages and selective interventions. The other argues for self-reliance over globalism, the idea that the United States and its allies should defend their own interests instead of unnecessarily handcuffing themselves to security umbrellas and global trade pacts.

Our purpose is not to predict the result of the election but to forecast how it could alter the behaviors of other states. For those accustomed to living under U.S. scrutiny, political distraction in Washington can create opportunities. North Korea, for example, has already accelerated its efforts to develop a nuclear weapon and delivery system, and in the next three months it will have a chance to try to complete the final phases of its test cycle without risking pre-emptive military action. Regional security concerns over North Korea, meanwhile, will bring Japan, China and South Korea into much more active dialogue, even as tensions escalate with Japan's increased involvement in the South China Sea dispute.

For others, like Russia, the remaining three months of the year will be spent setting up negotiations with the next U.S. president. With Barack Obama on his way out, leaders in Russia understand there is little chance of striking an 11th-hour bargain in Ukraine or in Syria.

But there is still plenty of work for Russia to do in both theaters. In Ukraine, Russia will incrementally work to de-escalate the conflict in the east while lobbying the Europeans to ease up on sanctions. Moscow will expect political concessions from Ukraine in return, but since Kiev is not under enough pressure to capitulate, talks will stall again.

In Syria, on the other hand, Russia will rely more on military tactics than diplomatic wrangling to strengthen its negotiating position. Since the beginning of the year, Russia has tried to show that it can

be both a disruptive and cooperative force on the battlefield. But the limitations in enforcing a cease-fire have been exposed, and the United States will not be in the mood for creative bargaining in the final months of Obama's presidency. The United States will forge ahead with offensives against the Islamic State in Mosul and Raqqa, focusing its efforts on managing competing forces on the ground and maintaining at least a minimal level of cooperation with Russia to de-conflict the Syrian battlefield. Russia, meanwhile, will concentrate its efforts on reinforcing the loyalist offensive against Aleppo to improve its leverage on the battlefield and thus its negotiating position with the next U.S. president. As the United States reinforces Sunni rebels in Syria and deprioritizes its dialogue with Moscow, the potential for clashes will rise going into the fourth quarter. Complicating the situation is Turkey, which now has boots on the ground in Syria. As it pushes farther south, it will have to rely on U.S. protective cover to avoid colliding with Russia. But trouble between the United States and Russia means less insulation for the Turks.

Then there are Washington's restless allies, watching and waiting to see if they can continue to count on U.S. commitments to protect them from their stronger neighbors. With the Trans-Pacific Partnership on ice and with U.S. reliability in question overall, Southeast Asian partners like the Philippines and Vietnam will hedge their bets by cooperating with Beijing on economic issues, if only to ease tensions on security issues. European divisions will deepen as political factions throughout the Continent call for changes to the EU treaty to assert their national rights. Smaller groupings will band together more tightly, particularly the Visegrad Group and the Baltics, as they try to hold their ground against Russia and await clarity from the United States on its security commitments. At the same time, Gulf allies in the Middle East will take advantage of friction between the United States and Russia to reinforce their Sunni proxies in their regional competition with Iran.

But proxy wars need funding. Though they have taken incremental steps to cut government expenditures like public sector salaries, Saudi Arabia and its Gulf allies have spent the year waiting to see if the oil market would rebalance itself. Moving into the fourth quarter, however, the Saudis are monitoring the potential for additional oil to come online in Libya, Iraq, Nigeria and Kazakhstan. If Riyadh believes prices will decline further, it will consider cutting production to match pre-summer surge levels, using the opportunity to try to persuade others to agree to a production freeze. But even if its members do reach an agreement, OPEC still faces severe limitations in influencing the price of crude so long as U.S. producers are able to respond quickly to even modest price increases.

As for the rest of the world, poor economic conditions will make for messy politics this quarter. The global economy will remain in the quagmire it's been in for the past nine months as markets wait for a interest rate hike from the U.S. Federal Reserve, however modest it may be. Uncertainty around the U.S. election will forestall trade negotiations and possibly lead to currency fluctuations for countries that trade heavily with the United States, with Mexico in the spotlight.

An aversion to risk could also result in sell-offs of more precarious stocks, leaving already stressed banks even more exposed in a world of low, and in some cases negative, interest rates. As Japan's monetary authorities try to incrementally repair bank balance sheets through new and untested methods, Europe will be particularly skittish this quarter as political instability in Italy threatens to draw scrutiny on troubled banks throughout the eurozone. That's not to say the next U.S. president will have to deal with a global banking panic, but it is to say that whoever wins the election will have a hard time finding the political consensus needed to manage a more enduring and uncomfortable structural shift in the global economy.

Europe

Ripples From Italy's Referendum

France, Germany: Distracted by Elections



Brexit Trigger Will Not Be Pulled

Criticism from Central and Eastern States

The EU Navigates Foreign Relations

Eurasia

Russia's Standoff With the West

Competing Crises

Courting Business in Asia

Securing Central Asia

Instability in the Caucasus and Eastern Europe

Middle East and North Africa

Peace Eludes Syria

Turkey Pushes Deeper Into Aleppo

In Iraq, the Fight for Mosul Begins

Iranian and U.S. Political Races Intertwine

The Gulf Grapples With Budgets and War

Violence Threatens Libya's Rising Oil Exports

Egypt Turns Its Economy Around

East Asia

South China Sea

Regional Uncertainty Over the Trans-Pacific Partnership

China: Changes Below the Surface

Japan's Search for Growth Continues

Global Economic Trends Weigh on Southeast Asia

Duterte the Destroyer

Latin America

Venezuela Battles Over a Recall

Mexico Casts a Wary Eye North

Colombia Searches for a New Path to Peace

Brazil Moves On From the Rousseff Era

Argentina Woos Back Investors

South Asia

Modi's Electoral Gambit

Politicizing Kashmir

Stresses on Afghanistan's Unity Government

Sub-Saharan Africa

Nigeria's Bleak Outlook

Continued Decline of South Africa's Ruling Party

Ethiopia's Greatest Challenge in Years

Somali Elections

Europe

Ripples From Italy's Referendum

The perennial connection between political instability and economic fragility in Italy could once again make waves across the European Union. Italy will hold a referendum on constitutional reforms on Dec. 4. In the weeks leading up to the vote, the government in Rome is likely to announce increased public spending and lower taxes to improve its popularity. This will create frictions with Brussels but is unlikely to lead to punishment for Italy for missing its deficit reduction targets. The Italian government is also likely to criticize EU institutions and Germany over issues such as austerity in the eurozone and the bloc's lack of a coordinated response to the migration crisis.

Italian opposition parties will campaign against the constitutional reforms as a way to precipitate the resignation of Prime Minister Matteo Renzi. A rejection of the reforms would ignite a political crisis, but one that can be contained. Early elections will be avoided as most parties in the Italian Parliament want to prevent a new vote that could raise greater uncertainty at a time when the country's banking problems are far from over.

Nonetheless, any degree of political uncertainty surrounding the referendum could reignite market fears about the stability of Italian banks and the government's ability to introduce reforms. Several Italian banks, including Monte dei Paschi (Italy's third-largest lender), are trying to attract fresh capital and reduce their burden of nonperforming loans. A political crisis in Italy could make it more difficult for its banks to achieve these goals. Political and financial uncertainty in Italy could also have a ripple effect on banks elsewhere in the eurozone. Germany's Deutsche Bank, in particular, is under growing scrutiny amid doubts about its financial health and ongoing legal problems. Should Italy's political instability reach a point where it severely undermines market confidence in its banking sector, the vulnerabilities faced by Germany's own banking sector will drive Berlin and Rome toward a compromise on state aid for banks at the eurozone level.

While the spotlight remains on Italy in the southern Mediterranean belt, Greece is likely to reach an

agreement with its creditors to receive the next tranche of its bailout program. Though Greece still faces a host of structural ailments, the economic assistance should bring some temporary stability.

### France, Germany: Distracted by Elections

The largest political and economic players in the European Union, Germany and France, will be making preparations for their general elections in 2017. This will reduce the number of issues on which Berlin and Paris can find common ground and leave the bloc without cohesive political leadership, both during the quarter and beyond.

In France, the government of President Francois Hollande will be fighting for its political survival ahead of the first round of the presidential election in April 2017. The Elysee is likely to announce lower taxes and higher public spending in a bid to improve its popularity, but these actions will have a negligible effect on the government's approval ratings. More important, the ruling Socialist Party will be internally divided, which will limit the government's ability to pass meaningful legislation. As the election date gets closer, the right-wing National Front will base its strategy on criticism of the European Union and the Socialist government and will promise to improve France's security. The center-right Republican Party will be divided over issues ranging from France's role in the European Union to strategies on how to integrate minorities. Overall, both parties will be competing for a conservative and Euroskeptic-leaning electorate.

In the lead-up to German elections in late 2017, members of the center-right/center-left "grand coalition" will work to differentiate their policy positions. As political polarization increases within the German government and as national interests are asserted across the European Union, Germany will not be in a position to present grand plans for EU integration.

Migration and security will heavily influence the political agenda in Germany because of concerns over immigration and terrorism, and the government in Berlin will face internal pressure (from the opposition but also from some factions within the coalition) to introduce both tougher policies on migrants and additional counterterrorism measures. Germany will push EU-wide policies to increase cooperation in defense and security, but such broader integration efforts will remain mostly in the rhetorical phase. Germany will also remain interested in keeping the migration agreement with Turkey alive in order to temper the migrant flow to the Continent. Berlin will criticize Ankara over its crackdown on its opposition, but it will still keep communication channels open to prevent the agreement from collapsing.

### Brexit Trigger Will Not Be Pulled

In the United Kingdom, preparations for negotiations to leave the European Union will continue, and the British government will hold informal conversations with the main political forces in the Continent ahead of formal negotiations to trigger the Brexit process early next year. The government in London will slowly give shape to a negotiation strategy based on an ad hoc agreement with the European Union that tries to preserve as much access to the EU internal market as possible while limiting migration by the bloc's workers. The financial sector will meanwhile pressure the British government to protect the country's "passporting rights" — which allow financial institutions operating in the United Kingdom to sell their services to the rest of the union — because companies are already expressing interest in relocating elsewhere in Europe. Growing nationalist sentiment ahead of elections in France, meanwhile, will drive Paris to maintain a hard line on Brexit concessions, creating more uncertainty and downward pressure on the British pound. The debate in the United Kingdom will be fraught with administrative complications and disputes within the government of Prime Minister Theresa May, as some members defend a substantial severing of ties with the bloc (the so-called hard Brexit) while others want to reach compromises. The British economy will emit mixed signals, and companies and households will delay some investment and spending decisions until they have a clearer picture of what the United Kingdom's negotiation with the European Union will look like.

## Criticism from Central and Eastern States

Some of the strongest criticism of the European Union will come from Central and Eastern Europe, as political forces both in government and in the opposition demand a repatriation of powers back to national governments. None of these countries, however, are ready to leave the union, and they will keep their disagreements with Brussels within manageable levels.

In Poland, the confrontation between the government and EU institutions will continue, but the European Union will not introduce any meaningful sanctions against Warsaw. In Hungary, in spite of the result of the Oct. 2 referendum in which voters rejected the prospect of European Union-dictated refugee resettlement, the government will continue to attack the bloc and question the authority of the European Commission. Despite their constant criticism of EU institutions, Poland and Hungary still see their membership in the bloc and NATO as key pillars of their foreign policy. This means that neither Warsaw nor Budapest will do anything to seriously endanger their relationships with either entity.

Austria will hold a runoff presidential election on Dec. 4. In the weeks leading up to the vote, the moderate government in Vienna will attack the EU agreement with Turkey, demand greater control of the bloc's external borders and keep its own border controls in place to deter an influx of migrants. More important, Austria could seek cooperation with other countries in the region (such as the Visegrad Group) to push for more decentralization of power in the European Union. The election will show popular discontent both with Austria's mainstream parties and with the bloc, as the candidate from the far-right Freedom Party is likely to perform well.

Romania will be an outlier in the region because its mainstream political parties will probably dominate general elections on Dec. 11. Though these parties differ on domestic issues, they are supportive of Romania's membership in the European Union and in NATO, so no significant changes in Romania's foreign policy should be expected after the vote.

## The EU Navigates Foreign Relations

The European Union will remain interested in preserving its migration agreement with Turkey, but the political situation in Europe will make it impossible for the bloc to honor all of its commitments to Ankara. In the current political environment, the bloc probably will not grant visa liberalization to Turkish citizens by the October deadline agreed to by both parties. But because interest in working with Turkey remains, the bloc is likely to delay, rather than reject, the visa deal. Less controversial promises, such as continuing negotiations over Turkey's EU accession or providing Turkey with funds to assist refugees, are more likely to be honored, at least partially. In the meantime, the European Union will probably allow countries along the Balkan migration route to keep their borders closed to discourage migrants from trying to reach the bloc. The EU debate will also move in the direction of providing more financial assistance to countries in Africa and the Middle East to incentivize governments there to do more to prevent people from emigrating.

During the quarter, the European Union will debate its policy on Russia. Once again, this will highlight internal divisions over the bloc's policy on Moscow, especially when it comes to sanctions related to the crisis in Ukraine. Sanctions will remain in place this quarter, but sanctions fatigue and heavy Russian lobbying in Europe will drive vigorous debate on how to approach the Russian sanctions vote early next year and whether to consider partial easing in exchange for progress on the Minsk Protocol.

The Balkans is another European theater that will attract the attention of Russia and the West this quarter. Following a controversial referendum in Republika Srpska that challenged the Bosnian constitutional court, preparations for further moves by Bosnian Serbs to assert their autonomy at the expense of federal institutions will create tensions among the country's ethnic groups. This will remain a low-intensity conflict for now, but Moscow's defense of the Serbian position and the potential for ethnic frictions provides Russia with another arena to mediate in its negotiations with the Europeans and

Americans.

Finally, a combination of political fragmentation, electoral calculations and anti-free trade sentiment in many member states will continue to hamper ongoing EU negotiations over free trade agreements. Little progress is expected this quarter on negotiations with the South American customs union, Mercosur, and the Transatlantic Trade and Investment Partnership deal with the United States will remain gridlocked through the end of the year.

Eurasia

### Russia's Standoff With the West

In the fourth quarter, three main factors will influence the standoff between Russia and the West: the waning days of U.S. President Barack Obama's administration, the European Union's upcoming vote on Russian sanctions and the economic stress driving budget battles in the Kremlin. Russia had intended to use the last part of the year to leverage its influence in the Syrian and Ukrainian theaters and drive toward a compromise with the United States and Europe that would ease sanctions pressure and build momentum for negotiations with the next U.S. president. Moscow's limitations in Syria, however, are severely derailing this strategy, putting Russia back on a path toward escalation with the United States.

Though the United States is stepping back from negotiations with Russia over Syria, it will maintain a tactical dialogue with Moscow to deconflict the battlefield and mitigate the potential for outright clashes. If it wants to, Russia can still complicate the U.S. fight against the Islamic State and escalate the conflict in Aleppo. Moscow also has leverage outside of Syria, including the option of threatening to withdraw from nuclear disarmament agreements, to try to coerce Washington back to the negotiating table.

In Ukraine, on the other hand, Russia will have more room to de-escalate during this quarter in hopes of bending European resolve on sanctions. Russia will try to curb cease-fire violations by the separatists but will stop short of a full military withdrawal from the battleground in eastern Ukraine. Moscow will instead demonstrate a degree of tactical compromise while standing firm on strategic issues such as control of its border with the separatist territories. More hawkish elements within the Kremlin will resist any substantial concessions in Ukraine, much as Kiev will refrain from making major political concessions to the separatist territories.

Moscow will also take advantage of EU disunity to try to get relief from sanctions, appealing to countries more open to easing the measures, such as Italy, Greece, Hungary, Slovakia and Cyprus. The United States, however, will continue to pressure EU members to continue sanctions until Russia has taken more steps toward implementing the Minsk accords. The United States will also try to use Russia's actions in Syria to maintain a European commitment to sanctions for the time being. Germany, which is keen on keeping relations calm with Russia, will be key in steering the bloc's debate over whether sanctions should be partially lifted or extended, though a formal decision is likely to be postponed until early next year.

### Competing Crises

Meanwhile, Russia will have various internal crises to contend with in the fourth quarter. In October, the Russian government must finalize this year's budget, and by the end of the year, it will have to come up with a budget for 2017 as well. Discussions over the budget will be highly contentious in and beyond the Kremlin, inspiring disagreements that will compound the struggles between Russian security services, big businesses, elites and President Vladimir Putin. With the parliamentary elections out of the way, Putin is likely to start heavily restructuring or reshuffling the Russian government to secure his power ahead of the 2018 presidential election.

Though the country's economy has shown modest signs of recovery, the government still has a \$36 billion shortfall to fill before the end of the year or else it will well exceed its 3.5 percent budget deficit limit. The Kremlin has options for filling its budget gap, but each has its drawbacks. It could, for instance, drain the \$32 billion Reserve Fund and part of the \$72 billion Russian National Wealth Fund, but this would leave the government little cushion for next year. In addition, since the National Wealth Fund is intended to support pensions, drawing from it to cover unrelated costs could spur protests. By finally privatizing two of Russia's largest oil companies, Rosneft and Bashneft, the government could raise about half the funds it needs to cover its shortfall. The Kremlin will take another stab at doing so this quarter, despite the political battle that the companies' sale will incite among Russia's elites. Otherwise, the government could cut spending again — particularly in the military and security services budgets — but this, too, could spark a political firestorm.

As the Kremlin hashes over its budget, the Russian people will keep suffering the effects of the recession. Already, much of the population has withstood salary cuts and layoffs, and many Russians expect their economic situation to worsen in the next year, despite the slight improvements in the economy. As a result, protests will continue across the country in the fourth quarter, but the Kremlin will use its new anti-terrorism laws and National Guard to crack down on the demonstrations and prevent protesters from forming an organized movement.

### Courting Business in Asia

In the fourth quarter, Russia will attempt to move forward with the privatization of Rosneft, courting Chinese, Japanese and Indian firms for the \$11.4 billion transaction. Putin will also head to Japan in December for a summit with Prime Minister Shinzo Abe. Though both leaders are interested in increasing trade and ties between their countries, Putin is not yet ready to strike a full peace treaty, including a plan for the disputed Kuril Islands, considering Russia's current nationalist drive to maintain territorial integrity.

### Securing Central Asia

Just as Russia will contend with major economic and political challenges in the fourth quarter, so will several other countries in the former Soviet space. Central Asia in particular will grapple with numerous problems, including political instability, social unrest and militancy.

Uzbekistan is in the midst of its first political succession as an independent state following the death of longtime leader Islam Karimov in September. The country will hold a presidential election on Dec. 4, after which acting head of state Shavkat Mirziyoyev will likely be officially installed as Uzbekistan's leader. In terms of foreign policy, Mirziyoyev is likely to continue Karimov's isolationist and nonaligned foreign policy, at least in the near term. Domestically, the new president will face the challenge of balancing the interests of Uzbekistan's competing clans and preventing protests and militancy in a time of transition.

Meanwhile, Kazakhstan will experience fallout from the political reshuffle it carried out in the third quarter, making the country vulnerable to protests and militant attacks. The government will focus on tightening security measures and formulating a succession plan for its long-standing leader, Nursultan Nazarbayev (who, like Karimov, has been in power since the Soviet era). Despite its political and security worries, however, Kazakhstan will likely see a bit of economic relief this quarter when the long-awaited Kashagan oil project comes online. Though the wildly expensive project will not pay off in earnest for more than a decade, it will generate revenue from taxes and transit fees in the meantime.

In the next quarter, protests or militant attacks could also take place in Kyrgyzstan and Tajikistan. To counter militancy in the region and potential spillover from northern Afghanistan, Russia, China and the United States will continue to pursue their respective — and, at times, competitive — security

cooperation and counterterrorism training efforts throughout Central Asia.

### Instability in the Caucasus and Eastern Europe

But political instability will not be confined to Russia and Central Asia. On the heels of its own third-quarter reshuffle, Armenia will also endure protests against the government. At the same time, skirmishes between Armenia and Azerbaijan will persist in Nagorno-Karabakh, though another major escalation in violence is unlikely. Russia will continue to mediate political negotiations between Yerevan and Baku, but Armenia's economic and political crises at home will impede any significant progress toward a settlement in the disputed territory. Georgia will hold parliamentary elections on Oct. 8, but the country is likely to maintain its pro-Western stance regardless of the outcome.

In Eastern Europe, too, political tension will rise in the fourth quarter. Political infighting over reforms will divide the Ukrainian government, and a Cabinet reshuffle cannot be ruled out. On Oct. 30, Moldova will hold its first direct presidential election in 20 years, a contest that could serve as a flashpoint between pro-Russian and pro-Western forces in the country. No matter who wins the race, protests can be expected to erupt, potentially plunging Moldova back into political crisis.

### Middle East and North Africa

#### Peace Eludes Syria

The interests of forces fighting in Syria and their foreign backers will diverge even more noticeably in the fourth quarter. Even as Washington pulls back from negotiations with Russia on the strategic level, the United States needs to maintain open lines of communication with Russia and close military coordination with Turkey to avoid major incidents on the Syrian battlefield that could distract it from its operations against the Islamic State. Russia will nonetheless work to demonstrate to the United States the cost of downgrading its talks with Moscow by escalating its military support for the loyalists and trying to interfere with U.S. and Turkish operations. Ankara, as it pushes deeper into northern Syria to block Kurdish fighters' territorial expansion, will work more closely with Moscow this quarter in hopes of avoiding clashes with Russian-backed forces. The Gulf Cooperation Council (GCC), led by Saudi Arabia, will reinforce Syria's Sunni rebels all the while, taking advantage of a deterioration in U.S.-Russian ties. For the fighters on the ground, the consequences of meddling by foreign powers with competing agendas will reinforce their mistrust in internationally mediated peace talks, compromising periodic attempts to establish cease-fires and dragging out the conflict even more.

Aleppo province will continue to be the central focus of the conflict. Loyalist troops will do their best to drive the Syrian rebels out of Aleppo city, while the rebels will concentrate their efforts on breaking the siege. Should the rebels fail, allowing the siege to remain firmly in place, the loyalists would be free to direct some attention toward the Islamic State-held city of al-Bab — a target of significant interest to all sides this quarter. To the north, Turkish-backed rebels will advance toward al-Bab despite stiff resistance from the Islamic State, stopping short of the loyalists' front lines. Their advance will block the Kurdish People's Protection Units from moving closer to the city. Meanwhile, Washington will try to redirect the Syrian Democratic Forces' attention from al-Bab to Raqqa. Of course, Aleppo will not be the only territory up for grabs this quarter; Hama province will also be the site of extensive military action as the year winds down. Loyalist troops in the area will do what they can to thwart rebels' plans to seize Hama city and the vital lines of communication around it.

#### Turkey Pushes Deeper Into Aleppo

Turkey's incursion into Syria and toward al-Bab will force it to maintain a working relationship with the other military powers operating in the area — namely, the United States and Russia. Ankara will not receive international endorsement for its plans to establish a safe zone on its border with Syria, but that will not stop it from pursuing one. Turkey will make use of its own minimal troops and its Free Syrian

Army allies to begin carving out a security perimeter and building temporary housing for refugees in the border region.

Though Turkey and Russia will be cautious in their dealings with each other on the Syrian battlefield, they will cooperate more comfortably in the economic realm. Commercial flights between the two countries will pick up, as will trade, which will gradually increase throughout the end of 2016. Turkey will highlight the merits of the TurkStream pipeline project, angling for more favorable prices in its natural gas contracts with Russia.

In the wake of Turkey's failed coup, Ankara has sped up its timetable for cracking down on Kurdish militants and their political affiliates in the name of national security. When the Turkish parliament reconvenes in October, the ruling party will likely sideline the pro-Kurd People's Democratic Party (HDP) as lawmakers prepare to debate a raft of proposed constitutional amendments aimed at eroding the military's political power. (Some compromise can be expected in amendments regarding the judiciary, but the legislature will avoid shifting to a presidential system of governance for now.) Faced with mounting political oppression, the HDP will try to revive peace talks between the Turkish government and the Kurdistan Workers' Party (PKK), offering Ankara an opportunity to mitigate the European Union's concerns about human rights abuses in Turkey. The ruling party, however, will engage only superficially in dialogue to improve its image abroad and boost its standing in negotiations with Brussels. It will not substantially alter its policy of cracking down on the Kurds, nor are Kurdish militant groups likely to lay down their arms as a precondition to the talks.

In the meantime, Turkey's negotiations with Europe will carry on, despite the fact that their migration deal is coming under increasing strain. Brussels will keep chastising Turkey for ignoring human rights, just as Ankara will keep complaining about the bloc dragging its feet on liberalizing visas for Turkish citizens. Because Turkey will refuse to reform its counterterrorism laws, as Europe has demanded, the Continental bloc will stretch its debate over liberalizing Turkish visas into 2017. The European Union will continue to offer Turkey money in exchange for relieving the Continent's migrant burden, even as Ankara continues to grumble about how those funds are delivered.

#### In Iraq, the Fight for Mosul Begins

To the south, Iraq will begin trying to recapture Mosul from the Islamic State in earnest toward the end of the year. And as in Syria, foreign powers with a stake in the conflict will shape how it unfolds. Turkey, Iran and the United States are all aware that any country with forces in the fray will have the ability to influence the political and economic future of Mosul once it is wrested from the Islamic State. To that end, each will be sure to have troops embedded within Iraqi units, playing an advisory role. Iran will work closely with the Shiite Popular Mobilization Units and Iraqi security forces, while Turkey will lend its support to the Sunni Hashd Watani group and the Kurdish peshmerga. The U.S.-led coalition against the Islamic State will funnel its aid to the Iraqi military, which — with the help of the Popular Mobilization Units and Western firepower — will advance on Mosul from the south and southwest. Once within striking range of the city, Iraqi forces will begin a concerted assault on Mosul proper. As the Islamic State struggles to hold its ground against the attacks on Mosul and Raqqa, its calls for its followers to conduct terrorist attacks abroad will grow louder in an effort to demonstrate the group's continued relevance.

The Mosul operation will force Baghdad and Iraq's Kurdistan Regional Government (KRG) to temporarily set aside their differences. But as the quarter progresses, efforts to clear the Islamic State will renew territorial disputes along the edges of Iraqi Kurdistan. Interference in the KRG's decision-making by Turkey and Iran will destabilize the region even more. As Ankara tries to insert itself in the Mosul offensive against Baghdad's — and by extension, Iran's — wishes, it will rely more heavily on its relationship with the KRG's ruling party. Tehran will look for deeper inroads into the KRG as well as it works to contain the growing threat of Kurdish insurgencies within its own borders.



## Iranian and U.S. Political Races Intertwine

Meanwhile, the Islamic republic will prepare to hold its presidential election in the first half of 2017 — a race that the United States' upcoming November vote will factor heavily into. The United States' policies toward Iran will not change much during the fourth quarter, but Tehran's hard-line conservatives will point to the political rhetoric of U.S. candidates — particularly regarding Iran's nuclear deal with the West and threats of renewed sanctions — to undermine President Hassan Rouhani's more moderate camp. The Islamic Revolutionary Guard Corps will use missile launches, military operations and drills in the Strait of Hormuz to remind Iranian politicians across the ideological spectrum of its clout as the competition for the presidency heats up.

As Iran's factions try to discredit one another with scandals and attack campaigns, an important item to watch will be the degree of economic reform and re-engagement with foreign investors that takes place under Rouhani's administration. Iranian hard-liners will seek to protect their own interests in the face of external competition as Tehran takes concrete steps to open up its energy sector in the fourth quarter. Iran plans to hold oil and natural gas tenders under its new investment framework as early as October, though any deals it reaches with foreign investors will not be finalized until late in the year, at the earliest. In the meantime, Iran will continue to court domestic financiers for funding.

## The Gulf Grapples With Budgets and War

During the first two months of the quarter, the OPEC members of the Gulf Cooperation Council (GCC) — Saudi Arabia, Kuwait, Qatar and the United Arab Emirates — will continue negotiating with other OPEC members on how to organize a supply cut for the group in the lead-up to OPEC's next meeting on Nov. 30 in Vienna. Iran, Libya and Nigeria will not be subject to cuts, and as exports from Libya and Nigeria return, they will add more pressure to the dispute between Iran and Saudi Arabia over who should shoulder cutting production and at what level Iran should freeze its production. Regardless of whether they reach an agreement, Saudi Arabia and the other GCC members will not attempt to jeopardize the recovery in oil markets. Instead, OPEC's members are moving toward a de facto freeze in production. With or without an agreement that reduces OPEC's overall production, Saudi Arabia will likely slowly pull back from its summer highs, when it used extra production to feed domestic power generation.

Iran's impending re-entry into the global energy market will doubtless be on the GCC's mind as its members review their 2016 budgets and draft new ones for the coming year. Of the Gulf states, Saudi Arabia, Oman and Bahrain are experiencing the greatest financial stress, though Riyadh will probably manage to trim back its budget deficit as the year ends. Saudi Arabia will continue to introduce incremental economic reforms, unveiling the next phase of Saudization in December as it revises its labor laws amid growing demand for employment among Saudi youths. Riyadh, along with its fellow GCC members, is searching for ways to reduce its spending, in part by consolidating government ministries. Saudi Arabia will also issue upward of \$10 billion in government bonds during the fourth quarter to replenish its coffers.

Economic strain will not be the only source of tension among GCC countries. Yemen's drawn-out war will put relationships within the bloc to the test as the country continues to fragment. An attempt to relocate Yemeni institutions to Aden will bolster southern separatists, driving a wedge between Saudi Arabia and the United Arab Emirates. (Abu Dhabi is more comfortable than Riyadh with the idea of a partitioned Yemeni state.) Saudi Arabia will be reluctant to make concessions to Yemen's Houthi rebels, who in turn will refuse to relinquish their weapons and territory, preventing any real headway from being made in the country's ongoing peace talks.

## Violence Threatens Libya's Rising Oil Exports

To the west, another bloody and protracted conflict shows few signs of nearing a resolution. During the third quarter, Libyan Field Marshal Khalifa Hifter made strides in securing oil export terminals in the east, strengthening his position — and that of the House of Representatives — in talks with the Government of National Accord (GNA). Negotiations between the two will last through the end of the year, making some progress in unifying the rival governments' institutions. That said, the talks will fall short of creating a single, cohesive government. The fragility of the peace process will likely ensure that sporadic clashes between militias supporting either side occur throughout the fourth quarter. And as the Misratan militias fighting alongside the GNA wrap up their operations against the Islamic State forces in Sirte, the jihadist group will undoubtedly respond to its losses by launching more terrorist attacks against Libyan cities.

Oil fields in central Libya could continue to increase their output this quarter, though the Tripoli-based national oil company's expectation of ramping up production to a million barrels per day is overly optimistic. Clashes between rival militias, or the flight of Islamic State fighters from Sirte, could lead to attacks on the country's oil and natural gas infrastructure and volatility in Libyan energy exports.

### Egypt Turns Its Economy Around

A busy economic quarter lies ahead for Egypt as it fortifies its defenses against Islamic State militants fleeing from Libya. Cairo, already in the final stages of securing the largest tranche of International Monetary Fund aid in the Middle East's history, will be working to garner additional funds from the World Bank, GCC and China. Egypt plans to use the money to scale back its costly subsidy scheme in 2017. Public opposition to the impending austerity measures will rise during the fourth quarter but will remain at tolerable levels as the government focuses on recovering its financial footing.

## East Asia

### South China Sea

In a July 12 ruling, the U.N.-backed Permanent Court of Arbitration rejected China's historical claims to the South China Sea encompassed by the so-called nine-dash line. The decision had a major effect on China and other claimant countries in the South China Sea. The claimants continued to shore up their positions but were still relatively conciliatory. While continuing to engage bilaterally with Beijing, they are working toward a binding code of conduct between China and the Association of Southeast Asian Nations (ASEAN), which they hope to complete by mid-2017. China, with its advanced (by regional standards) coast guard and fishery vessels, will continue asserting its claims to the sea.

The Philippines, looking to adopt a more balanced, less heavily pro-U.S. foreign policy, will engage with China barring Chinese island building in the Scarborough Shoal — an unlikely scenario for the next quarter. Indonesia, on the other hand, is taking a hard line against illegal fishing around Natuna Island, which could lead to conflicts in the area. Meanwhile, South China Sea claimant countries, in search of defense, security and economic cooperation in their territorial disputes with China, will welcome Japan's deepened involvement with ASEAN. Japan's participation in joint drills with the United States will elicit a response from Beijing, likely trade spats and increased intrusions in disputed areas of the East China Sea. Beijing could also use Japan's increased activity in the South China Sea to impose an air defense identification zone in the sea, though doing so would only harden the resolve of other claimants in the area to seek security backing from Japan and the United States.

While tensions between China and Japan rise over Japan's expanding presence in the South China Sea, the two countries will make a good faith effort to improve communication at a trilateral China-Japan-South Korea leaders' summit in Tokyo sometime in November or December. Little of practical

consequence, however, will emerge from the meeting. For now, the significance of the summit rests in its taking place at all: Territorial rows led China and Japan to shelve the forum in 2012, reviving it only last November. Concerns over North Korea's accelerating nuclear program are driving China, Japan and South Korea to work together temporarily. China and Japan may consider discussing natural gas exploration in the East China Sea in a bid to use economic incentives to manage tensions between them.

Southeast Asian claimants may also move toward some bilateral or trilateral arrangements in areas of maritime drug-trafficking prevention, disaster relief and joint fishing patrols to tighten security coordination. Vietnam and the Philippines, given their own disputes over the Spratly Islands, will prioritize cooperation in other areas rather than in the South China Sea. Indonesia may try to be more cooperative in the South China Sea, taking advantage of its neutrality and leadership in ASEAN.

### Regional Uncertainty Over the Trans-Pacific Partnership

With key U.S. congressional leaders publicly ambivalent about the Trans-Pacific Partnership (TPP), the chances the Obama administration will secure congressional approval of the pact before the Nov. 8 U.S. presidential election look increasingly slim. Obama's final opportunity to secure the TPP's approval will occur during Congress' lame-duck session, set to take place sometime between mid-November and early January 2017. No matter who wins the presidential election, getting the deal ratified in the United States during the next quarter will be an uphill battle.

U.S. indecision will create doubt about the pact among its key signatories in the short term — and about U.S. standing and interests in the Asia-Pacific region in the long term. Uncertainty could compel signatories such as Vietnam and Malaysia to delay domestic reforms for which TPP entry had provided an impetus during the quarter. It could also push TPP signatories to take a closer look at the Regional Comprehensive Economic Partnership trade proposal, touted as China's answer to the TPP. Beijing could use uncertainty over the TPP and Washington's regional reputation to promote its own trade agreement or other forms of bilateral cooperation with prospective TPP members. Japan would find a U.S. failure to ratify TPP in 2016 particularly unnerving. Tokyo has stressed the strategic (as opposed to the strictly economic) dimensions of the deal — especially as it relates to a rising China.

Even if Congress does not pass the TPP this year, open defections by signatories are unlikely. Nonetheless, signatories such as Vietnam, Malaysia and Japan may take actions that reveal the damage that U.S. foot-dragging on the deal has done to perceptions of Washington's regional position.

### China: Changes Below the Surface

Beijing's main concern throughout the quarter will be its economy, which will continue to slow over the next three months. Most major indicators — such as imports and exports, industrial production, and energy and electricity consumption — will reflect the country's declining economic vitality and mounting internal stresses, even as the government relies on spending and monetary tools to ensure a base level of economic stability.

Below the surface image of an economy that is weakening but fundamentally stable, however, important changes will be underway in China's financial system this quarter. The likely expansion of a nascent corporate debt-to-equity swap initiative portends the start of a shift away from the state-backed credit- and investment-led model of finance that has long held sway in China, especially in the state-owned sector. The program's impact at the national level during the quarter will only begin to be felt but will include lower state investment in construction-related industries. Along with the expansion of a corporate bankruptcy legal infrastructure, these measures mark potentially important — if still untested — steps in China's march toward economic "rebalancing." Beijing will spend much of the quarter troubleshooting these measures, which should become far more significant in scope in 2017 and beyond.

These changes will take place against a backdrop of political struggle among China's political elite.

President Xi Jinping's anti-corruption campaign and push to concentrate his grip on key Party and state institutions will continue apace this quarter. Xi will largely succeed in the latter effort as he places more allies in key provincial, ministerial and military posts. With the 2017 Party Congress approaching, any overt moves to oppose or otherwise hinder Xi will likely come to the fore this or next quarter, if they emerge at all.

### Japan's Search for Growth Continues

Ratification of the TPP may top the agenda of Japan's extraordinary parliamentary session, which began Sept. 26 and is set to run 66 days. But the main focus of Japanese politics this quarter will not be the legislative agenda — so far, labor and other structural reforms do not appear to be on the Diet's docket, nor does constitutional reform — but rather debates within the Shinzo Abe administration over the future of Abenomics. Attention will focus on the Bank of Japan's efforts to implement a new monetary policy framework.

Instead of targeting a set amount of Japanese government bond purchases, the Bank of Japan will focus on targeting long-term yields of Japanese government debt. As Tokyo assesses the new framework, inflation will likely remain low (thanks in large part to low energy prices), meaning further easing is possible without increasing outright Japanese government bond purchases. Though major changes to the Bank of Japan's bond purchasing program are unlikely within the quarter, the coming months could see Abe and other leaders lay the groundwork for bolder changes to the country's monetary policy in 2017. A desire to make real headway on growth while the ruling Liberal Democratic Party remains united behind Abe (who is set to step down as prime minister in 2018) could lend urgency to these efforts within the quarter.

### Global Economic Trends Weigh on Southeast Asia

In Southeast Asia, the expected U.S. interest rate hike will pressure some countries' economies, particularly Malaysia and Indonesia, both of which rely heavily on foreign lending. The restructuring of China's economy and sluggish external demand will also continue to weigh on economies in the region that depend on exports, some of which will also face growing domestic political pressure.

In Malaysia, the ruling United Malays National Organisation party and Prime Minister Najib Razak continue to face serious corruption allegations and opposition pressure, including anti-government protests set for mid-November. Additional short-term financial volatility would make things worse for them. Still, the opposition will not be able to oust Najib in the immediate future, even though speculation that snap elections may be called for early 2017 will begin to unite it.

In South Korea, the fallout from the bankruptcy of Hanjin, the country's largest container carrier, in the third quarter illustrated just how much the country's economy is struggling. Meanwhile, South Korean President Park Geun Hye's administration is being grilled over corruption scandals and questions about the ability of the president to guarantee national security in the face of North Korea's accelerated nuclearization process. With the general election slated for December 2017 in mind, her opponents within and without her party could try to block some of the government's agenda in the short term, including economic restructuring, personnel appointments and foreign relations.

Thailand's floundering economy is also vulnerable. The junta's tight grip, however, will thwart any serious attempts by the political opposition to capitalize on economic discontent or instability stemming from potential wild cards such as the passing of the ailing Thai king. With cross-party support, Indonesian President Joko "Jokowi" Widodo has largely secured his position and is situated to weather any immediate political fallout from economic turbulence.

### Duterte the Destroyer

Philippine President Rodrigo Duterte has opened up power struggles on multiple domestic fronts, but strong public and congressional support, and sufficient military support, will enable him to pursue an

ambitious agenda this quarter. The benefits of stability, however, will be offset by the doubt created by his contentious policies and brash rhetoric, which are deterring foreign investment and raising the risk of long-term public blowback. Duterte will use uncertainty about his government's strategic intentions to its advantage on foreign policy matters, playing outside powers such as China, Japan and the United States off one another and gaining greater flexibility in its partnerships. But despite Duterte's anti-Western rhetoric, Manila's need to sustain its alliance with Washington and retain the political support of the Philippine military will prevent any major downgrade in relations with the United States.

## Latin America

### Venezuela Battles Over a Recall

The dispute between Venezuela's government and political opposition over a proposed presidential recall referendum will be the major driver of events in the quarter. The opposition coalition Democratic Unity Roundtable (MUD) will attempt to collect the signatures of 20 percent of the country's registered voters in its push for a referendum to occur before the end of the year. The opposition faces an uphill battle in this effort, since the ruling party controls most of the political and security institutions in the country and can continue to set high barriers to holding the vote. But the MUD's leadership will push for the referendum anyway because the coalition needs to maintain enough unity and momentum ahead of regional elections and the 2019 presidential vote.

The MUD's efforts alone will not be enough to force a recall referendum in 2016. Though the ruling United Socialist Party of Venezuela (PSUV) is divided, key stakeholders appear to be united for now in their effort to prevent a referendum from proceeding. A much larger and sustained wave of economically motivated unrest — one that coalesces with the referendum push — would be needed to sway dissident PSUV factions toward holding the recall vote.

Low oil prices will continue to strain the finances of Venezuelan state energy firm Petroleos de Venezuela (PDVSA) — the government's main source of income. The company and the central government, however, will most likely be able to meet the remaining \$5 billion in foreign debt payments due later in the year, albeit at the cost of further constricting imports of staple goods.

### Mexico Casts a Wary Eye North

Mexico will have to contend with increased political and economic uncertainty in the fourth quarter, exacerbated by a yearlong trend of slower-than-usual economic growth. A core source of this uncertainty is the U.S. presidential election. In the immediate future, a Republican win in November could spur some capital flight from Mexico and further weaken the peso, which has fallen in value relative to the dollar by around 30 percent over the past two years. But the election's biggest impacts on Mexico will not be felt until inauguration in January. In light of the recent political rhetoric about a potential U.S. withdrawal from the North American Free Trade Agreement, Mexico will spend the coming months focused on lobbying Washington to gauge to what degree the new U.S. administration will be looking to reshape trade policy with its southern neighbor.

### Colombia Searches for a New Path to Peace

During the fourth quarter, Colombia's government will begin to lay the groundwork for negotiations over a new peace agreement with the Revolutionary Armed Forces of Colombia (FARC). Since voters struck down the original peace deal on Oct. 2, the government will be forced to negotiate not only with the FARC but also with the opposition party Democratic Center, which is the main source of opposition to

the peace agreement. The most likely points of contention between all three sides will likely be transitional justice mechanisms that serve as substitutes for prison time, as well as political participation for the FARC. Allowing the Democratic Center to take part in the negotiations over the shape of a new peace deal will carry some risks. Now that the opposition party has the tacit backing of those who voted down the original deal in the plebiscite, it may feel empowered to make demands of the FARC that would likely lead to gridlock in the negotiations, costing the government valuable time in which a deal could be hammered out.

The FARC's internal unity will be a decisive factor that will determine the eventual success or failure of the new negotiations. Some factions of the militant group have already split off, and if defections continue, it will severely undermine the government's rationale for holding negotiations with the rebels. With the FARC talks effectively on hold, it is unlikely that significant progress will be made toward opening talks with the smaller National Liberation Army (ELN).

### Brazil Moves On From the Rousseff Era

With the long impeachment saga of former President Dilma Rousseff finally settled, the new Brazilian government will move quickly to push its legislative agenda, taking advantage of the narrow window it will hold power before the 2018 presidential election. In the fourth quarter, the government will focus primarily on implementing fiscal and economic reforms intended to reduce public spending and improve the country's economic outlook in the coming years, mainly a cap on future spending. The government may also propose a controversial pension reform — intended to ease the heavy budgetary burden of the country's pension system — but this particular reform will be shelved until next year.

### Argentina Woos Back Investors

Argentina's government will focus primarily on boosting the economy's attractiveness to investors and attempting to implement natural gas price hikes, a key part of its fiscal adjustment measures. The measures, which were previously delayed in July, are an essential part of raising government revenue and making the country's energy deposits economically viable over the long term.

## South Asia

### Modi's Electoral Gambit

Indian Prime Minister Narendra Modi's efforts to win 2017 elections in Uttar Pradesh — India's most populous state and therefore most important electoral state — will be the center of gravity in South Asia this quarter. Modi needs to win in Uttar Pradesh to increase his party's representation in the upper house of parliament, which will then help him pass legislation on land, labor and tax reform. His chances of winning another term in 2019 may also depend on these reforms, whose passage would promote labor-intensive economic growth. But by focusing on elections in Uttar Pradesh, Modi will have less political and financial capital at his disposal to woo other states to support his reforms — including the two remaining pieces of federal legislation on tax reform, the Central Goods and Services Tax and the Integrated Goods and Services Tax — during the winter session of parliament. India's federalist system creates competing demands that make it difficult to pass reforms, which in this quarter will prevent the economy from meeting its overall growth targets.

Focusing on elections has other implications for Modi and his Bharatiya Janata Party (BJP). To win votes, the BJP is willing to compromise on issues of language, religion, culture and caste. But its political pragmatism will raise the risk of localized rifts with the Rashtriya Swayamsevak Sangh (RSS), the BJP's ideological parent organization. The RSS promotes Hindu nationalist policies and will want the BJP to do the same. But in Uttar Pradesh, the BJP needs to reach out to the Dalit (or untouchable)

caste, which forms 20 percent of the population in the state. (The party also will need to reach the Brahmins caste, which makes up 10 percent of the population.) Modi will continue appealing to Dalits this quarter, holding some 200 Dalit rallies in Uttar Pradesh in the coming months. But it will come at a cost, likely disenchanting RSS supporters. Managing competing voting blocs in such a large state will be Modi's challenge, one born of his own success after winning a majority in the lower house of parliament in 2014, which made him beholden to meet the disparate interests of many large constituencies.

### Politicizing Kashmir

To win Uttar Pradesh elections, Modi needs to protect his right-wing Hindu nationalist base while reaching out to Dalits. To do that, the BJP will be compelled to keep up its criticisms of Pakistan, specifically over unrest in Kashmir, to appease the RSS. Though New Delhi and Islamabad have exchanged harsh words over recent militant attacks in the border region, India and Pakistan will not escalate tensions into a large-scale military buildup. And though Indian paratroopers launched a cross-border raid on at least five suspected terrorist camps in the Pakistan-administered region of Kashmir on Sept. 28, leaders from both sides still showed a degree of restraint afterward. Their restraint stems from the fact that neither side wants to go to war, but both sides will still exploit Kashmiri unrest for domestic politics. Modi can afford some unrest in Kashmir: It gives him a pretext to pin blame on Pakistan, enabling him to rally Hindu nationalists. It also helps him distract the electorate from the domestic grievances Kashmiris harbor against New Delhi, including the enforcement of the Armed Forces Special Powers Act, which sustains a 500,000-man military presence in the province.

In Pakistan, the heightened tension will help the military preserve its power in Islamabad as Prime Minister Nawaz Sharif chooses a successor to chief of army staff Gen. Raheel Sharif. His term as army chief, Pakistan's most powerful military position, ends in November. The military will use India's own military posturing and growing Indian-Afghan defense cooperation as a pretext to maintain control over the country's foreign policy, limiting Sharif's ability to pursue his ambitions for stronger Indian-Pakistani ties. Notably, to keep the military from exerting too much influence over politics, Sharif needs to ensure civilian control over the Ministry of Defense. The military, however, recently forced Sharif to accept its nominee, retired Lt. Gen. Zamirul Hassan Shah, for defense secretary — just below the minister of defense — reaffirming the military's continued role in Pakistani politics.

### Stresses on Afghanistan's Unity Government

In Afghanistan, the unity government between President Ashraf Ghani and Chief Executive Abdullah Abdullah failed to implement all of the electoral reforms that were due in September. A parliament unable to pass legislation, deeply entrenched patronage networks and ethnic rivalries have made it difficult to implement reforms, weakening the Afghan central government. As a result, Abdullah is unlikely to become the prime minister as outlined in the agreement that formed the unity government to begin with, potentially dividing it further. Reforms are required to institutionalize elections, strengthen governance, broaden the tax base, and supply and fortify the Afghan military. Failing to pass them will undermine Afghan troops, enabling the Taliban to sustain their insurgency through the winter months. Still, Afghan security forces, backed by U.S. air power, will thwart any attempts by the Taliban to permanently take over provincial capitals in the country, despite the militant group's successes this year.

### Sub-Saharan Africa

#### Nigeria's Bleak Outlook

The Nigerian government will struggle to manage the country's economy, which has been weakened in part by low global energy prices — a situation expected to persist through the end of 2016. Several concurrent economic issues will sap the administration's attention, preventing President Muhammadu

Buhari and his government from devoting time and resources to other areas in need of it. Moreover, Nigeria's weak finances will hinder efforts to negotiate peace with Niger Delta militants, who resumed attacks on oil and natural gas infrastructure in January. Even if the government could afford to give the militants what they want, the militants are so divided that a negotiated resolution will remain just out of reach.

Despite the bleak outlook, Nigerian oil production will receive a boost in the fourth quarter. With repairs completed, several important terminals are set to come back online, and several cases of force majeure imposed by international energy companies will be lifted. It will take time, however, for the benefits of increased production to make its way into government coffers, and in the meantime, militant attacks could take more production offline.

Buhari will make gains in his fight against corruption, which, along with combating militancy, was a key component of his 2015 election campaign. Despite Nigeria's fragile institutions, Buhari has overseen many high-profile investigations and has recouped millions of dollars lost through corruption. In fact, Buhari's presidency has become defined by his tough stance on corruption, and he is currently attempting to pass legislation to strengthen Nigeria's judicial system. Of particular import is the Special Crimes Court Bill, which the National Assembly has been reviewing since August and which would set up a parallel court system to expedite the trials of those accused of corruption.

The push against corruption will continue to ensnare lawmakers from the former government and will discourage members of the current administration from illegally negotiating with militants in the restive oil-producing Niger Delta region. But weak institutions will not be strengthened overnight. The Petroleum Industry Bill, which has stalled over funding disputes, delaying investment in Nigeria's deep-water fields, is a prime example of how difficult it is to pass legislation in the country and of just how detrimental that can be.

#### Continued Decline of South Africa's Ruling Party

Still stinging from its electoral losses in August's municipal elections, South Africa's ruling African National Congress (ANC) will try to win back voter support through the end of the year and into the next election cycle. It will struggle to do so, however, given the country's poor economic position. The South African economy, Africa's most industrialized, will experience only a slight recovery at the end of the year, slowed by a weak and volatile rand, low global demand for commodities (most significantly, platinum), and a demanding and unionized labor force, among other things.

South African President Jacob Zuma will try to boost employment to appeal to and expand the ANC's voting base. He will intervene more in state-owned enterprises, causing disputes between the ANC's more leftist wing and its more business-minded wing. Competition within the ANC will further escalate as party elites begin vying for the chairmanship — which Zuma currently holds — ahead of the party congress at the end of 2017. There are already signs of a contest brewing between Deputy President Cyril Ramaphosa and Zuma's former wife, Nkosazana Dlamini-Zuma. This competition and Zuma's attempts to extract political benefits from state-owned companies will further divide the party and accelerate the ANC's decline, significantly altering South Africa's politics.

#### Ethiopia's Greatest Challenge in Years

Long-running protests outside of Addis Ababa have expanded in size and scope and have taken on a more overt ethnic — and possibly generational — tone. Dissent has spread from Oromo areas, where protests have been held since 2015, to the more urban Amhara regions, where protesters have been pitted against security forces more often. Each region contains more than 30 percent of the country's total population, and together they represent a veritable challenge to the Tigray-dominated government. The protests, which have included sit-ins, road blockages and running battles with security forces, amid other forms of defiance, are proving to be the biggest challenge to Ethiopia's central government in



years.

In light of the sustained and inclusive protests and the resulting government crackdown, we assert that Ethiopia is moving from a period of relative political stability to one of contested rule. The dominance of the Tigray group in Ethiopian politics is disproportionate to its prominence in the country, where it accounts for only 6 percent of the population.

The government has cracked down on the dissent, conducting widescale arrests and enacting political reforms to undermine the movement. But the disorganization of the protests — no national coordinating body exists — has made them difficult to stop, even though that lack of organization has reduced the potency of the movement against the central government. Consequently, though the situation is volatile, and though the central government's hold on power will loosen, the protests do not immediately threaten its hold altogether.

### Somali Elections

Somalia will hold presidential and parliamentary elections in the fourth quarter, after delays to the process. Clan elders will select delegates, who will then choose lawmakers. For the presidential election, incumbent Hassan Sheikh Mohamud will run against a host of other candidates in a multiple-round system designed to weed out candidates until someone can claim a majority. It is unclear if this method can produce a government able to effectively govern, given the history of discord between the president, National Assembly speaker and prime minister. A breakdown of the delicate power balance in Somalia would end the relative calm established by the previous government.

Beyond the fourth quarter, a rise in political instability in Somalia would undoubtedly complicate the 22,000-strong African Union Mission in Somalia (AMISOM), which began in 2007. The force, which includes international partners Kenya, Uganda, Ethiopia, Djibouti and Burundi, has made notable gains against the militant group al Shabaab in recent years. Consequently, the disintegration of Somalia's political framework would greatly complicate AMISOM's progress as security forces split along clan lines and political affiliations become more uncooperative. (It could also end Somalia's unified foreign policy stance toward AMISOM contributors.) Additionally, political infighting would lead to a less effective distribution of resources.

Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

515-725-3202 Fax: 515-725-6320

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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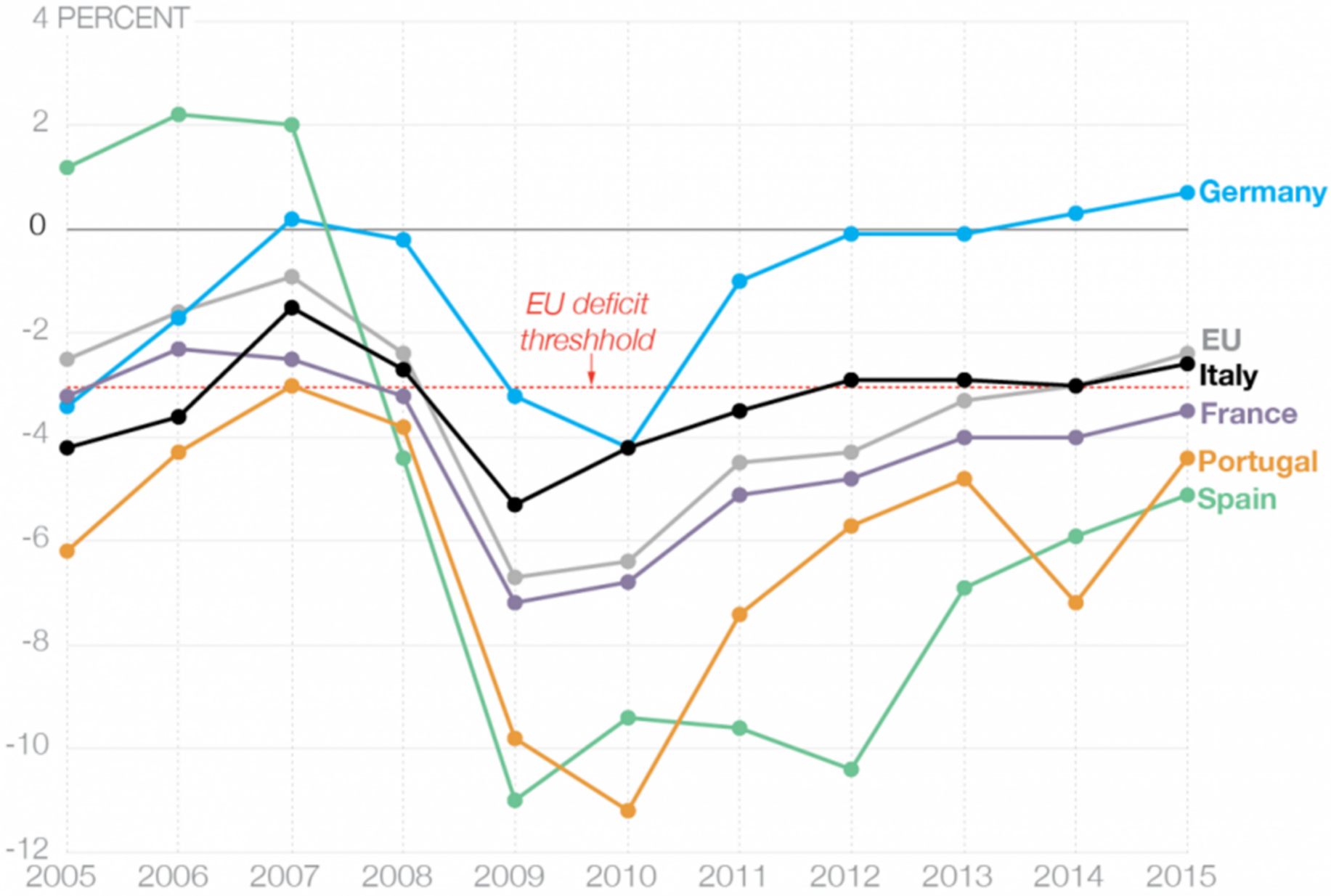
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# Government Deficit as Percentage of GDP

According to EU rules, member states are supposed to have deficits below 3 percent of GDP. Countries that fail to meet that target are subject to sanctions.



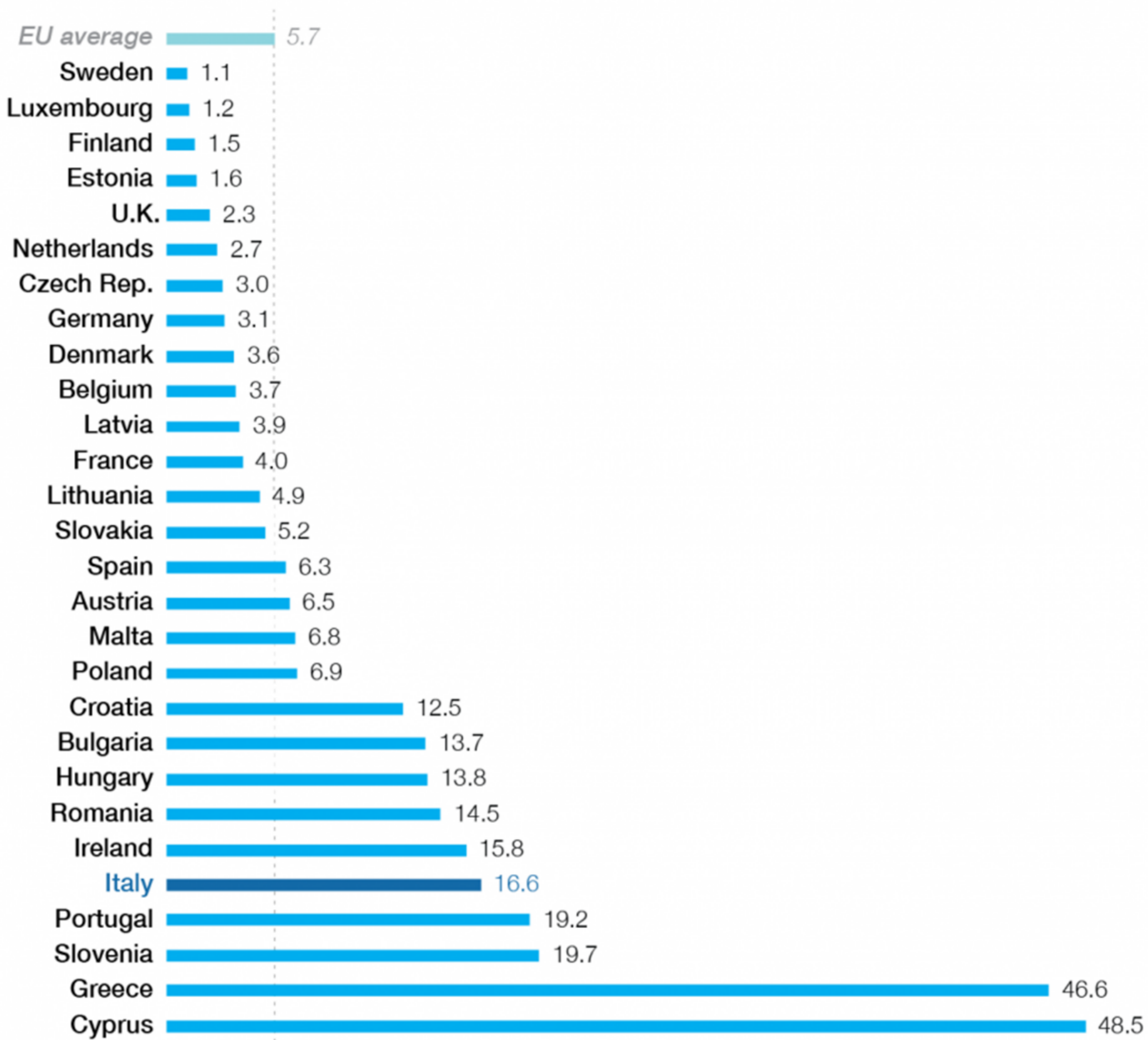
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# Nonperforming Loans as a Percentage of Total Loans

A nonperforming loan (NPL) is one upon which the debtor has not made payments for at least 90 days. While Italy has neither the highest NPL ratio nor the highest ratio of debt-to-gross domestic product in the European Union, its relative size makes it one of the key countries for the stability of the bloc.





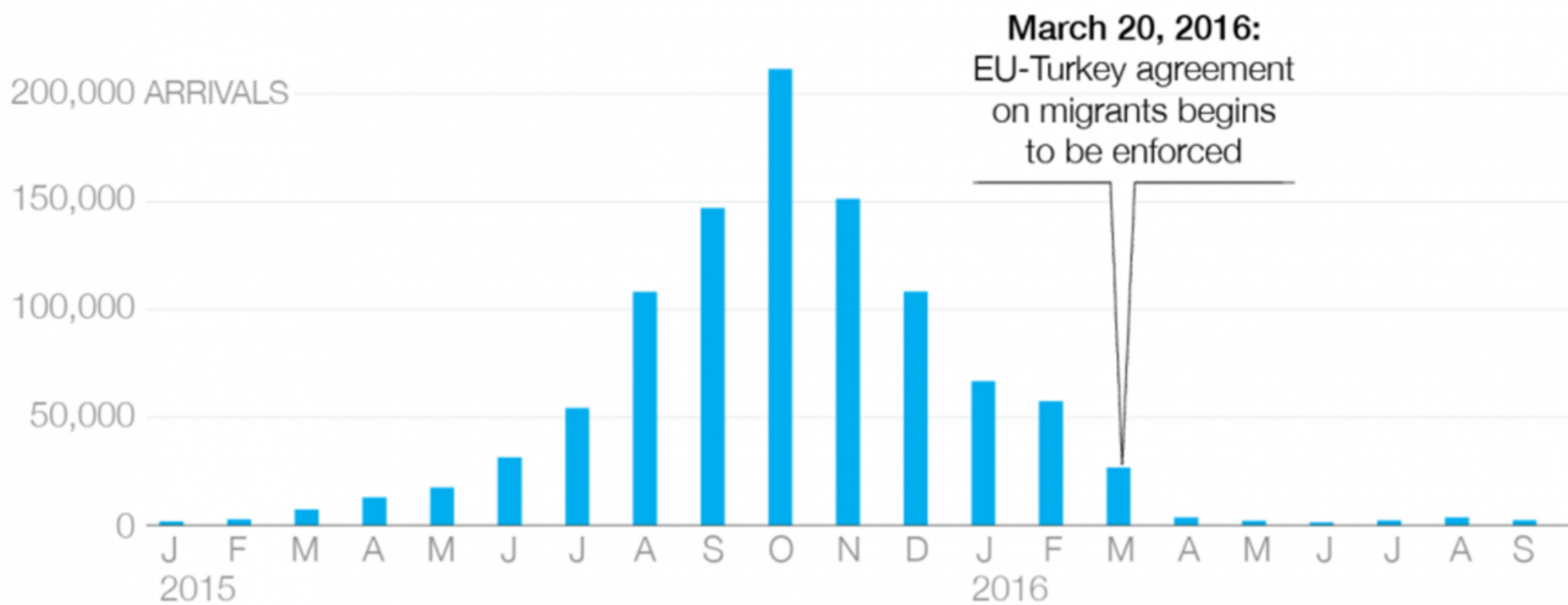
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# Migrant Arrivals in Greece by Sea

Turkey and the European Union reached an agreement to contain the arrival of migrants to the EU in November 2015. The agreement started being enforced in March 2015. In return, the EU has promised to restart Turkey's accession talks, provide financial assistance to Ankara and grant visa-free travel to Turkish citizens



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## Income Woes in Russia

Though Russia's economy has shown modest signs of recovery, its people are still suffering the effects of the recession, leading to a sharp increase in protests across the country.

**25%**

of workers  
have had their  
**salaries** cut  
this year

**15%**

have **lost**  
their jobs  
this year

**50%**

of wages goes  
to **food**

The average  
**monthly wage** fell

**8.3%**

in August alone

**51%**

Expect things  
to get **worse**

**13.4%**

of Russians live  
below the  
**poverty line**

The average  
monthly wage  
is now **less than**

**\$450**

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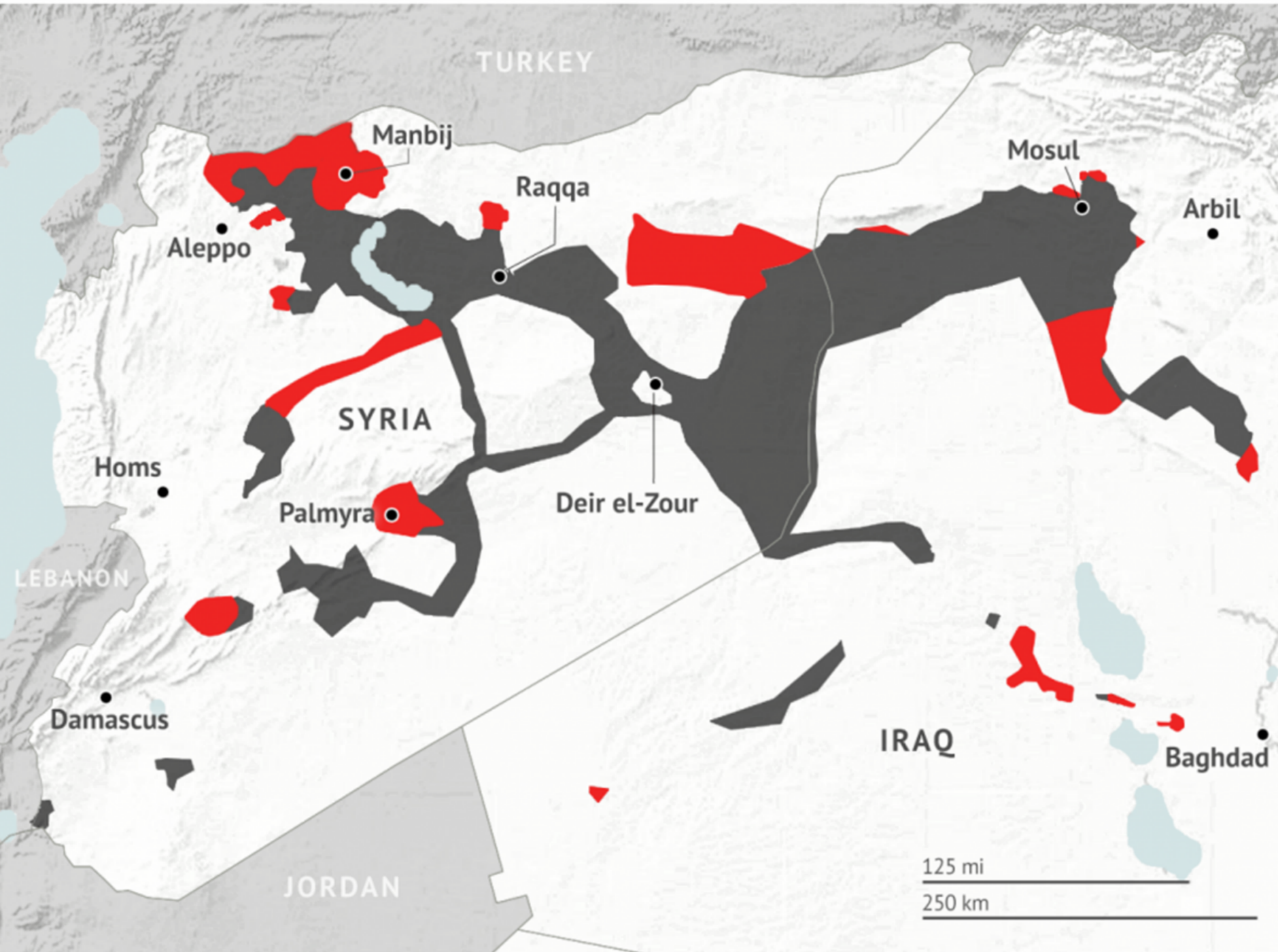
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# The Islamic State's Gains and Losses

The map below shows the territory the Islamic State has lost since February, as well as the areas it still holds as of Oct. 7, 2016.



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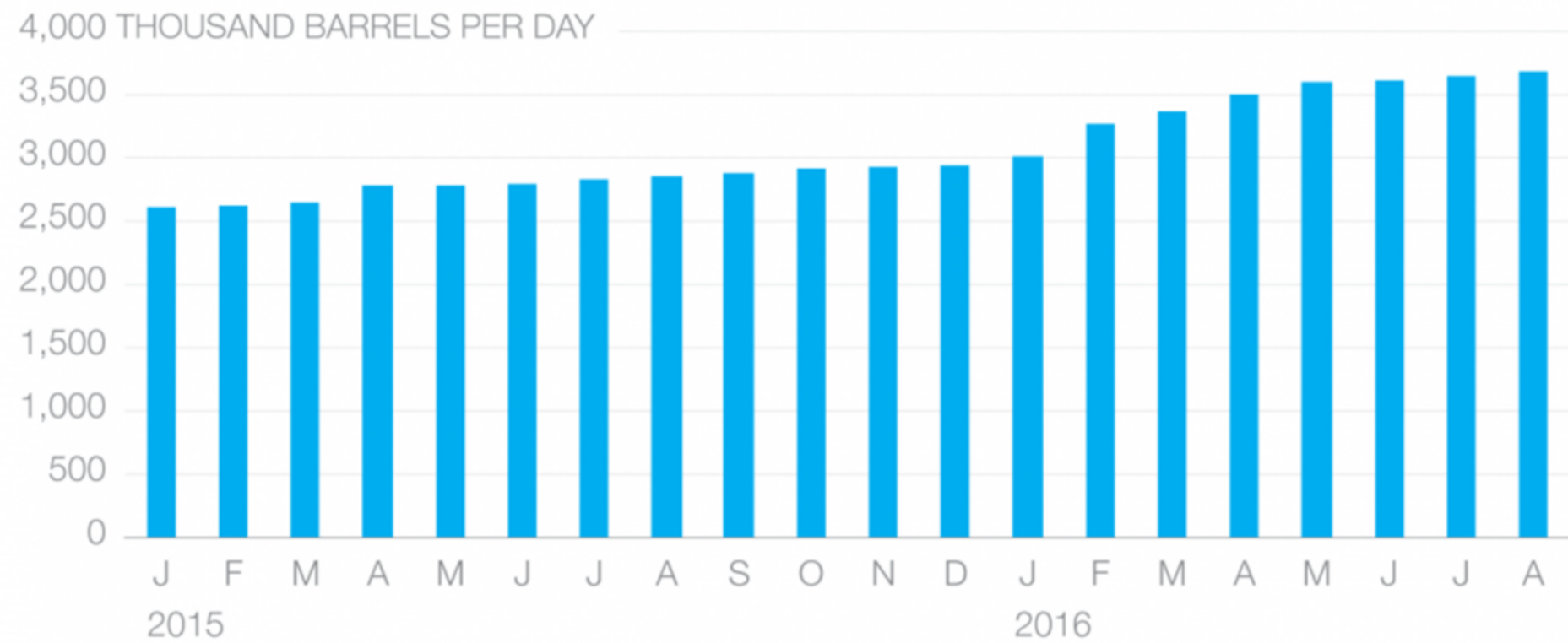
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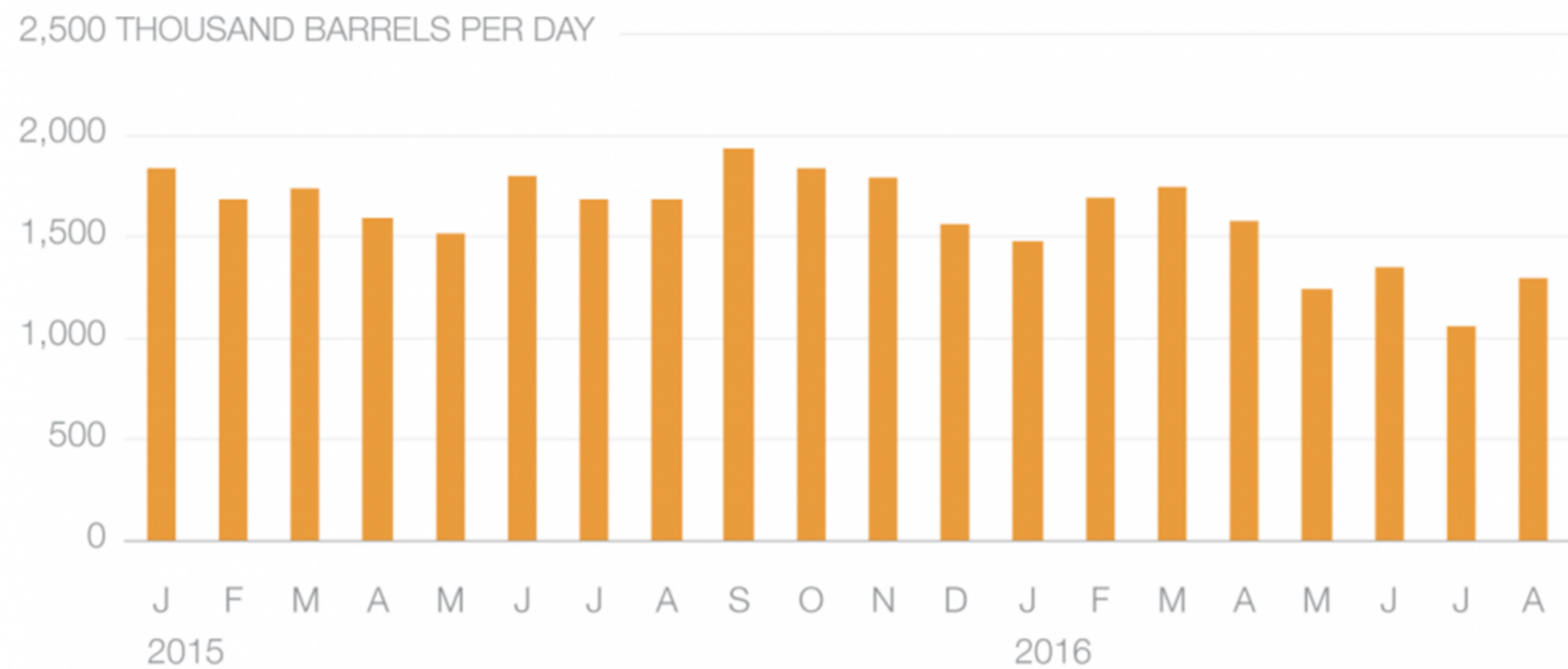
# Oil Production in Libya, Nigeria and Iran

Libya and Nigeria have seen their oil production levels kept artificially low because of violence and political disputes. Now, however, there are signs that both may increase their exports substantially, adding oil to an already well-saturated market. Iran's oil production increase since the removal of sanctions has now tapered off. Iran will likely need new projects to come online to boost production beyond its initial spike after sanctions were removed in January 2015.

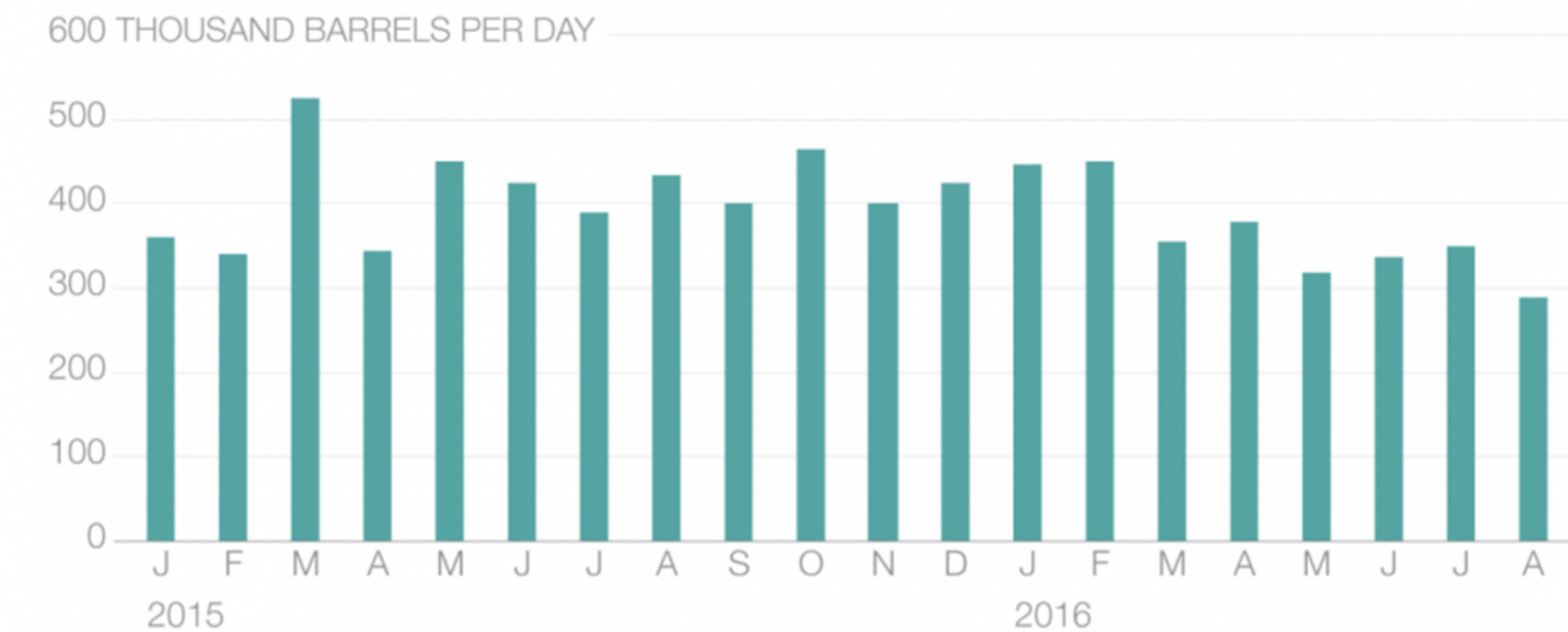
## Iran



## Nigeria



## Libya





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# OPEC Oil Production

A showdown is looming in OPEC as the group has decided to cut production to between 32.5 million and 33 million barrels per day, but the cartel has not agreed on who has to cut production and by how much. Even starting figures for a cut are contentious within the group. Production figures between those reported by OPEC members themselves and by secondary sources differ, and certain OPEC members are already complaining that other sources underestimate their production. If the cuts are based on those figures, as opposed to the numbers OPEC governments report, members' production allotments would be substantially lower.

## OPEC crude oil production based on secondary sources

Thousands of barrels per day

	2014	2015	Q4 15	Q1 16	Q2 16	June 2016	July 2016	August 2016	Change, July to August
Algeria	1,123	1,106	1,110	1,092	1,084	1,082	1,089	1,089	0.0
Angola	1,654	1,754	1,780	1,766	1,781	1,789	1,767	1,775	8.8
Ecuador	544	546	545	547	549	549	549	542	-6.2
Gabon	222	219	218	219	217	218	215	223	7.7
Indonesia	695	696	707	714	722	726	725	725	-0.4
Iran	2,778	2,840	2,874	3,096	3,539	3,605	3,631	3,653	22.3
Iraq	3,267	3,933	4,232	4,235	4,284	4,242	4,356	4,354	-2.0
Kuwait	2,781	2,730	2,720	2,765	2,731	2,787	2,787	2,791	4.1
Libya	470	405	401	370	314	326	313	292	-21.3
Nigeria	1,953	1,867	1,885	1,793	1,554	1,550	1,520	1,468	-51.2
Qatar	714	667	669	667	662	662	664	664	0.0
Saudi Arabia	9,688	10,123	10,122	10,147	10,297	10,455	10,577	10,605	28.0
UAE	2,759	2,856	2,881	2,807	2,847	2,930	2,952	2,952	0.0
Venezuela	2,361	2,357	2,354	2,278	2,176	2,132	2,117	2,104	-12.8
<b>Total OPEC</b>	<b>31,010</b>	<b>32,099</b>	<b>32,498</b>	<b>32,497</b>	<b>32,756</b>	<b>33,053</b>	<b>33,260</b>	<b>33,237</b>	<b>-23.1</b>

## OPEC crude oil production based on primary sources

Thousands of barrels per day

	2014	2015	Q4 15	Q1 16	Q2 16	June 2016	July 2016	August 2016	Change, July to August
Algeria	1,193	1,157	1,179	1,128	1,126	1,104	1,145	..	..
Angola	1,654	1,767	1,742	1,773	1,730	1,752	1,761	1,747	-13.6
Ecuador	557	543	536	548	554	550	546	549	3.4
Gabon	..	..	..	..	..	..	..	..	..
Indonesia	697	690	693	739	739	744	745	742	-2.6
Iran	3,117	3,152	3,313	3,385	3,570	3,610	3,620	3,630	10.0
Iraq	3,110	3,504	3,846	4,598	4,523	4,549	4,606	4,638	32.0
Kuwait	2,867	2,859	2,876	3,000	2,934	2,950	2,950	2,987	37.0
Libya	480	..	..	..	..	..	..	..	..
Nigeria	1,807	1,748	1,778	1,667	1,485	1,379	1,270	1,456	185.9
Qatar	709	656	651	675	655	670	677	643	-34.1
Saudi Arabia	9,713	10,193	10,202	10,225	10,360	10,550	10,673	10,630	-42.7
UAE	2,794	2,989	2,999	2,944	3,035	3,168	3,181	3,154	-27.5
Venezuela	2,683	2,654	2,587	2,510	2,392	2,364	2,355	2,328	-27.2
<b>Total OPEC</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>

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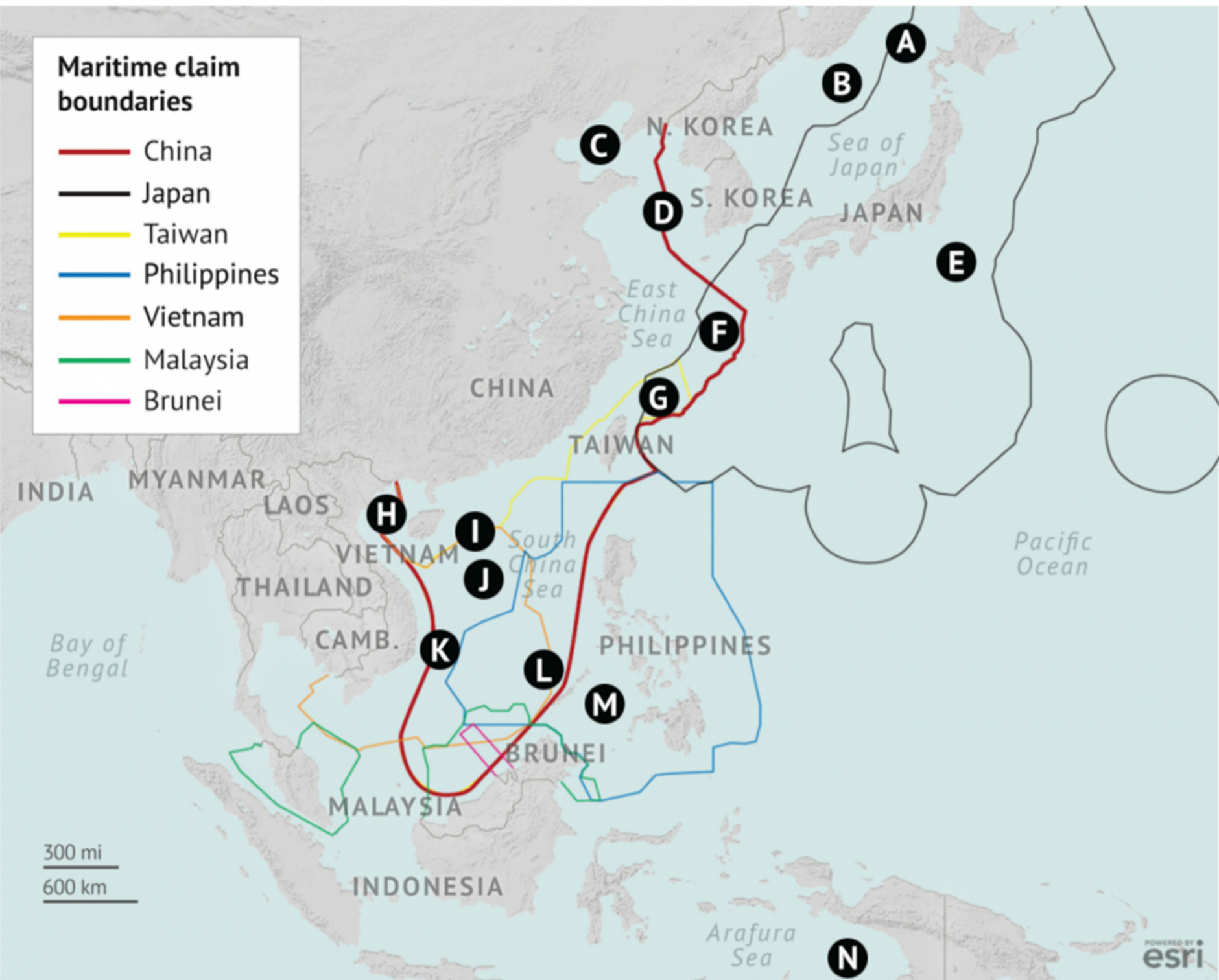
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# Chinese Fishery Incidents in Disputed Waters, 2000-2016

The Pacific Rim has numerous overlapping maritime claims. For years, competing nations have exploited fishing vessels to press their advantage. This can be useful, but can also get out of control, sparking short, sharp crises.



## Locations of incidents and parties involved

- A** Sea of Japan: Russia
- B** Sea of Japan: Japan
- C** Bohai Sea: South Korea
- D** Yellow Sea: United States  
South Korea  
North Korea
- E** Southwest of Japan: Japan
- F** East China Sea (general):  
United States  
Japan  
South Korea
- G** Senkaku/Diaoyu Islands (East China Sea): Japan
- H** Gulf of Tonkin: Vietnam
- I** East of Hainan (South China Sea): United States
- J** Paracel Islands (South China Sea): Vietnam
- K** Vietnam Central Coast (South China Sea): Vietnam
- L** Spratly Islands (South China Sea): Philippines
- M** Tubbataha Reef (Sulu Sea): Philippines
- N** Arafura Sea: Indonesia

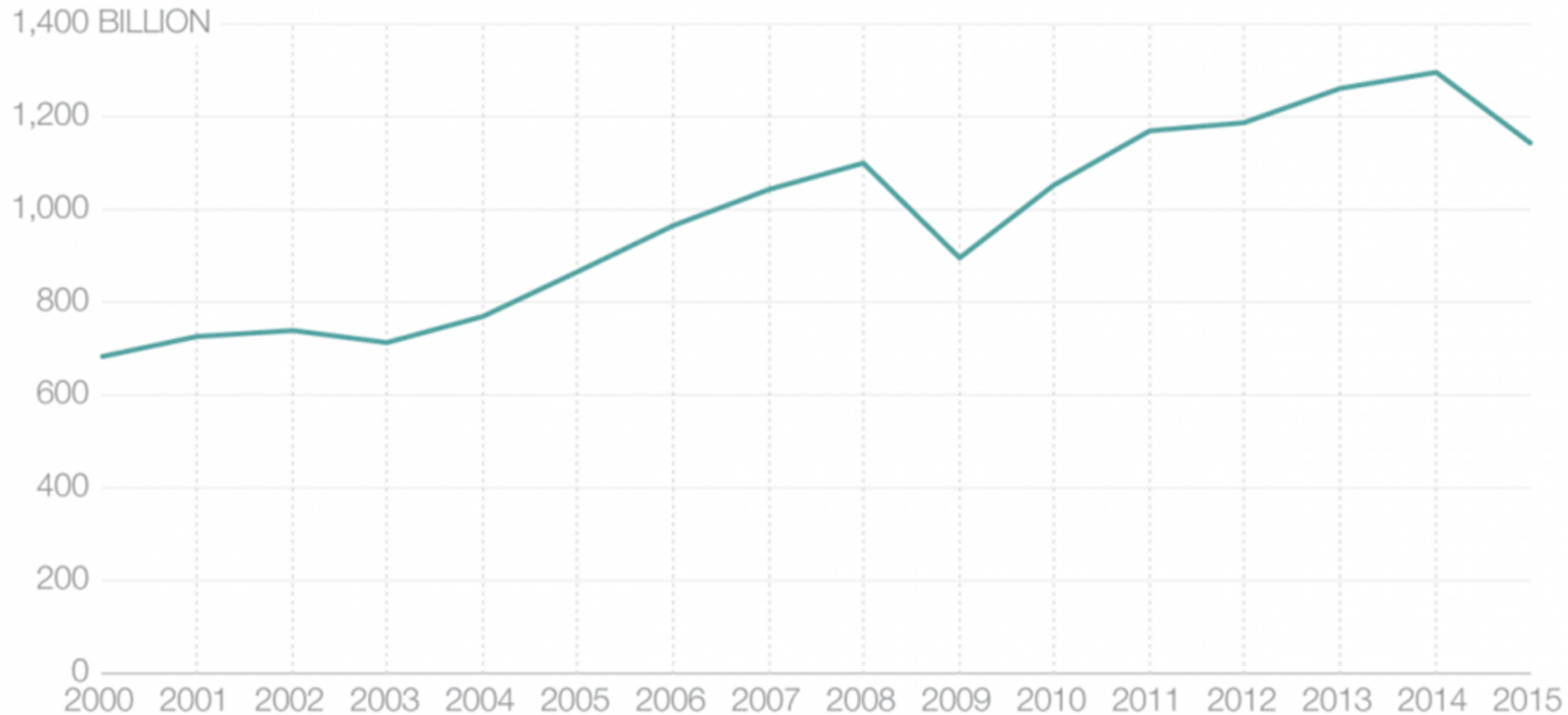
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# Mexico GDP

Mexico occupies a key position in Latin America as the region's second-largest economy. The economy's size is unlikely to change dramatically, even if the U.S. presidential election ushers in a different trade relationship between the United States and Mexico.



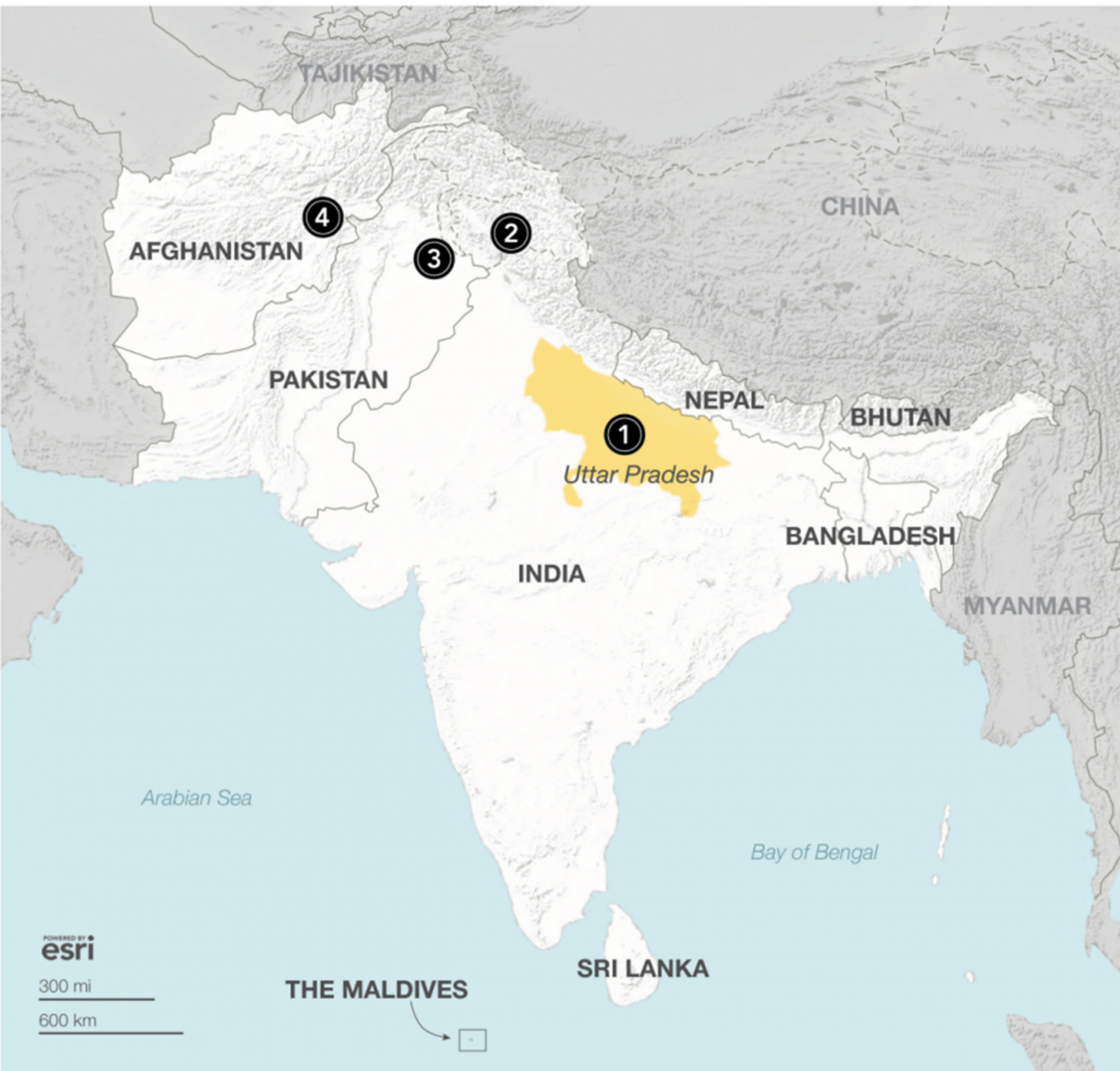
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<Brian.Lewis@iowa.gov> <brian.lewis@iowa.gov>  
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# South Asia Forecast Highlights



**1** Indian Prime Minister Narendra Modi will campaign to win 2017 state elections, the most important of which is in Uttar Pradesh.

**2** Modi's campaign strategy will include taking a tough posture on Pakistan over Kashmir.

**3** Heightened Indian-Pakistani tensions over Kashmir will give the military a pretext to maintain strong political influence, even after Gen. Raheel Sharif's term ends in November.

**4** The national unity government will struggle to implement outstanding electoral reforms, while the Taliban insurgency will remain strong through the winter.



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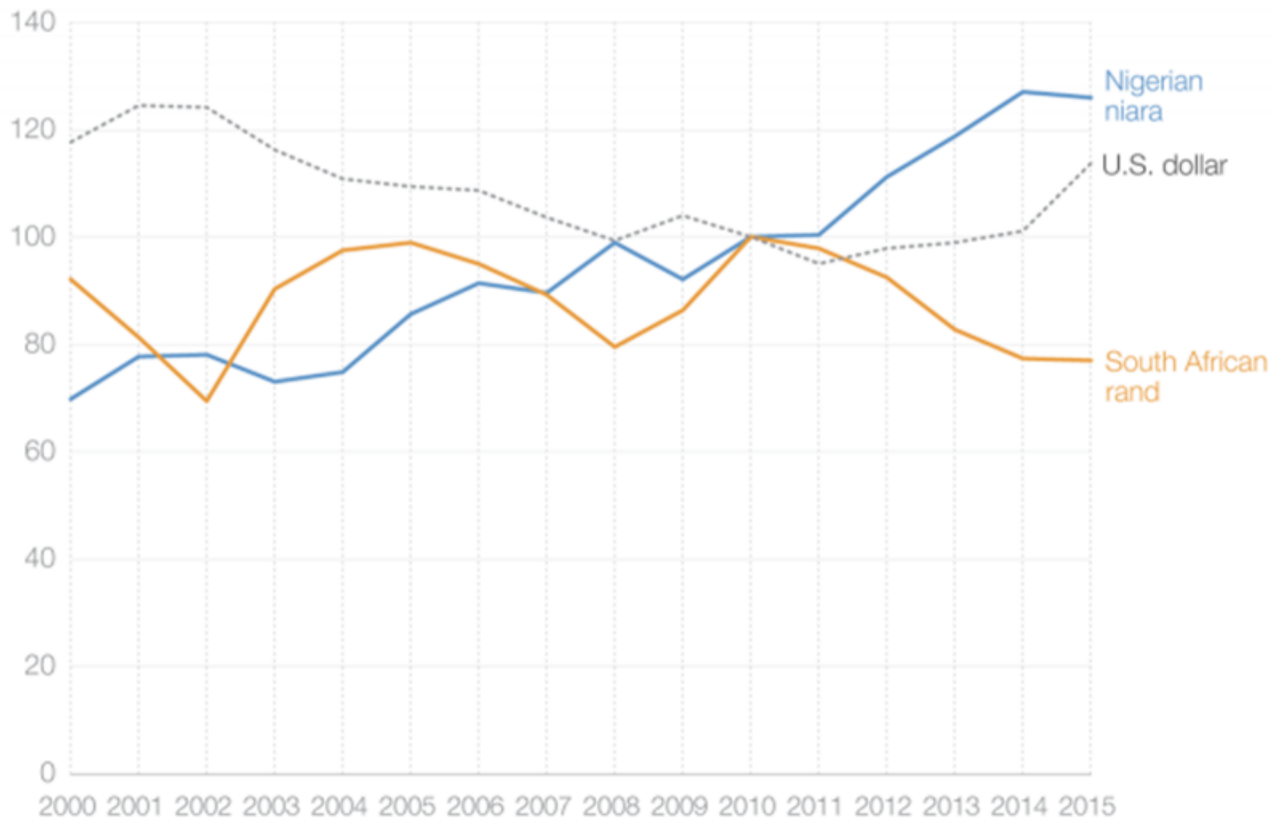
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<Brian.Lewis@iowa.gov> <brian.lewis@iowa.gov>  
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# Currency Value in Nigeria, South Africa

South Africa's rand has been volatile for the past several years, trending downward in value since 2010 amid low global demand for commodities. More recently, in the past few months, questions over the status of the country's finance minister have increased the currency's volatility. Nigeria, for its part, has been working to stabilize the naira by pegging it to the dollar, though in recent months it has loosened restrictions on foreign exchange. Yet, the government is hesitant to fully detach the naira from the dollar, likely because of political pressures, such as the need to maintain good relations with influential unions.

## Real Effective Exchange Rate (2010=100)



From: Lewis, Brian [HSEMD]  
<brian.lewis@iowa.gov> on behalf of Lewis, Brian [HSEMD]  
<Brian.Lewis@iowa.gov> <brian.lewis@iowa.gov>  
To: Lewis, Brian [HSEMD]  
<brian.lewis@iowa.gov>  
Cc:  
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Subject: Fourth-Quarter Forecast 2016  
Date: Mon Oct 10 2016 08:13:08 CDT  
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Fourth-Quarter Forecast 2016

Forecast

October 10, 2016 | 09:30 GMT

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Text Size

(Getty Images)

If the study of geopolitics focuses on the structural forces shaping the international system, then domestic elections only rarely matter. Leaders tend to bend to their environment, not the other way around. And yet in the final months of 2016 the United States, still the world's only superpower, will choose a president in an election that will shape U.S. foreign policy more than usual.

This is because of the stark differences between the approaches of the two candidates. Both agree that the United States should preserve its hegemony, but they disagree on how to go about it. One argues that the United States should play the role it inherited after World War II, one in which U.S. power is more effectively wielded through alliances, global trade linkages and selective interventions. The other argues for self-reliance over globalism, the idea that the United States and its allies should defend their own interests instead of unnecessarily handcuffing themselves to security umbrellas and global trade pacts.

Our purpose is not to predict the result of the election but to forecast how it could alter the behaviors of other states. For those accustomed to living under U.S. scrutiny, political distraction in Washington can create opportunities. North Korea, for example, has already accelerated its efforts to develop a nuclear weapon and delivery system, and in the next three months it will have a chance to try to complete the final phases of its test cycle without risking pre-emptive military action. Regional security concerns over

North Korea, meanwhile, will bring Japan, China and South Korea into much more active dialogue, even as tensions escalate with Japan's increased involvement in the South China Sea dispute.

For others, like Russia, the remaining three months of the year will be spent setting up negotiations with the next U.S. president. With Barack Obama on his way out, leaders in Russia understand there is little chance of striking an 11th-hour bargain in Ukraine or in Syria.

But there is still plenty of work for Russia to do in both theaters. In Ukraine, Russia will incrementally work to de-escalate the conflict in the east while lobbying the Europeans to ease up on sanctions. Moscow will expect political concessions from Ukraine in return, but since Kiev is not under enough pressure to capitulate, talks will stall again.

In Syria, on the other hand, Russia will rely more on military tactics than diplomatic wrangling to strengthen its negotiating position. Since the beginning of the year, Russia has tried to show that it can be both a disruptive and cooperative force on the battlefield. But the limitations in enforcing a cease-fire have been exposed, and the United States will not be in the mood for creative bargaining in the final months of Obama's presidency. The United States will forge ahead with offensives against the Islamic State in Mosul and Raqqa, focusing its efforts on managing competing forces on the ground and maintaining at least a minimal level of cooperation with Russia to de-conflict the Syrian battlefield. Russia, meanwhile, will concentrate its efforts on reinforcing the loyalist offensive against Aleppo to improve its leverage on the battlefield and thus its negotiating position with the next U.S. president. As the United States reinforces Sunni rebels in Syria and deprioritizes its dialogue with Moscow, the potential for clashes will rise going into the fourth quarter. Complicating the situation is Turkey, which now has boots on the ground in Syria. As it pushes farther south, it will have to rely on U.S. protective cover to avoid colliding with Russia. But trouble between the United States and Russia means less insulation for the Turks.

Then there are Washington's restless allies, watching and waiting to see if they can continue to count on U.S. commitments to protect them from their stronger neighbors. With the Trans-Pacific Partnership on ice and with U.S. reliability in question overall, Southeast Asian partners like the Philippines and Vietnam will hedge their bets by cooperating with Beijing on economic issues, if only to ease tensions on security issues. European divisions will deepen as political factions throughout the Continent call for changes to the EU treaty to assert their national rights. Smaller groupings will band together more tightly, particularly the Visegrad Group and the Baltics, as they try to hold their ground against Russia and await clarity from the United States on its security commitments. At the same time, Gulf allies in the Middle East will take advantage of friction between the United States and Russia to reinforce their Sunni proxies in their regional competition with Iran.

But proxy wars need funding. Though they have taken incremental steps to cut government expenditures like public sector salaries, Saudi Arabia and its Gulf allies have spent the year waiting to see if the oil market would rebalance itself. Moving into the fourth quarter, however, the Saudis are monitoring the potential for additional oil to come online in Libya, Iraq, Nigeria and Kazakhstan. If Riyadh believes prices will decline further, it will consider cutting production to match pre-summer surge levels, using the opportunity to try to persuade others to agree to a production freeze. But even if its members do reach an agreement, OPEC still faces severe limitations in influencing the price of crude so long as U.S. producers are able to respond quickly to even modest price increases.

As for the rest of the world, poor economic conditions will make for messy politics this quarter. The global economy will remain in the quagmire it's been in for the past nine months as markets wait for a interest rate hike from the U.S. Federal Reserve, however modest it may be. Uncertainty around the U. S. election will forestall trade negotiations and possibly lead to currency fluctuations for countries that trade heavily with the United States, with Mexico in the spotlight.

An aversion to risk could also result in sell-offs of more precarious stocks, leaving already stressed banks even more exposed in a world of low, and in some cases negative, interest rates. As Japan's monetary authorities try to incrementally repair bank balance sheets through new and untested

methods, Europe will be particularly skittish this quarter as political instability in Italy threatens to draw scrutiny on troubled banks throughout the eurozone. That's not to say the next U.S. president will have to deal with a global banking panic, but it is to say that whoever wins the election will have a hard time finding the political consensus needed to manage a more enduring and uncomfortable structural shift in the global economy.

## Europe

Ripples From Italy's Referendum

France, Germany: Distracted by Elections

Brexit Trigger Will Not Be Pulled

Criticism from Central and Eastern States

The EU Navigates Foreign Relations

## Eurasia

Russia's Standoff With the West

Competing Crises

Courting Business in Asia

Securing Central Asia

Instability in the Caucasus and Eastern Europe

Middle East and North Africa

Peace Eludes Syria

Turkey Pushes Deeper Into Aleppo

In Iraq, the Fight for Mosul Begins

Iranian and U.S. Political Races Intertwine

The Gulf Grapples With Budgets and War

Violence Threatens Libya's Rising Oil Exports

Egypt Turns Its Economy Around

## East Asia

South China Sea

Regional Uncertainty Over the Trans-Pacific Partnership

China: Changes Below the Surface

Japan's Search for Growth Continues

Global Economic Trends Weigh on Southeast Asia

Duterte the Destroyer

Latin America

Venezuela Battles Over a Recall

Mexico Casts a Wary Eye North

Colombia Searches for a New Path to Peace

Brazil Moves On From the Rousseff Era

Argentina Woos Back Investors

South Asia

Modi's Electoral Gambit

Politicizing Kashmir

Stresses on Afghanistan's Unity Government

Sub-Saharan Africa

Nigeria's Bleak Outlook

Continued Decline of South Africa's Ruling Party

Ethiopia's Greatest Challenge in Years

Somali Elections

Europe

Ripples From Italy's Referendum

The perennial connection between political instability and economic fragility in Italy could once again make waves across the European Union. Italy will hold a referendum on constitutional reforms on Dec. 4. In the weeks leading up to the vote, the government in Rome is likely to announce increased public spending and lower taxes to improve its popularity. This will create frictions with Brussels but is unlikely to lead to punishment for Italy for missing its deficit reduction targets. The Italian government is also likely to criticize EU institutions and Germany over issues such as austerity in the eurozone and the bloc's lack of a coordinated response to the migration crisis.

Italian opposition parties will campaign against the constitutional reforms as a way to precipitate the resignation of Prime Minister Matteo Renzi. A rejection of the reforms would ignite a political crisis, but one that can be contained. Early elections will be avoided as most parties in the Italian Parliament want to prevent a new vote that could raise greater uncertainty at a time when the country's banking problems are far from over.

Nonetheless, any degree of political uncertainty surrounding the referendum could reignite market fears about the stability of Italian banks and the government's ability to introduce reforms. Several Italian banks, including Monte dei Paschi (Italy's third-largest lender), are trying to attract fresh capital and reduce their burden of nonperforming loans. A political crisis in Italy could make it more difficult for its banks to achieve these goals. Political and financial uncertainty in Italy could also have a ripple effect on banks elsewhere in the eurozone. Germany's Deutsche Bank, in particular, is under growing scrutiny amid doubts about its financial health and ongoing legal problems. Should Italy's political instability reach a point where it severely undermines market confidence in its banking sector, the vulnerabilities faced by Germany's own banking sector will drive Berlin and Rome toward a compromise on state aid for banks at the eurozone level.

While the spotlight remains on Italy in the southern Mediterranean belt, Greece is likely to reach an agreement with its creditors to receive the next tranche of its bailout program. Though Greece still faces a host of structural ailments, the economic assistance should bring some temporary stability.

### France, Germany: Distracted by Elections

The largest political and economic players in the European Union, Germany and France, will be making preparations for their general elections in 2017. This will reduce the number of issues on which Berlin and Paris can find common ground and leave the bloc without cohesive political leadership, both during the quarter and beyond.

In France, the government of President Francois Hollande will be fighting for its political survival ahead of the first round of the presidential election in April 2017. The Elysee is likely to announce lower taxes and higher public spending in a bid to improve its popularity, but these actions will have a negligible effect on the government's approval ratings. More important, the ruling Socialist Party will be internally divided, which will limit the government's ability to pass meaningful legislation. As the election date gets closer, the right-wing National Front will base its strategy on criticism of the European Union and the Socialist government and will promise to improve France's security. The center-right Republican Party will be divided over issues ranging from France's role in the European Union to strategies on how to integrate minorities. Overall, both parties will be competing for a conservative and Euroskeptic-leaning electorate.

In the lead-up to German elections in late 2017, members of the center-right/center-left "grand coalition" will work to differentiate their policy positions. As political polarization increases within the German government and as national interests are asserted across the European Union, Germany will not be in a position to present grand plans for EU integration.

Migration and security will heavily influence the political agenda in Germany because of concerns over immigration and terrorism, and the government in Berlin will face internal pressure (from the opposition but also from some factions within the coalition) to introduce both tougher policies on migrants and additional counterterrorism measures. Germany will push EU-wide policies to increase cooperation in defense and security, but such broader integration efforts will remain mostly in the rhetorical phase. Germany will also remain interested in keeping the migration agreement with Turkey alive in order to temper the migrant flow to the Continent. Berlin will criticize Ankara over its crackdown on its opposition, but it will still keep communication channels open to prevent the agreement from collapsing.

### Brexit Trigger Will Not Be Pulled

In the United Kingdom, preparations for negotiations to leave the European Union will continue, and the British government will hold informal conversations with the main political forces in the Continent ahead of formal negotiations to trigger the Brexit process early next year. The government in London will

slowly give shape to a negotiation strategy based on an ad hoc agreement with the European Union that tries to preserve as much access to the EU internal market as possible while limiting migration by the bloc's workers. The financial sector will meanwhile pressure the British government to protect the country's "passporting rights" — which allow financial institutions operating in the United Kingdom to sell their services to the rest of the union — because companies are already expressing interest in relocating elsewhere in Europe. Growing nationalist sentiment ahead of elections in France, meanwhile, will drive Paris to maintain a hard line on Brexit concessions, creating more uncertainty and downward pressure on the British pound. The debate in the United Kingdom will be fraught with administrative complications and disputes within the government of Prime Minister Theresa May, as some members defend a substantial severing of ties with the bloc (the so-called hard Brexit) while others want to reach compromises. The British economy will emit mixed signals, and companies and households will delay some investment and spending decisions until they have a clearer picture of what the United Kingdom's negotiation with the European Union will look like.

### Criticism from Central and Eastern States

Some of the strongest criticism of the European Union will come from Central and Eastern Europe, as political forces both in government and in the opposition demand a repatriation of powers back to national governments. None of these countries, however, are ready to leave the union, and they will keep their disagreements with Brussels within manageable levels.

In Poland, the confrontation between the government and EU institutions will continue, but the European Union will not introduce any meaningful sanctions against Warsaw. In Hungary, in spite of the result of the Oct. 2 referendum in which voters rejected the prospect of European Union-dictated refugee resettlement, the government will continue to attack the bloc and question the authority of the European Commission. Despite their constant criticism of EU institutions, Poland and Hungary still see their membership in the bloc and NATO as key pillars of their foreign policy. This means that neither Warsaw nor Budapest will do anything to seriously endanger their relationships with either entity.

Austria will hold a runoff presidential election on Dec. 4. In the weeks leading up to the vote, the moderate government in Vienna will attack the EU agreement with Turkey, demand greater control of the bloc's external borders and keep its own border controls in place to deter an influx of migrants. More important, Austria could seek cooperation with other countries in the region (such as the Visegrad Group) to push for more decentralization of power in the European Union. The election will show popular discontent both with Austria's mainstream parties and with the bloc, as the candidate from the far-right Freedom Party is likely to perform well.

Romania will be an outlier in the region because its mainstream political parties will probably dominate general elections on Dec. 11. Though these parties differ on domestic issues, they are supportive of Romania's membership in the European Union and in NATO, so no significant changes in Romania's foreign policy should be expected after the vote.

### The EU Navigates Foreign Relations

The European Union will remain interested in preserving its migration agreement with Turkey, but the political situation in Europe will make it impossible for the bloc to honor all of its commitments to Ankara. In the current political environment, the bloc probably will not grant visa liberalization to Turkish citizens by the October deadline agreed to by both parties. But because interest in working with Turkey remains, the bloc is likely to delay, rather than reject, the visa deal. Less controversial promises, such as continuing negotiations over Turkey's EU accession or providing Turkey with funds to assist refugees, are more likely to be honored, at least partially. In the meantime, the European Union will probably allow countries along the Balkan migration route to keep their borders closed to discourage migrants from trying to reach the bloc. The EU debate will also move in the direction of providing more financial assistance to countries in Africa and the Middle East to incentivize governments there to do more to prevent people from emigrating.



During the quarter, the European Union will debate its policy on Russia. Once again, this will highlight internal divisions over the bloc's policy on Moscow, especially when it comes to sanctions related to the crisis in Ukraine. Sanctions will remain in place this quarter, but sanctions fatigue and heavy Russian lobbying in Europe will drive vigorous debate on how to approach the Russian sanctions vote early next year and whether to consider partial easing in exchange for progress on the Minsk Protocol.

The Balkans is another European theater that will attract the attention of Russia and the West this quarter. Following a controversial referendum in Republika Srpska that challenged the Bosnian constitutional court, preparations for further moves by Bosnian Serbs to assert their autonomy at the expense of federal institutions will create tensions among the country's ethnic groups. This will remain a low-intensity conflict for now, but Moscow's defense of the Serbian position and the potential for ethnic frictions provides Russia with another arena to mediate in its negotiations with the Europeans and Americans.

Finally, a combination of political fragmentation, electoral calculations and anti-free trade sentiment in many member states will continue to hamper ongoing EU negotiations over free trade agreements. Little progress is expected this quarter on negotiations with the South American customs union, Mercosur, and the Transatlantic Trade and Investment Partnership deal with the United States will remain gridlocked through the end of the year.

## Eurasia

### Russia's Standoff With the West

In the fourth quarter, three main factors will influence the standoff between Russia and the West: the waning days of U.S. President Barack Obama's administration, the European Union's upcoming vote on Russian sanctions and the economic stress driving budget battles in the Kremlin. Russia had intended to use the last part of the year to leverage its influence in the Syrian and Ukrainian theaters and drive toward a compromise with the United States and Europe that would ease sanctions pressure and build momentum for negotiations with the next U.S. president. Moscow's limitations in Syria, however, are severely derailing this strategy, putting Russia back on a path toward escalation with the United States.

Though the United States is stepping back from negotiations with Russia over Syria, it will maintain a tactical dialogue with Moscow to deconflict the battlefield and mitigate the potential for outright clashes. If it wants to, Russia can still complicate the U.S. fight against the Islamic State and escalate the conflict in Aleppo. Moscow also has leverage outside of Syria, including the option of threatening to withdraw from nuclear disarmament agreements, to try to coerce Washington back to the negotiating table.

In Ukraine, on the other hand, Russia will have more room to de-escalate during this quarter in hopes of bending European resolve on sanctions. Russia will try to curb cease-fire violations by the separatists but will stop short of a full military withdrawal from the battleground in eastern Ukraine. Moscow will instead demonstrate a degree of tactical compromise while standing firm on strategic issues such as control of its border with the separatist territories. More hawkish elements within the Kremlin will resist any substantial concessions in Ukraine, much as Kiev will refrain from making major political concessions to the separatist territories.

Moscow will also take advantage of EU disunity to try to get relief from sanctions, appealing to countries more open to easing the measures, such as Italy, Greece, Hungary, Slovakia and Cyprus. The United States, however, will continue to pressure EU members to continue sanctions until Russia has taken more steps toward implementing the Minsk accords. The United States will also try to use Russia's

actions in Syria to maintain a European commitment to sanctions for the time being. Germany, which is keen on keeping relations calm with Russia, will be key in steering the bloc's debate over whether sanctions should be partially lifted or extended, though a formal decision is likely to be postponed until early next year.

### Competing Crises

Meanwhile, Russia will have various internal crises to contend with in the fourth quarter. In October, the Russian government must finalize this year's budget, and by the end of the year, it will have to come up with a budget for 2017 as well. Discussions over the budget will be highly contentious in and beyond the Kremlin, inspiring disagreements that will compound the struggles between Russian security services, big businesses, elites and President Vladimir Putin. With the parliamentary elections out of the way, Putin is likely to start heavily restructuring or reshuffling the Russian government to secure his power ahead of the 2018 presidential election.

Though the country's economy has shown modest signs of recovery, the government still has a \$36 billion shortfall to fill before the end of the year or else it will well exceed its 3.5 percent budget deficit limit. The Kremlin has options for filling its budget gap, but each has its drawbacks. It could, for instance, drain the \$32 billion Reserve Fund and part of the \$72 billion Russian National Wealth Fund, but this would leave the government little cushion for next year. In addition, since the National Wealth Fund is intended to support pensions, drawing from it to cover unrelated costs could spur protests. By finally privatizing two of Russia's largest oil companies, Rosneft and Bashneft, the government could raise about half the funds it needs to cover its shortfall. The Kremlin will take another stab at doing so this quarter, despite the political battle that the companies' sale will incite among Russia's elites. Otherwise, the government could cut spending again — particularly in the military and security services budgets — but this, too, could spark a political firestorm.

As the Kremlin hashes over its budget, the Russian people will keep suffering the effects of the recession. Already, much of the population has withstood salary cuts and layoffs, and many Russians expect their economic situation to worsen in the next year, despite the slight improvements in the economy. As a result, protests will continue across the country in the fourth quarter, but the Kremlin will use its new anti-terrorism laws and National Guard to crack down on the demonstrations and prevent protesters from forming an organized movement.

### Courting Business in Asia

In the fourth quarter, Russia will attempt to move forward with the privatization of Rosneft, courting Chinese, Japanese and Indian firms for the \$11.4 billion transaction. Putin will also head to Japan in December for a summit with Prime Minister Shinzo Abe. Though both leaders are interested in increasing trade and ties between their countries, Putin is not yet ready to strike a full peace treaty, including a plan for the disputed Kuril Islands, considering Russia's current nationalist drive to maintain territorial integrity.

### Securing Central Asia

Just as Russia will contend with major economic and political challenges in the fourth quarter, so will several other countries in the former Soviet space. Central Asia in particular will grapple with numerous problems, including political instability, social unrest and militancy.

Uzbekistan is in the midst of its first political succession as an independent state following the death of longtime leader Islam Karimov in September. The country will hold a presidential election on Dec. 4, after which acting head of state Shavkat Mirziyoyev will likely be officially installed as Uzbekistan's leader. In terms of foreign policy, Mirziyoyev is likely to continue Karimov's isolationist and nonaligned foreign policy, at least in the near term. Domestically, the new president will face the challenge of

balancing the interests of Uzbekistan's competing clans and preventing protests and militancy in a time of transition.

Meanwhile, Kazakhstan will experience fallout from the political reshuffle it carried out in the third quarter, making the country vulnerable to protests and militant attacks. The government will focus on tightening security measures and formulating a succession plan for its long-standing leader, Nursultan Nazarbayev (who, like Karimov, has been in power since the Soviet era). Despite its political and security worries, however, Kazakhstan will likely see a bit of economic relief this quarter when the long-awaited Kashagan oil project comes online. Though the wildly expensive project will not pay off in earnest for more than a decade, it will generate revenue from taxes and transit fees in the meantime.

In the next quarter, protests or militant attacks could also take place in Kyrgyzstan and Tajikistan. To counter militancy in the region and potential spillover from northern Afghanistan, Russia, China and the United States will continue to pursue their respective — and, at times, competitive — security cooperation and counterterrorism training efforts throughout Central Asia.

#### Instability in the Caucasus and Eastern Europe

But political instability will not be confined to Russia and Central Asia. On the heels of its own third-quarter reshuffle, Armenia will also endure protests against the government. At the same time, skirmishes between Armenia and Azerbaijan will persist in Nagorno-Karabakh, though another major escalation in violence is unlikely. Russia will continue to mediate political negotiations between Yerevan and Baku, but Armenia's economic and political crises at home will impede any significant progress toward a settlement in the disputed territory. Georgia will hold parliamentary elections on Oct. 8, but the country is likely to maintain its pro-Western stance regardless of the outcome.

In Eastern Europe, too, political tension will rise in the fourth quarter. Political infighting over reforms will divide the Ukrainian government, and a Cabinet reshuffle cannot be ruled out. On Oct. 30, Moldova will hold its first direct presidential election in 20 years, a contest that could serve as a flashpoint between pro-Russian and pro-Western forces in the country. No matter who wins the race, protests can be expected to erupt, potentially plunging Moldova back into political crisis.

#### Middle East and North Africa

##### Peace Eludes Syria

The interests of forces fighting in Syria and their foreign backers will diverge even more noticeably in the fourth quarter. Even as Washington pulls back from negotiations with Russia on the strategic level, the United States needs to maintain open lines of communication with Russia and close military coordination with Turkey to avoid major incidents on the Syrian battlefield that could distract it from its operations against the Islamic State. Russia will nonetheless work to demonstrate to the United States the cost of downgrading its talks with Moscow by escalating its military support for the loyalists and trying to interfere with U.S. and Turkish operations. Ankara, as it pushes deeper into northern Syria to block Kurdish fighters' territorial expansion, will work more closely with Moscow this quarter in hopes of avoiding clashes with Russian-backed forces. The Gulf Cooperation Council (GCC), led by Saudi Arabia, will reinforce Syria's Sunni rebels all the while, taking advantage of a deterioration in U.S.-Russian ties. For the fighters on the ground, the consequences of meddling by foreign powers with competing agendas will reinforce their mistrust in internationally mediated peace talks, compromising periodic attempts to establish cease-fires and dragging out the conflict even more.

Aleppo province will continue to be the central focus of the conflict. Loyalist troops will do their best to drive the Syrian rebels out of Aleppo city, while the rebels will concentrate their efforts on breaking the siege. Should the rebels fail, allowing the siege to remain firmly in place, the loyalists would be free to direct some attention toward the Islamic State-held city of al-Bab — a target of significant interest to all

sides this quarter. To the north, Turkish-backed rebels will advance toward al-Bab despite stiff resistance from the Islamic State, stopping short of the loyalists' front lines. Their advance will block the Kurdish People's Protection Units from moving closer to the city. Meanwhile, Washington will try to redirect the Syrian Democratic Forces' attention from al-Bab to Raqqa. Of course, Aleppo will not be the only territory up for grabs this quarter; Hama province will also be the site of extensive military action as the year winds down. Loyalist troops in the area will do what they can to thwart rebels' plans to seize Hama city and the vital lines of communication around it.

### Turkey Pushes Deeper Into Aleppo

Turkey's incursion into Syria and toward al-Bab will force it to maintain a working relationship with the other military powers operating in the area — namely, the United States and Russia. Ankara will not receive international endorsement for its plans to establish a safe zone on its border with Syria, but that will not stop it from pursuing one. Turkey will make use of its own minimal troops and its Free Syrian Army allies to begin carving out a security perimeter and building temporary housing for refugees in the border region.

Though Turkey and Russia will be cautious in their dealings with each other on the Syrian battlefield, they will cooperate more comfortably in the economic realm. Commercial flights between the two countries will pick up, as will trade, which will gradually increase throughout the end of 2016. Turkey will highlight the merits of the TurkStream pipeline project, angling for more favorable prices in its natural gas contracts with Russia.

In the wake of Turkey's failed coup, Ankara has sped up its timetable for cracking down on Kurdish militants and their political affiliates in the name of national security. When the Turkish parliament reconvenes in October, the ruling party will likely sideline the pro-Kurd People's Democratic Party (HDP) as lawmakers prepare to debate a raft of proposed constitutional amendments aimed at eroding the military's political power. (Some compromise can be expected in amendments regarding the judiciary, but the legislature will avoid shifting to a presidential system of governance for now.) Faced with mounting political oppression, the HDP will try to revive peace talks between the Turkish government and the Kurdistan Workers' Party (PKK), offering Ankara an opportunity to mitigate the European Union's concerns about human rights abuses in Turkey. The ruling party, however, will engage only superficially in dialogue to improve its image abroad and boost its standing in negotiations with Brussels. It will not substantially alter its policy of cracking down on the Kurds, nor are Kurdish militant groups likely to lay down their arms as a precondition to the talks.

In the meantime, Turkey's negotiations with Europe will carry on, despite the fact that their migration deal is coming under increasing strain. Brussels will keep chastising Turkey for ignoring human rights, just as Ankara will keep complaining about the bloc dragging its feet on liberalizing visas for Turkish citizens. Because Turkey will refuse to reform its counterterrorism laws, as Europe has demanded, the Continental bloc will stretch its debate over liberalizing Turkish visas into 2017. The European Union will continue to offer Turkey money in exchange for relieving the Continent's migrant burden, even as Ankara continues to grumble about how those funds are delivered.

### In Iraq, the Fight for Mosul Begins

To the south, Iraq will begin trying to recapture Mosul from the Islamic State in earnest toward the end of the year. And as in Syria, foreign powers with a stake in the conflict will shape how it unfolds. Turkey, Iran and the United States are all aware that any country with forces in the fray will have the ability to influence the political and economic future of Mosul once it is wrested from the Islamic State. To that end, each will be sure to have troops embedded within Iraqi units, playing an advisory role. Iran will work closely with the Shiite Popular Mobilization Units and Iraqi security forces, while Turkey will lend its support to the Sunni Hashd Watani group and the Kurdish peshmerga. The U.S.-led coalition against the Islamic State will funnel its aid to the Iraqi military, which — with the help of the Popular Mobilization Units and Western firepower — will advance on Mosul from the south and southwest. Once within striking range of the city, Iraqi forces will begin a concerted assault on Mosul proper. As the Islamic

State struggles to hold its ground against the attacks on Mosul and Raqqa, its calls for its followers to conduct terrorist attacks abroad will grow louder in an effort to demonstrate the group's continued relevance.

The Mosul operation will force Baghdad and Iraq's Kurdistan Regional Government (KRG) to temporarily set aside their differences. But as the quarter progresses, efforts to clear the Islamic State will renew territorial disputes along the edges of Iraqi Kurdistan. Interference in the KRG's decision-making by Turkey and Iran will destabilize the region even more. As Ankara tries to insert itself in the Mosul offensive against Baghdad's — and by extension, Iran's — wishes, it will rely more heavily on its relationship with the KRG's ruling party. Tehran will look for deeper inroads into the KRG as well as it works to contain the growing threat of Kurdish insurgencies within its own borders.

#### Iranian and U.S. Political Races Intertwine

Meanwhile, the Islamic republic will prepare to hold its presidential election in the first half of 2017 — a race that the United States' upcoming November vote will factor heavily into. The United States' policies toward Iran will not change much during the fourth quarter, but Tehran's hard-line conservatives will point to the political rhetoric of U.S. candidates — particularly regarding Iran's nuclear deal with the West and threats of renewed sanctions — to undermine President Hassan Rouhani's more moderate camp. The Islamic Revolutionary Guard Corps will use missile launches, military operations and drills in the Strait of Hormuz to remind Iranian politicians across the ideological spectrum of its clout as the competition for the presidency heats up.

As Iran's factions try to discredit one another with scandals and attack campaigns, an important item to watch will be the degree of economic reform and re-engagement with foreign investors that takes place under Rouhani's administration. Iranian hard-liners will seek to protect their own interests in the face of external competition as Tehran takes concrete steps to open up its energy sector in the fourth quarter. Iran plans to hold oil and natural gas tenders under its new investment framework as early as October, though any deals it reaches with foreign investors will not be finalized until late in the year, at the earliest. In the meantime, Iran will continue to court domestic financiers for funding.

#### The Gulf Grapples With Budgets and War

During the first two months of the quarter, the OPEC members of the Gulf Cooperation Council (GCC) — Saudi Arabia, Kuwait, Qatar and the United Arab Emirates — will continue negotiating with other OPEC members on how to organize a supply cut for the group in the lead-up to OPEC's next meeting on Nov. 30 in Vienna. Iran, Libya and Nigeria will not be subject to cuts, and as exports from Libya and Nigeria return, they will add more pressure to the dispute between Iran and Saudi Arabia over who should shoulder cutting production and at what level Iran should freeze its production. Regardless of whether they reach an agreement, Saudi Arabia and the other GCC members will not attempt to jeopardize the recovery in oil markets. Instead, OPEC's members are moving toward a de facto freeze in production. With or without an agreement that reduces OPEC's overall production, Saudi Arabia will likely slowly pull back from its summer highs, when it used extra production to feed domestic power generation.

Iran's impending re-entry into the global energy market will doubtless be on the GCC's mind as its members review their 2016 budgets and draft new ones for the coming year. Of the Gulf states, Saudi Arabia, Oman and Bahrain are experiencing the greatest financial stress, though Riyadh will probably manage to trim back its budget deficit as the year ends. Saudi Arabia will continue to introduce incremental economic reforms, unveiling the next phase of Saudization in December as it revises its labor laws amid growing demand for employment among Saudi youths. Riyadh, along with its fellow GCC members, is searching for ways to reduce its spending, in part by consolidating government

ministries. Saudi Arabia will also issue upward of \$10 billion in government bonds during the fourth quarter to replenish its coffers.

Economic strain will not be the only source of tension among GCC countries. Yemen's drawn-out war will put relationships within the bloc to the test as the country continues to fragment. An attempt to relocate Yemeni institutions to Aden will bolster southern separatists, driving a wedge between Saudi Arabia and the United Arab Emirates. (Abu Dhabi is more comfortable than Riyadh with the idea of a partitioned Yemeni state.) Saudi Arabia will be reluctant to make concessions to Yemen's Houthi rebels, who in turn will refuse to relinquish their weapons and territory, preventing any real headway from being made in the country's ongoing peace talks.

### Violence Threatens Libya's Rising Oil Exports

To the west, another bloody and protracted conflict shows few signs of nearing a resolution. During the third quarter, Libyan Field Marshal Khalifa Hifter made strides in securing oil export terminals in the east, strengthening his position — and that of the House of Representatives — in talks with the Government of National Accord (GNA). Negotiations between the two will last through the end of the year, making some progress in unifying the rival governments' institutions. That said, the talks will fall short of creating a single, cohesive government. The fragility of the peace process will likely ensure that sporadic clashes between militias supporting either side occur throughout the fourth quarter. And as the Misratan militias fighting alongside the GNA wrap up their operations against the Islamic State forces in Sirte, the jihadist group will undoubtedly respond to its losses by launching more terrorist attacks against Libyan cities.

Oil fields in central Libya could continue to increase their output this quarter, though the Tripoli-based national oil company's expectation of ramping up production to a million barrels per day is overly optimistic. Clashes between rival militias, or the flight of Islamic State fighters from Sirte, could lead to attacks on the country's oil and natural gas infrastructure and volatility in Libyan energy exports.

### Egypt Turns Its Economy Around

A busy economic quarter lies ahead for Egypt as it fortifies its defenses against Islamic State militants fleeing from Libya. Cairo, already in the final stages of securing the largest tranche of International Monetary Fund aid in the Middle East's history, will be working to garner additional funds from the World Bank, GCC and China. Egypt plans to use the money to scale back its costly subsidy scheme in 2017. Public opposition to the impending austerity measures will rise during the fourth quarter but will remain at tolerable levels as the government focuses on recovering its financial footing.

### East Asia

#### South China Sea

In a July 12 ruling, the U.N.-backed Permanent Court of Arbitration rejected China's historical claims to the South China Sea encompassed by the so-called nine-dash line. The decision had a major effect on China and other claimant countries in the South China Sea. The claimants continued to shore up their positions but were still relatively conciliatory. While continuing to engage bilaterally with Beijing, they are working toward a binding code of conduct between China and the Association of Southeast Asian Nations (ASEAN), which they hope to complete by mid-2017. China, with its advanced (by regional standards) coast guard and fishery vessels, will continue asserting its claims to the sea.

The Philippines, looking to adopt a more balanced, less heavily pro-U.S. foreign policy, will engage with China barring Chinese island building in the Scarborough Shoal — an unlikely scenario for the next

quarter. Indonesia, on the other hand, is taking a hard line against illegal fishing around Natuna Island, which could lead to conflicts in the area. Meanwhile, South China Sea claimant countries, in search of defense, security and economic cooperation in their territorial disputes with China, will welcome Japan's deepened involvement with ASEAN. Japan's participation in joint drills with the United States will elicit a response from Beijing, likely trade spats and increased intrusions in disputed areas of the East China Sea. Beijing could also use Japan's increased activity in the South China Sea to impose an air defense identification zone in the sea, though doing so would only harden the resolve of other claimants in the area to seek security backing from Japan and the United States.

While tensions between China and Japan rise over Japan's expanding presence in the South China Sea, the two countries will make a good faith effort to improve communication at a trilateral China-Japan-South Korea leaders' summit in Tokyo sometime in November or December. Little of practical consequence, however, will emerge from the meeting. For now, the significance of the summit rests in its taking place at all: Territorial rows led China and Japan to shelve the forum in 2012, reviving it only last November. Concerns over North Korea's accelerating nuclear program are driving China, Japan and South Korea to work together temporarily. China and Japan may consider discussing natural gas exploration in the East China Sea in a bid to use economic incentives to manage tensions between them.

Southeast Asian claimants may also move toward some bilateral or trilateral arrangements in areas of maritime drug-trafficking prevention, disaster relief and joint fishing patrols to tighten security coordination. Vietnam and the Philippines, given their own disputes over the Spratly Islands, will prioritize cooperation in other areas rather than in the South China Sea. Indonesia may try to be more cooperative in the South China Sea, taking advantage of its neutrality and leadership in ASEAN.

#### Regional Uncertainty Over the Trans-Pacific Partnership

With key U.S. congressional leaders publicly ambivalent about the Trans-Pacific Partnership (TPP), the chances the Obama administration will secure congressional approval of the pact before the Nov. 8 U. S. presidential election look increasingly slim. Obama's final opportunity to secure the TPP's approval will occur during Congress' lame-duck session, set to take place sometime between mid-November and early January 2017. No matter who wins the presidential election, getting the deal ratified in the United States during the next quarter will be an uphill battle.

U.S. indecision will create doubt about the pact among its key signatories in the short term — and about U.S. standing and interests in the Asia-Pacific region in the long term. Uncertainty could compel signatories such as Vietnam and Malaysia to delay domestic reforms for which TPP entry had provided an impetus during the quarter. It could also push TPP signatories to take a closer look at the Regional Comprehensive Economic Partnership trade proposal, touted as China's answer to the TPP. Beijing could use uncertainty over the TPP and Washington's regional reputation to promote its own trade agreement or other forms of bilateral cooperation with prospective TPP members. Japan would find a U.S. failure to ratify TPP in 2016 particularly unnerving. Tokyo has stressed the strategic (as opposed to the strictly economic) dimensions of the deal — especially as it relates to a rising China.

Even if Congress does not pass the TPP this year, open defections by signatories are unlikely. Nonetheless, signatories such as Vietnam, Malaysia and Japan may take actions that reveal the damage that U.S. foot-dragging on the deal has done to perceptions of Washington's regional position.

#### China: Changes Below the Surface

Beijing's main concern throughout the quarter will be its economy, which will continue to slow over the next three months. Most major indicators — such as imports and exports, industrial production, and energy and electricity consumption — will reflect the country's declining economic vitality and mounting internal stresses, even as the government relies on spending and monetary tools to ensure a base level

of economic stability.

Below the surface image of an economy that is weakening but fundamentally stable, however, important changes will be underway in China's financial system this quarter. The likely expansion of a nascent corporate debt-to-equity swap initiative portends the start of a shift away from the state-backed credit- and investment-led model of finance that has long held sway in China, especially in the state-owned sector. The program's impact at the national level during the quarter will only begin to be felt but will include lower state investment in construction-related industries. Along with the expansion of a corporate bankruptcy legal infrastructure, these measures mark potentially important — if still untested — steps in China's march toward economic "rebalancing." Beijing will spend much of the quarter troubleshooting these measures, which should become far more significant in scope in 2017 and beyond.

These changes will take place against a backdrop of political struggle among China's political elite. President Xi Jinping's anti-corruption campaign and push to concentrate his grip on key Party and state institutions will continue apace this quarter. Xi will largely succeed in the latter effort as he places more allies in key provincial, ministerial and military posts. With the 2017 Party Congress approaching, any overt moves to oppose or otherwise hinder Xi will likely come to the fore this or next quarter, if they emerge at all.

### Japan's Search for Growth Continues

Ratification of the TPP may top the agenda of Japan's extraordinary parliamentary session, which began Sept. 26 and is set to run 66 days. But the main focus of Japanese politics this quarter will not be the legislative agenda — so far, labor and other structural reforms do not appear to be on the Diet's docket, nor does constitutional reform — but rather debates within the Shinzo Abe administration over the future of Abenomics. Attention will focus on the Bank of Japan's efforts to implement a new monetary policy framework.

Instead of targeting a set amount of Japanese government bond purchases, the Bank of Japan will focus on targeting long-term yields of Japanese government debt. As Tokyo assesses the new framework, inflation will likely remain low (thanks in large part to low energy prices), meaning further easing is possible without increasing outright Japanese government bond purchases. Though major changes to the Bank of Japan's bond purchasing program are unlikely within the quarter, the coming months could see Abe and other leaders lay the groundwork for bolder changes to the country's monetary policy in 2017. A desire to make real headway on growth while the ruling Liberal Democratic Party remains united behind Abe (who is set to step down as prime minister in 2018) could lend urgency to these efforts within the quarter.

### Global Economic Trends Weigh on Southeast Asia

In Southeast Asia, the expected U.S. interest rate hike will pressure some countries' economies, particularly Malaysia and Indonesia, both of which rely heavily on foreign lending. The restructuring of China's economy and sluggish external demand will also continue to weigh on economies in the region that depend on exports, some of which will also face growing domestic political pressure.

In Malaysia, the ruling United Malays National Organisation party and Prime Minister Najib Razak continue to face serious corruption allegations and opposition pressure, including anti-government protests set for mid-November. Additional short-term financial volatility would make things worse for them. Still, the opposition will not be able to oust Najib in the immediate future, even though speculation that snap elections may be called for early 2017 will begin to unite it.

In South Korea, the fallout from the bankruptcy of Hanjin, the country's largest container carrier, in the third quarter illustrated just how much the country's economy is struggling. Meanwhile, South Korean President Park Geun Hye's administration is being grilled over corruption scandals and questions about the ability of the president to guarantee national security in the face of North Korea's accelerated



nuclearization process. With the general election slated for December 2017 in mind, her opponents within and without her party could try to block some of the government's agenda in the short term, including economic restructuring, personnel appointments and foreign relations.

Thailand's floundering economy is also vulnerable. The junta's tight grip, however, will thwart any serious attempts by the political opposition to capitalize on economic discontent or instability stemming from potential wild cards such as the passing of the ailing Thai king. With cross-party support, Indonesian President Joko "Jokowi" Widodo has largely secured his position and is situated to weather any immediate political fallout from economic turbulence.

#### Duterte the Destroyer

Philippine President Rodrigo Duterte has opened up power struggles on multiple domestic fronts, but strong public and congressional support, and sufficient military support, will enable him to pursue an ambitious agenda this quarter. The benefits of stability, however, will be offset by the doubt created by his contentious policies and brash rhetoric, which are deterring foreign investment and raising the risk of long-term public blowback. Duterte will use uncertainty about his government's strategic intentions to its advantage on foreign policy matters, playing outside powers such as China, Japan and the United States off one another and gaining greater flexibility in its partnerships. But despite Duterte's anti-Western rhetoric, Manila's need to sustain its alliance with Washington and retain the political support of the Philippine military will prevent any major downgrade in relations with the United States.

#### Latin America

##### Venezuela Battles Over a Recall

The dispute between Venezuela's government and political opposition over a proposed presidential recall referendum will be the major driver of events in the quarter. The opposition coalition Democratic Unity Roundtable (MUD) will attempt to collect the signatures of 20 percent of the country's registered voters in its push for a referendum to occur before the end of the year. The opposition faces an uphill battle in this effort, since the ruling party controls most of the political and security institutions in the country and can continue to set high barriers to holding the vote. But the MUD's leadership will push for the referendum anyway because the coalition needs to maintain enough unity and momentum ahead of regional elections and the 2019 presidential vote.

The MUD's efforts alone will not be enough to force a recall referendum in 2016. Though the ruling United Socialist Party of Venezuela (PSUV) is divided, key stakeholders appear to be united for now in their effort to prevent a referendum from proceeding. A much larger and sustained wave of economically motivated unrest — one that coalesces with the referendum push — would be needed to sway dissident PSUV factions toward holding the recall vote.

Low oil prices will continue to strain the finances of Venezuelan state energy firm Petroleos de Venezuela (PDVSA) — the government's main source of income. The company and the central government, however, will most likely be able to meet the remaining \$5 billion in foreign debt payments due later in the year, albeit at the cost of further constricting imports of staple goods.

##### Mexico Casts a Wary Eye North

Mexico will have to contend with increased political and economic uncertainty in the fourth quarter, exacerbated by a yearlong trend of slower-than-usual economic growth. A core source of this uncertainty is the U.S. presidential election. In the immediate future, a Republican win in November could spur some capital flight from Mexico and further weaken the peso, which has fallen in value

relative to the dollar by around 30 percent over the past two years. But the election's biggest impacts on Mexico will not be felt until inauguration in January. In light of the recent political rhetoric about a potential U.S. withdrawal from the North American Free Trade Agreement, Mexico will spend the coming months focused on lobbying Washington to gauge to what degree the new U.S. administration will be looking to reshape trade policy with its southern neighbor.

### Colombia Searches for a New Path to Peace

During the fourth quarter, Colombia's government will begin to lay the groundwork for negotiations over a new peace agreement with the Revolutionary Armed Forces of Colombia (FARC). Since voters struck down the original peace deal on Oct. 2, the government will be forced to negotiate not only with the FARC but also with the opposition party Democratic Center, which is the main source of opposition to the peace agreement. The most likely points of contention between all three sides will likely be transitional justice mechanisms that serve as substitutes for prison time, as well as political participation for the FARC. Allowing the Democratic Center to take part in the negotiations over the shape of a new peace deal will carry some risks. Now that the opposition party has the tacit backing of those who voted down the original deal in the plebiscite, it may feel empowered to make demands of the FARC that would likely lead to gridlock in the negotiations, costing the government valuable time in which a deal could be hammered out.

The FARC's internal unity will be a decisive factor that will determine the eventual success or failure of the new negotiations. Some factions of the militant group have already split off, and if defections continue, it will severely undermine the government's rationale for holding negotiations with the rebels. With the FARC talks effectively on hold, it is unlikely that significant progress will be made toward opening talks with the smaller National Liberation Army (ELN).

### Brazil Moves On From the Rousseff Era

With the long impeachment saga of former President Dilma Rousseff finally settled, the new Brazilian government will move quickly to push its legislative agenda, taking advantage of the narrow window it will hold power before the 2018 presidential election. In the fourth quarter, the government will focus primarily on implementing fiscal and economic reforms intended to reduce public spending and improve the country's economic outlook in the coming years, mainly a cap on future spending. The government may also propose a controversial pension reform — intended to ease the heavy budgetary burden of the country's pension system — but this particular reform will be shelved until next year.

### Argentina Woos Back Investors

Argentina's government will focus primarily on boosting the economy's attractiveness to investors and attempting to implement natural gas price hikes, a key part of its fiscal adjustment measures. The measures, which were previously delayed in July, are an essential part of raising government revenue and making the country's energy deposits economically viable over the long term.

### South Asia

#### Modi's Electoral Gambit

Indian Prime Minister Narendra Modi's efforts to win 2017 elections in Uttar Pradesh — India's most populous state and therefore most important electoral state — will be the center of gravity in South Asia this quarter. Modi needs to win in Uttar Pradesh to increase his party's representation in the upper house of parliament, which will then help him pass legislation on land, labor and tax reform. His chances of winning another term in 2019 may also depend on these reforms, whose passage would

promote labor-intensive economic growth. But by focusing on elections in Uttar Pradesh, Modi will have less political and financial capital at his disposal to woo other states to support his reforms — including the two remaining pieces of federal legislation on tax reform, the Central Goods and Services Tax and the Integrated Goods and Services Tax — during the winter session of parliament. India's federalist system creates competing demands that make it difficult to pass reforms, which in this quarter will prevent the economy from meeting its overall growth targets.

Focusing on elections has other implications for Modi and his Bharatiya Janata Party (BJP). To win votes, the BJP is willing to compromise on issues of language, religion, culture and caste. But its political pragmatism will raise the risk of localized rifts with the Rashtriya Swayamsevak Sangh (RSS), the BJP's ideological parent organization. The RSS promotes Hindu nationalist policies and will want the BJP to do the same. But in Uttar Pradesh, the BJP needs to reach out to the Dalit (or untouchable) caste, which forms 20 percent of the population in the state. (The party also will need to reach the Brahmins caste, which makes up 10 percent of the population.) Modi will continue appealing to Dalits this quarter, holding some 200 Dalit rallies in Uttar Pradesh in the coming months. But it will come at a cost, likely disenchanting RSS supporters. Managing competing voting blocs in such a large state will be Modi's challenge, one born of his own success after winning a majority in the lower house of parliament in 2014, which made him beholden to meet the disparate interests of many large constituencies.

### Politicizing Kashmir

To win Uttar Pradesh elections, Modi needs to protect his right-wing Hindu nationalist base while reaching out to Dalits. To do that, the BJP will be compelled to keep up its criticisms of Pakistan, specifically over unrest in Kashmir, to appease the RSS. Though New Delhi and Islamabad have exchanged harsh words over recent militant attacks in the border region, India and Pakistan will not escalate tensions into a large-scale military buildup. And though Indian paratroopers launched a cross-border raid on at least five suspected terrorist camps in the Pakistan-administered region of Kashmir on Sept. 28, leaders from both sides still showed a degree of restraint afterward. Their restraint stems from the fact that neither side wants to go to war, but both sides will still exploit Kashmiri unrest for domestic politics. Modi can afford some unrest in Kashmir: It gives him a pretext to pin blame on Pakistan, enabling him to rally Hindu nationalists. It also helps him distract the electorate from the domestic grievances Kashmiris harbor against New Delhi, including the enforcement of the Armed Forces Special Powers Act, which sustains a 500,000-man military presence in the province.

In Pakistan, the heightened tension will help the military preserve its power in Islamabad as Prime Minister Nawaz Sharif chooses a successor to chief of army staff Gen. Raheel Sharif. His term as army chief, Pakistan's most powerful military position, ends in November. The military will use India's own military posturing and growing Indian-Afghan defense cooperation as a pretext to maintain control over the country's foreign policy, limiting Sharif's ability to pursue his ambitions for stronger Indian-Pakistani ties. Notably, to keep the military from exerting too much influence over politics, Sharif needs to ensure civilian control over the Ministry of Defense. The military, however, recently forced Sharif to accept its nominee, retired Lt. Gen. Zamirul Hassan Shah, for defense secretary — just below the minister of defense — reaffirming the military's continued role in Pakistani politics.

### Stresses on Afghanistan's Unity Government

In Afghanistan, the unity government between President Ashraf Ghani and Chief Executive Abdullah Abdullah failed to implement all of the electoral reforms that were due in September. A parliament unable to pass legislation, deeply entrenched patronage networks and ethnic rivalries have made it difficult to implement reforms, weakening the Afghan central government. As a result, Abdullah is unlikely to become the prime minister as outlined in the agreement that formed the unity government to begin with, potentially dividing it further. Reforms are required to institutionalize elections, strengthen governance, broaden the tax base, and supply and fortify the Afghan military. Failing to pass them will

undermine Afghan troops, enabling the Taliban to sustain their insurgency through the winter months. Still, Afghan security forces, backed by U.S. air power, will thwart any attempts by the Taliban to permanently take over provincial capitals in the country, despite the militant group's successes this year.

## Sub-Saharan Africa

### Nigeria's Bleak Outlook

The Nigerian government will struggle to manage the country's economy, which has been weakened in part by low global energy prices — a situation expected to persist through the end of 2016. Several concurrent economic issues will sap the administration's attention, preventing President Muhammadu Buhari and his government from devoting time and resources to other areas in need of it. Moreover, Nigeria's weak finances will hinder efforts to negotiate peace with Niger Delta militants, who resumed attacks on oil and natural gas infrastructure in January. Even if the government could afford to give the militants what they want, the militants are so divided that a negotiated resolution will remain just out of reach.

Despite the bleak outlook, Nigerian oil production will receive a boost in the fourth quarter. With repairs completed, several important terminals are set to come back online, and several cases of force majeure imposed by international energy companies will be lifted. It will take time, however, for the benefits of increased production to make its way into government coffers, and in the meantime, militant attacks could take more production offline.

Buhari will make gains in his fight against corruption, which, along with combating militancy, was a key component of his 2015 election campaign. Despite Nigeria's fragile institutions, Buhari has overseen many high-profile investigations and has recouped millions of dollars lost through corruption. In fact, Buhari's presidency has become defined by his tough stance on corruption, and he is currently attempting to pass legislation to strengthen Nigeria's judicial system. Of particular import is the Special Crimes Court Bill, which the National Assembly has been reviewing since August and which would set up a parallel court system to expedite the trials of those accused of corruption.

The push against corruption will continue to ensnare lawmakers from the former government and will discourage members of the current administration from illegally negotiating with militants in the restive oil-producing Niger Delta region. But weak institutions will not be strengthened overnight. The Petroleum Industry Bill, which has stalled over funding disputes, delaying investment in Nigeria's deep-water fields, is a prime example of how difficult it is to pass legislation in the country and of just how detrimental that can be.

### Continued Decline of South Africa's Ruling Party

Still stinging from its electoral losses in August's municipal elections, South Africa's ruling African National Congress (ANC) will try to win back voter support through the end of the year and into the next election cycle. It will struggle to do so, however, given the country's poor economic position. The South African economy, Africa's most industrialized, will experience only a slight recovery at the end of the year, slowed by a weak and volatile rand, low global demand for commodities (most significantly, platinum), and a demanding and unionized labor force, among other things.

South African President Jacob Zuma will try to boost employment to appeal to and expand the ANC's voting base. He will intervene more in state-owned enterprises, causing disputes between the ANC's more leftist wing and its more business-minded wing. Competition within the ANC will further escalate as party elites begin vying for the chairmanship — which Zuma currently holds — ahead of the party

Congress at the end of 2017. There are already signs of a contest brewing between Deputy President Cyril Ramaphosa and Zuma's former wife, Nkosazana Dlamini-Zuma. This competition and Zuma's attempts to extract political benefits from state-owned companies will further divide the party and accelerate the ANC's decline, significantly altering South Africa's politics.

### Ethiopia's Greatest Challenge in Years

Long-running protests outside of Addis Ababa have expanded in size and scope and have taken on a more overt ethnic — and possibly generational — tone. Dissent has spread from Oromo areas, where protests have been held since 2015, to the more urban Amhara regions, where protesters have been pitted against security forces more often. Each region contains more than 30 percent of the country's total population, and together they represent a veritable challenge to the Tigray-dominated government. The protests, which have included sit-ins, road blockages and running battles with security forces, amid other forms of defiance, are proving to be the biggest challenge to Ethiopia's central government in years.

In light of the sustained and inclusive protests and the resulting government crackdown, we assert that Ethiopia is moving from a period of relative political stability to one of contested rule. The dominance of the Tigray group in Ethiopian politics is disproportionate to its prominence in the country, where it accounts for only 6 percent of the population.

The government has cracked down on the dissent, conducting widescale arrests and enacting political reforms to undermine the movement. But the disorganization of the protests — no national coordinating body exists — has made them difficult to stop, even though that lack of organization has reduced the potency of the movement against the central government. Consequently, though the situation is volatile, and though the central government's hold on power will loosen, the protests do not immediately threaten its hold altogether.

### Somali Elections

Somalia will hold presidential and parliamentary elections in the fourth quarter, after delays to the process. Clan elders will select delegates, who will then choose lawmakers. For the presidential election, incumbent Hassan Sheikh Mohamud will run against a host of other candidates in a multiple-round system designed to weed out candidates until someone can claim a majority. It is unclear if this method can produce a government able to effectively govern, given the history of discord between the president, National Assembly speaker and prime minister. A breakdown of the delicate power balance in Somalia would end the relative calm established by the previous government.

Beyond the fourth quarter, a rise in political instability in Somalia would undoubtedly complicate the 22,000-strong African Union Mission in Somalia (AMISOM), which began in 2007. The force, which includes international partners Kenya, Uganda, Ethiopia, Djibouti and Burundi, has made notable gains against the militant group al Shabaab in recent years. Consequently, the disintegration of Somalia's political framework would greatly complicate AMISOM's progress as security forces split along clan lines and political affiliations become more uncooperative. (It could also end Somalia's unified foreign policy stance toward AMISOM contributors.) Additionally, political infighting would lead to a less effective distribution of resources.

Brian R. Lewis

Iowa Homeland Security Emergency

Management Department

ISO, DOI/Fusion Center

515-725-3202 Fax: 515-725-6320

brian.lewis@iowa.gov

lewis@dps.state.ia.us

blewis2@atix.riss.net

"Cave Quid Dicis, Quando Et Cui"

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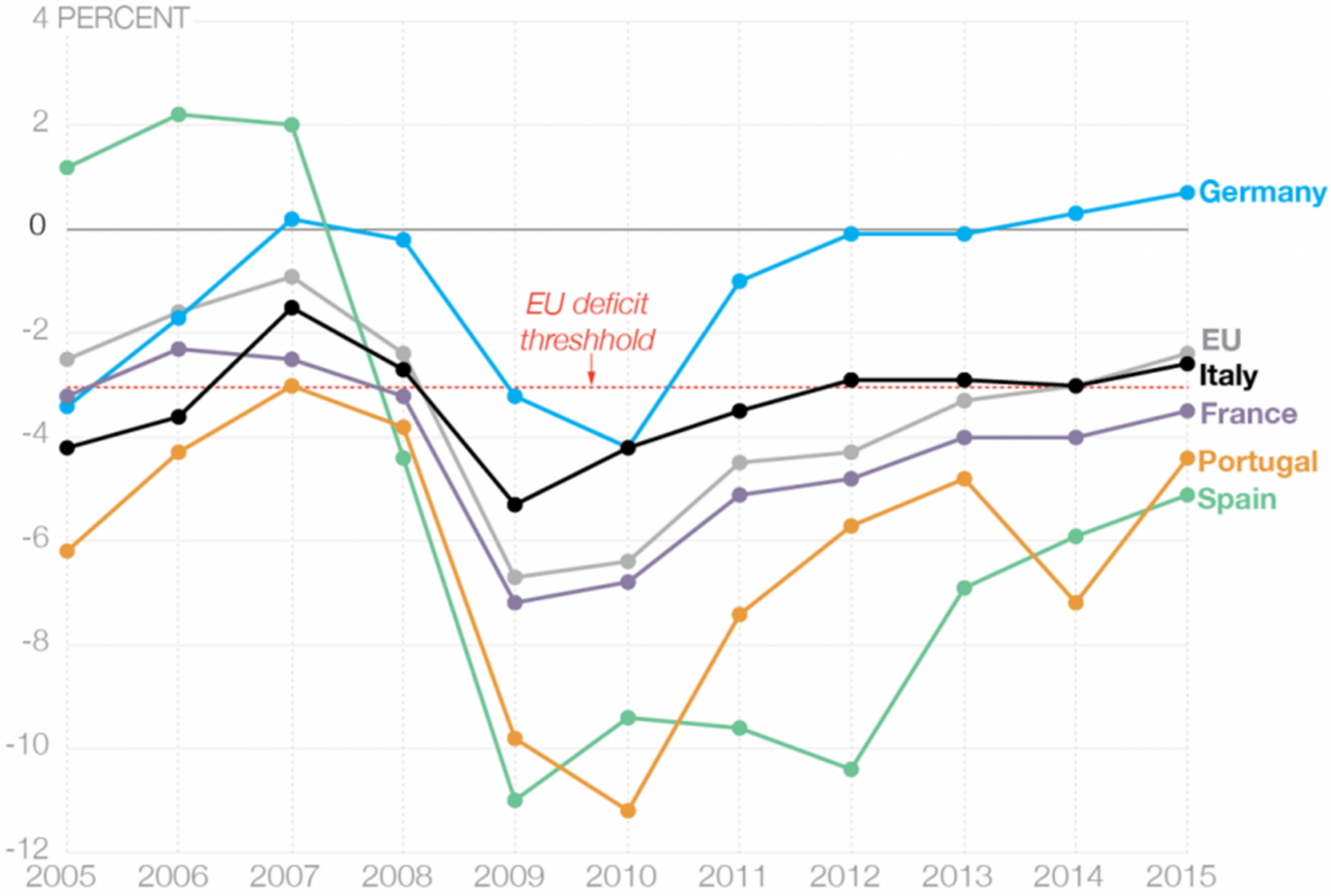
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# Government Deficit as Percentage of GDP

According to EU rules, member states are supposed to have deficits below 3 percent of GDP. Countries that fail to meet that target are subject to sanctions.



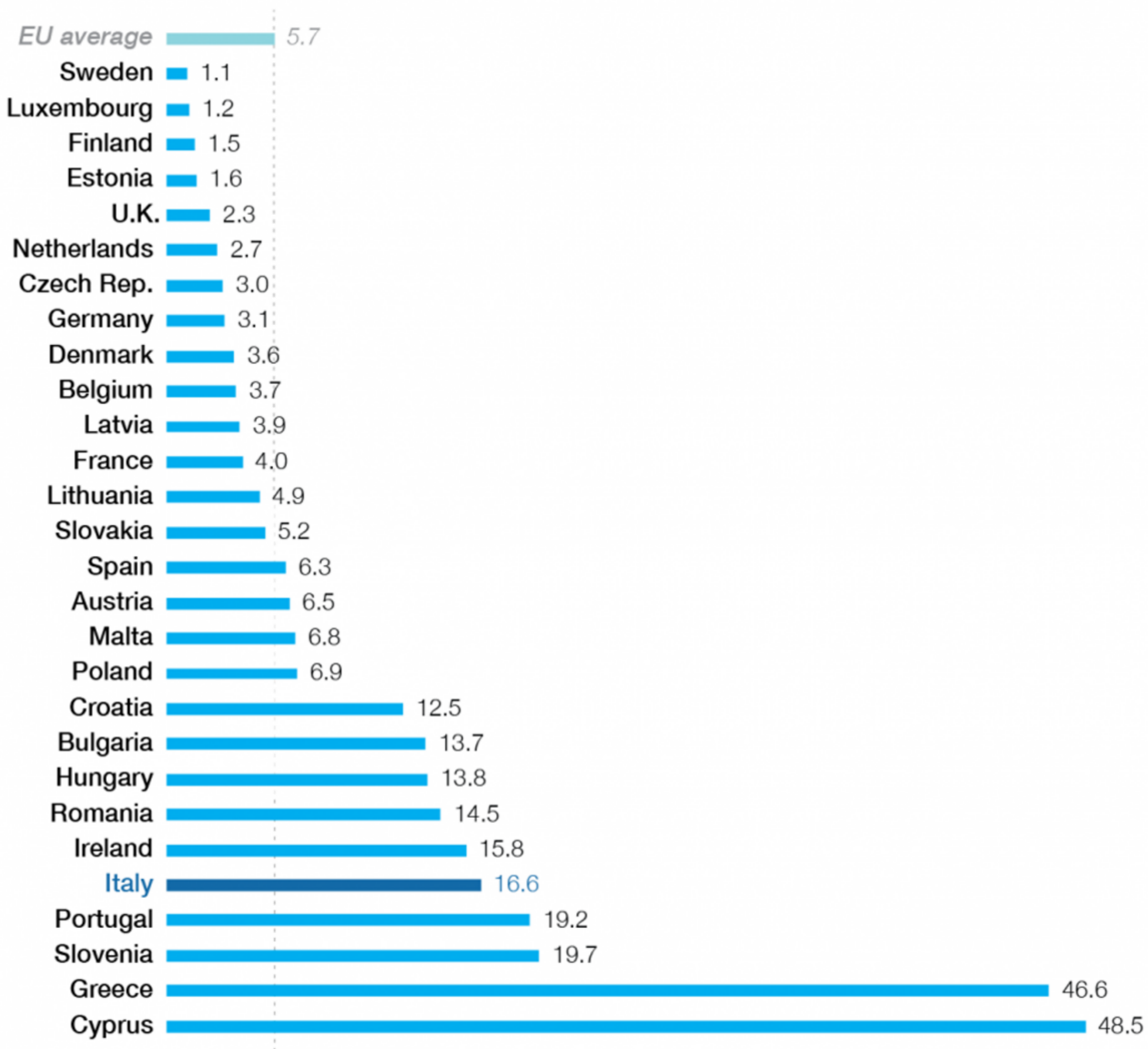
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# Nonperforming Loans as a Percentage of Total Loans

A nonperforming loan (NPL) is one upon which the debtor has not made payments for at least 90 days. While Italy has neither the highest NPL ratio nor the highest ratio of debt-to-gross domestic product in the European Union, its relative size makes it one of the key countries for the stability of the bloc.



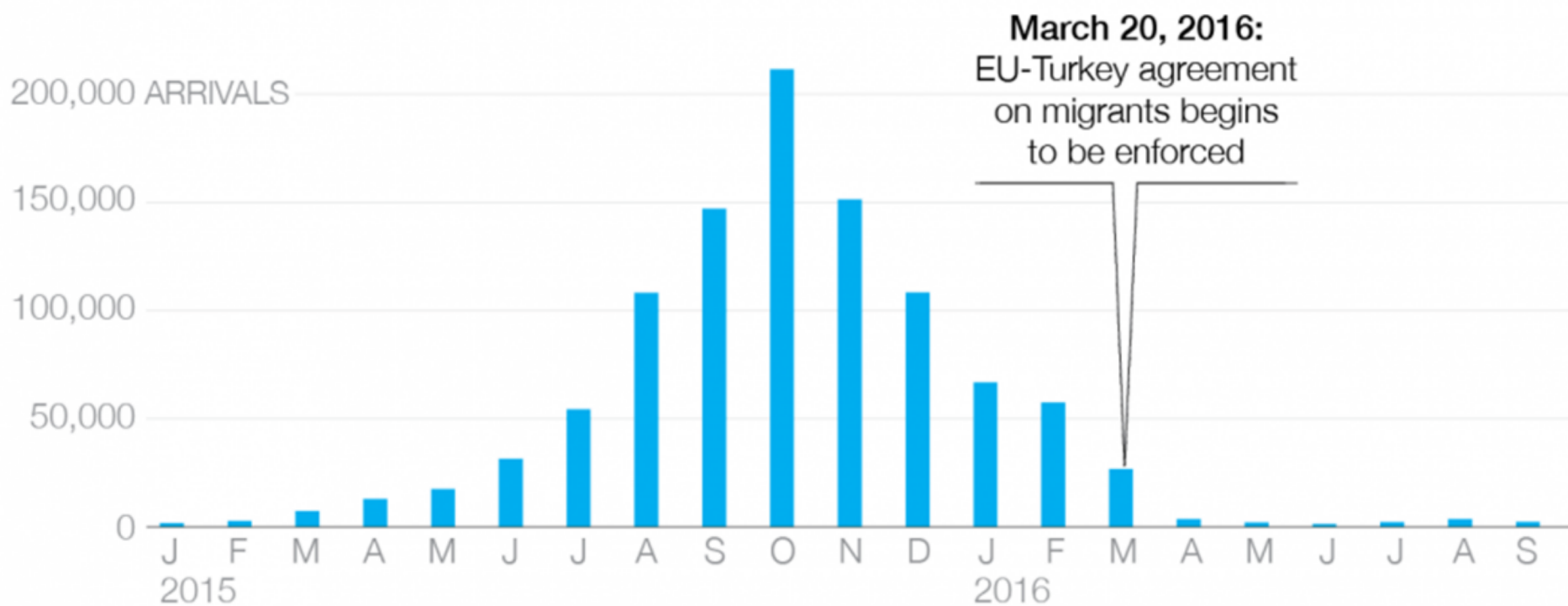
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# Migrant Arrivals in Greece by Sea

Turkey and the European Union reached an agreement to contain the arrival of migrants to the EU in November 2015. The agreement started being enforced in March 2015. In return, the EU has promised to restart Turkey's accession talks, provide financial assistance to Ankara and grant visa-free travel to Turkish citizens



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## Income Woes in Russia

Though Russia's economy has shown modest signs of recovery, its people are still suffering the effects of the recession, leading to a sharp increase in protests across the country.

**25%**

of workers  
have had their  
**salaries** cut  
this year

**15%**

have **lost**  
their jobs  
this year

**50%**

of wages goes  
to **food**

The average  
**monthly wage** fell

**8.3%**

in August alone

**51%**

Expect things  
to get **worse**

**13.4%**

of Russians live  
below the  
**poverty line**

The average  
monthly wage  
is now **less than**

**\$450**



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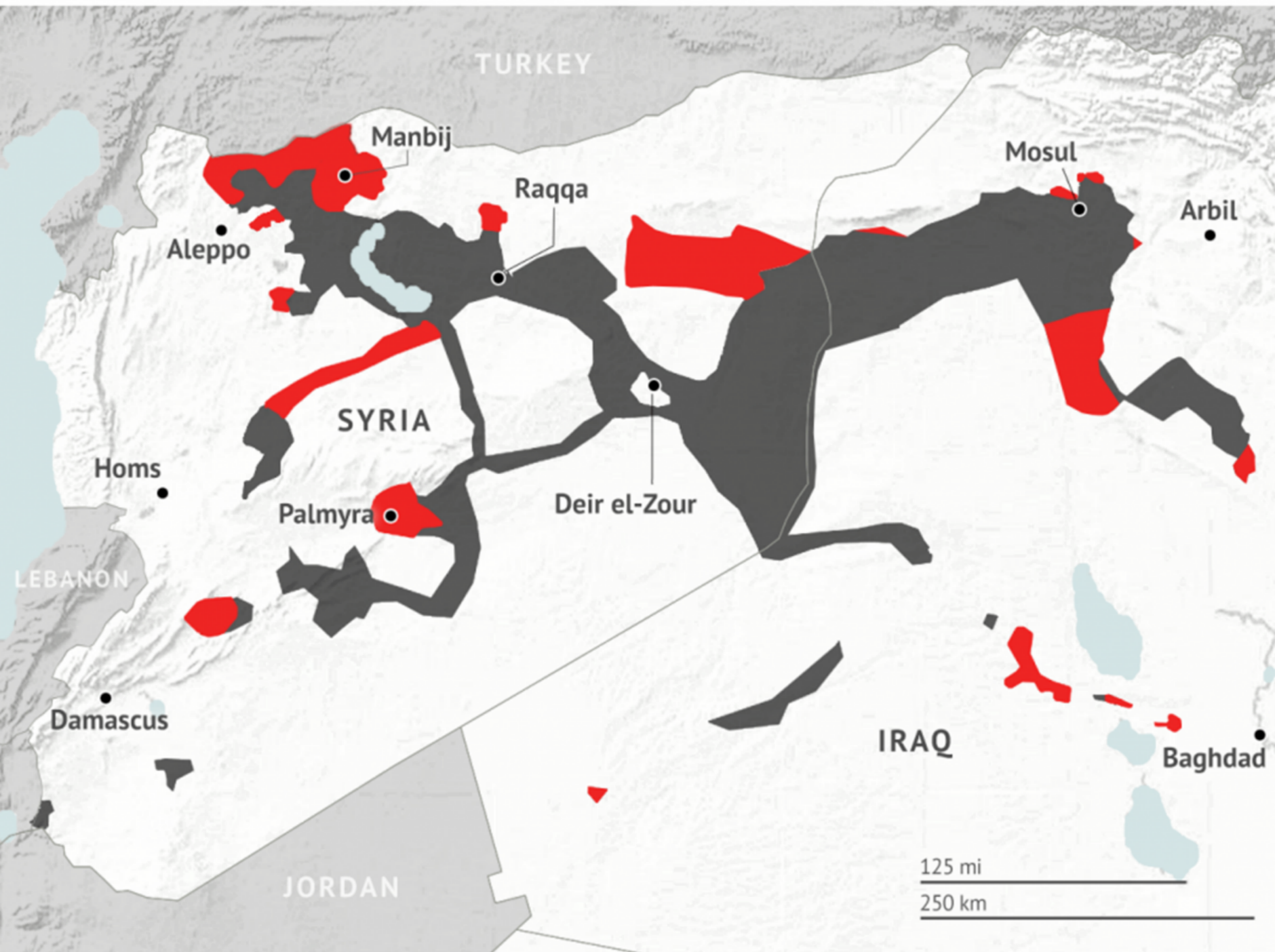
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# The Islamic State's Gains and Losses

The map below shows the territory the Islamic State has lost since February, as well as the areas it still holds as of Oct. 7, 2016.

■ Held  
■ Lost



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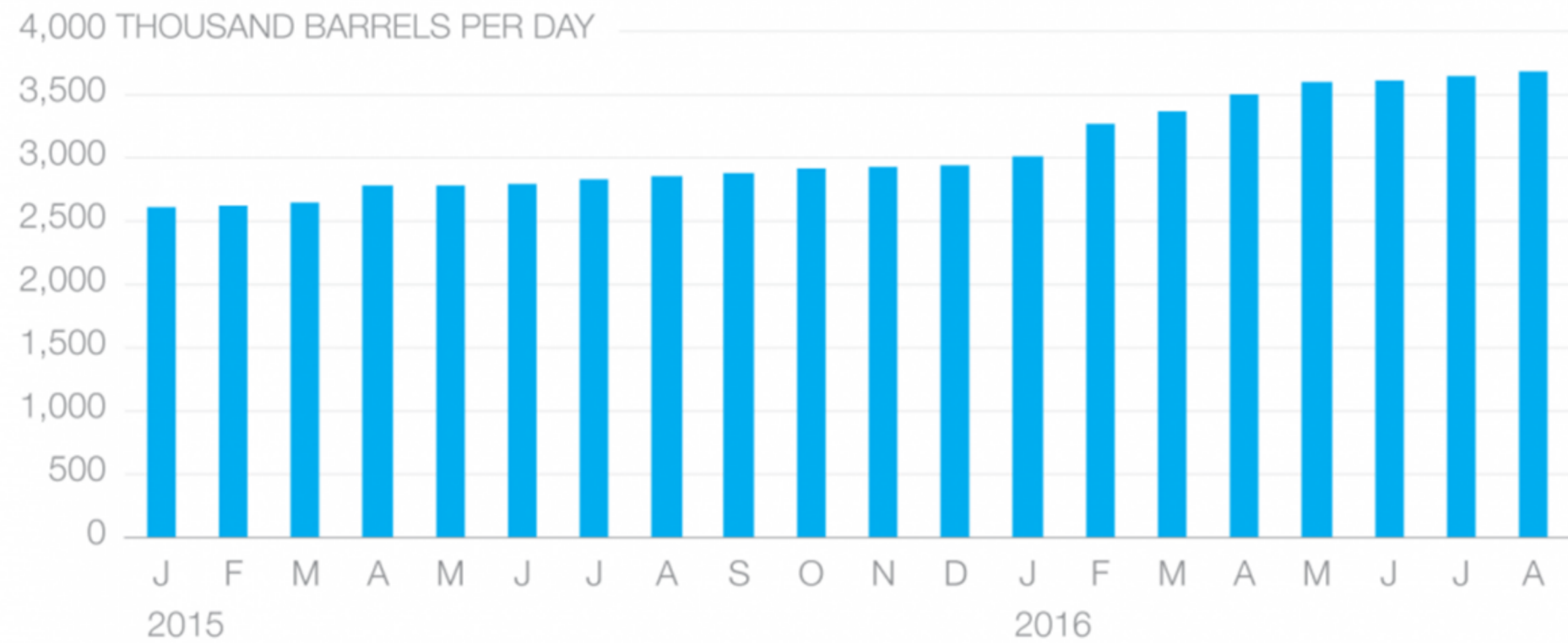
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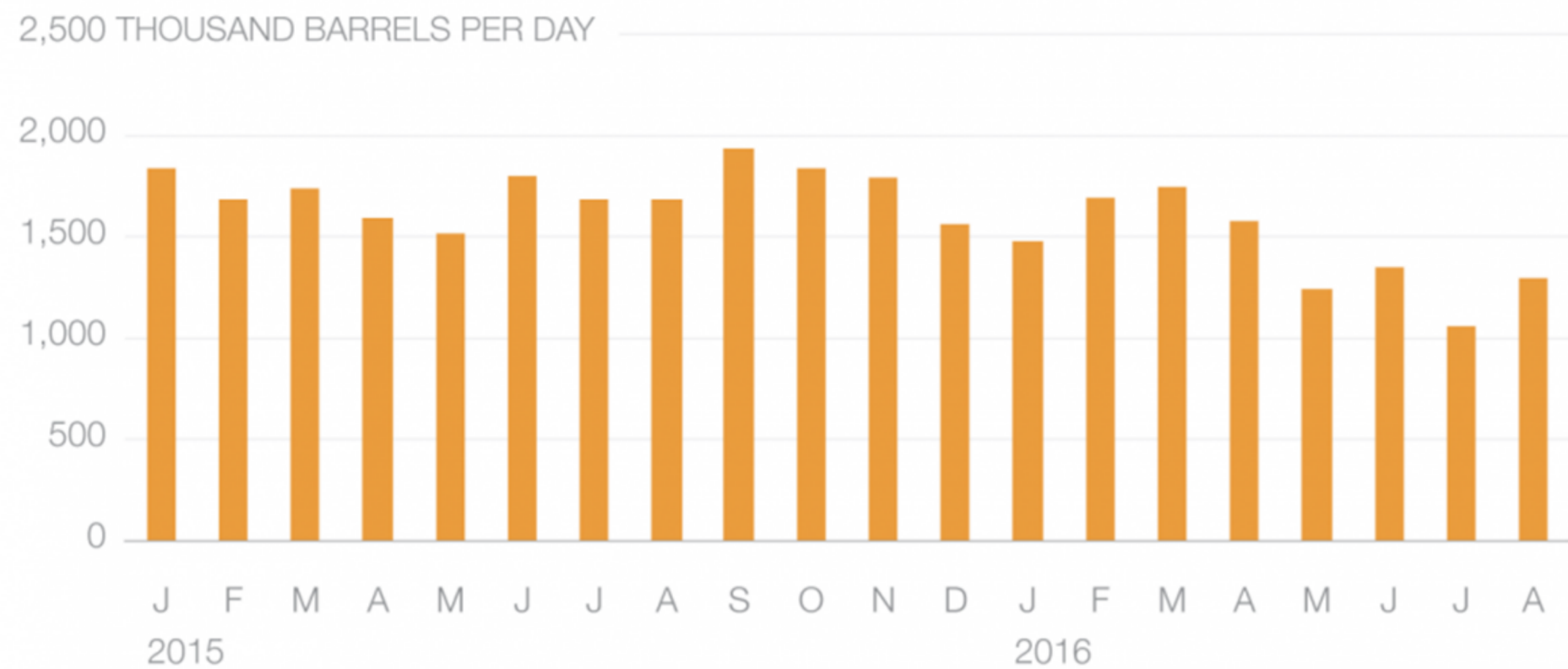
# Oil Production in Libya, Nigeria and Iran

Libya and Nigeria have seen their oil production levels kept artificially low because of violence and political disputes. Now, however, there are signs that both may increase their exports substantially, adding oil to an already well-saturated market. Iran's oil production increase since the removal of sanctions has now tapered off. Iran will likely need new projects to come online to boost production beyond its initial spike after sanctions were removed in January 2015.

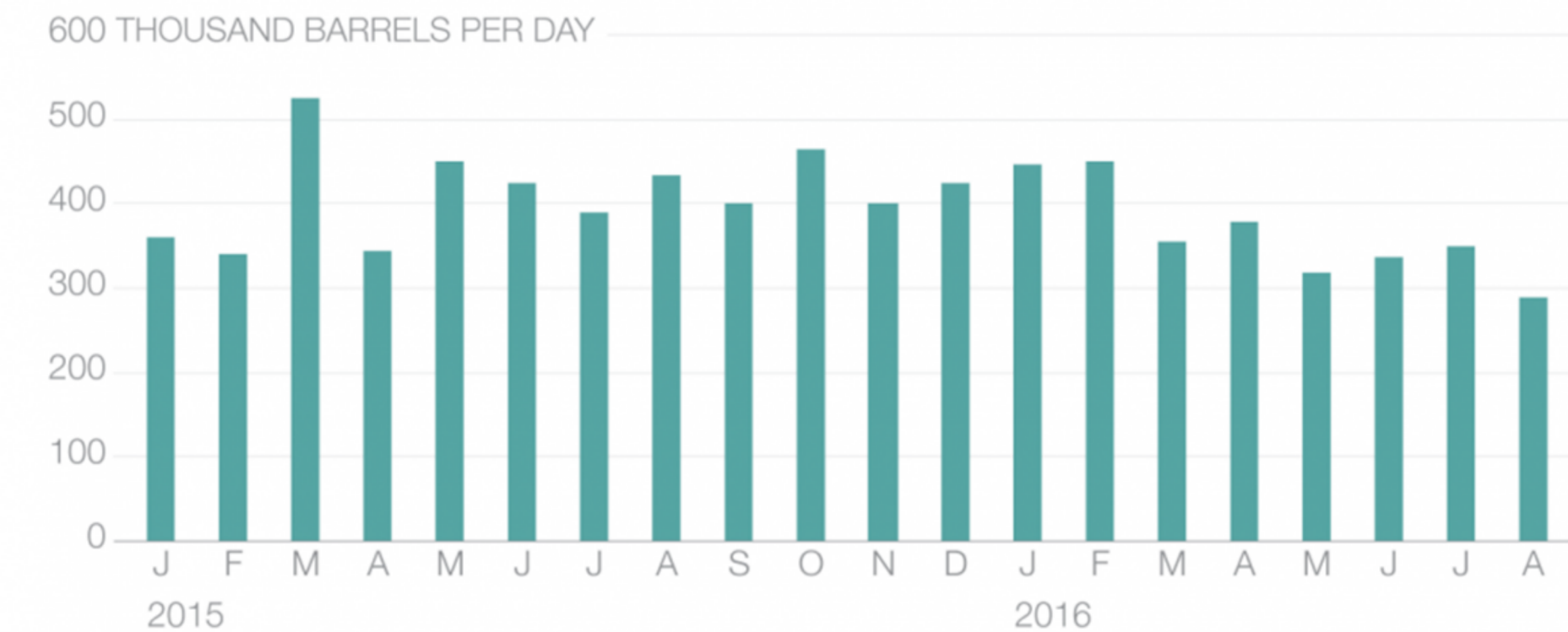
## Iran



## Nigeria



## Libya



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# OPEC Oil Production

A showdown is looming in OPEC as the group has decided to cut production to between 32.5 million and 33 million barrels per day, but the cartel has not agreed on who has to cut production and by how much. Even starting figures for a cut are contentious within the group. Production figures between those reported by OPEC members themselves and by secondary sources differ, and certain OPEC members are already complaining that other sources underestimate their production. If the cuts are based on those figures, as opposed to the numbers OPEC governments report, members' production allotments would be substantially lower.

## OPEC crude oil production based on secondary sources

Thousands of barrels per day

	2014	2015	Q4 15	Q1 16	Q2 16	June 2016	July 2016	August 2016	Change, July to August
Algeria	1,123	1,106	1,110	1,092	1,084	1,082	1,089	1,089	0.0
Angola	1,654	1,754	1,780	1,766	1,781	1,789	1,767	1,775	8.8
Ecuador	544	546	545	547	549	549	549	542	-6.2
Gabon	222	219	218	219	217	218	215	223	7.7
Indonesia	695	696	707	714	722	726	725	725	-0.4
Iran	2,778	2,840	2,874	3,096	3,539	3,605	3,631	3,653	22.3
Iraq	3,267	3,933	4,232	4,235	4,284	4,242	4,356	4,354	-2.0
Kuwait	2,781	2,730	2,720	2,765	2,731	2,787	2,787	2,791	4.1
Libya	470	405	401	370	314	326	313	292	-21.3
Nigeria	1,953	1,867	1,885	1,793	1,554	1,550	1,520	1,468	-51.2
Qatar	714	667	669	667	662	662	664	664	0.0
Saudi Arabia	9,688	10,123	10,122	10,147	10,297	10,455	10,577	10,605	28.0
UAE	2,759	2,856	2,881	2,807	2,847	2,930	2,952	2,952	0.0
Venezuela	2,361	2,357	2,354	2,278	2,176	2,132	2,117	2,104	-12.8
<b>Total OPEC</b>	<b>31,010</b>	<b>32,099</b>	<b>32,498</b>	<b>32,497</b>	<b>32,756</b>	<b>33,053</b>	<b>33,260</b>	<b>33,237</b>	<b>-23.1</b>

## OPEC crude oil production based on primary sources

Thousands of barrels per day

	2014	2015	Q4 15	Q1 16	Q2 16	June 2016	July 2016	August 2016	Change, July to August
Algeria	1,193	1,157	1,179	1,128	1,126	1,104	1,145	..	..
Angola	1,654	1,767	1,742	1,773	1,730	1,752	1,761	1,747	-13.6
Ecuador	557	543	536	548	554	550	546	549	3.4
Gabon	..	..	..	..	..	..	..	..	..
Indonesia	697	690	693	739	739	744	745	742	-2.6
Iran	3,117	3,152	3,313	3,385	3,570	3,610	3,620	3,630	10.0
Iraq	3,110	3,504	3,846	4,598	4,523	4,549	4,606	4,638	32.0
Kuwait	2,867	2,859	2,876	3,000	2,934	2,950	2,950	2,987	37.0
Libya	480	..	..	..	..	..	..	..	..
Nigeria	1,807	1,748	1,778	1,667	1,485	1,379	1,270	1,456	185.9
Qatar	709	656	651	675	655	670	677	643	-34.1
Saudi Arabia	9,713	10,193	10,202	10,225	10,360	10,550	10,673	10,630	-42.7
UAE	2,794	2,989	2,999	2,944	3,035	3,168	3,181	3,154	-27.5
Venezuela	2,683	2,654	2,587	2,510	2,392	2,364	2,355	2,328	-27.2
<b>Total OPEC</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>

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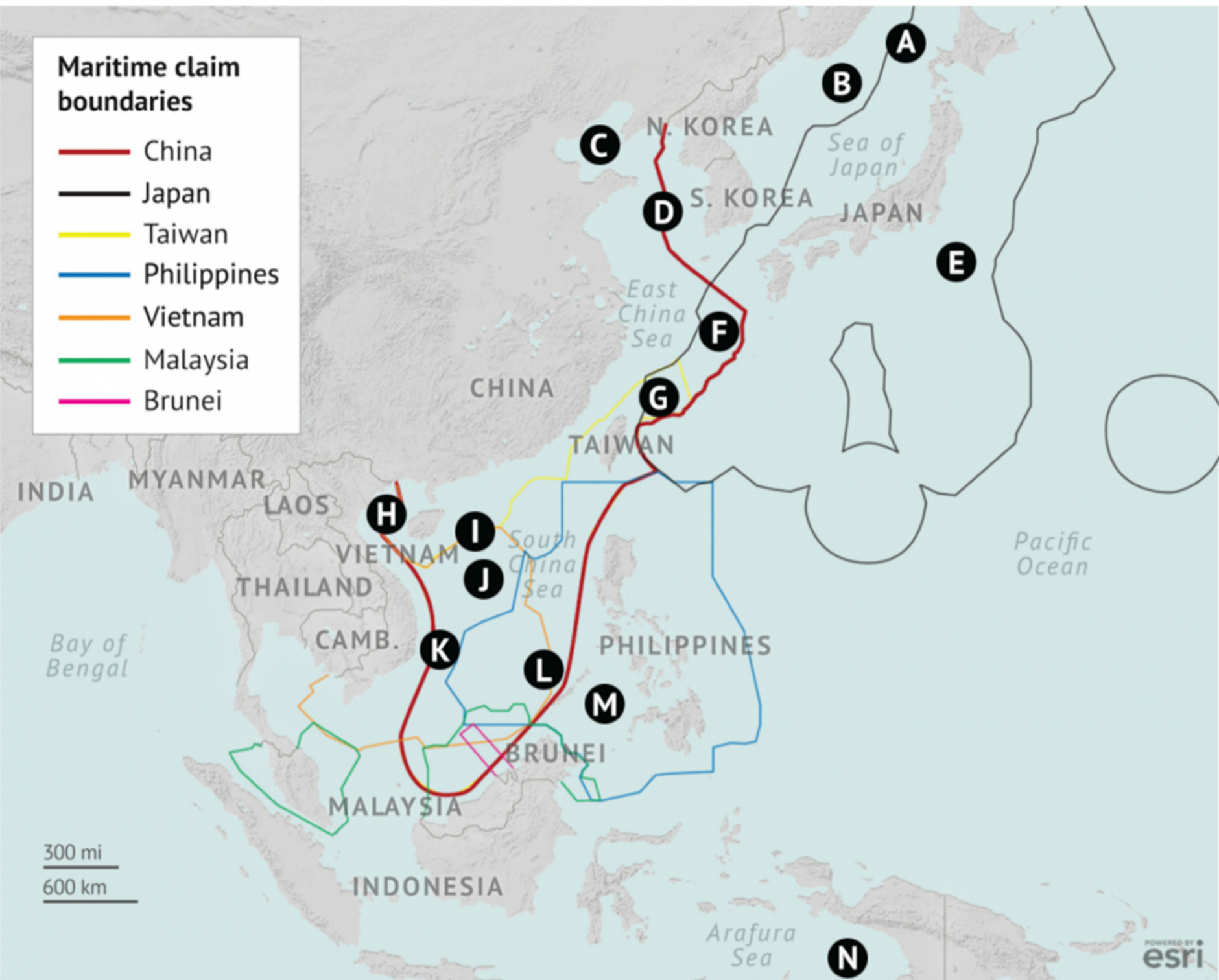
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# Chinese Fishery Incidents in Disputed Waters, 2000-2016

The Pacific Rim has numerous overlapping maritime claims. For years, competing nations have exploited fishing vessels to press their advantage. This can be useful, but can also get out of control, sparking short, sharp crises.



## Locations of incidents and parties involved

- A** Sea of Japan: Russia
- B** Sea of Japan: Japan
- C** Bohai Sea: South Korea
- D** Yellow Sea: United States  
South Korea  
North Korea
- E** Southwest of Japan: Japan
- F** East China Sea (general):  
United States  
Japan  
South Korea
- G** Senkaku/Diaoyu Islands (East China Sea): Japan
- H** Gulf of Tonkin: Vietnam
- I** East of Hainan (South China Sea): United States
- J** Paracel Islands (South China Sea): Vietnam
- K** Vietnam Central Coast (South China Sea): Vietnam
- L** Spratly Islands (South China Sea): Philippines
- M** Tubbataha Reef (Sulu Sea): Philippines
- N** Arafura Sea: Indonesia



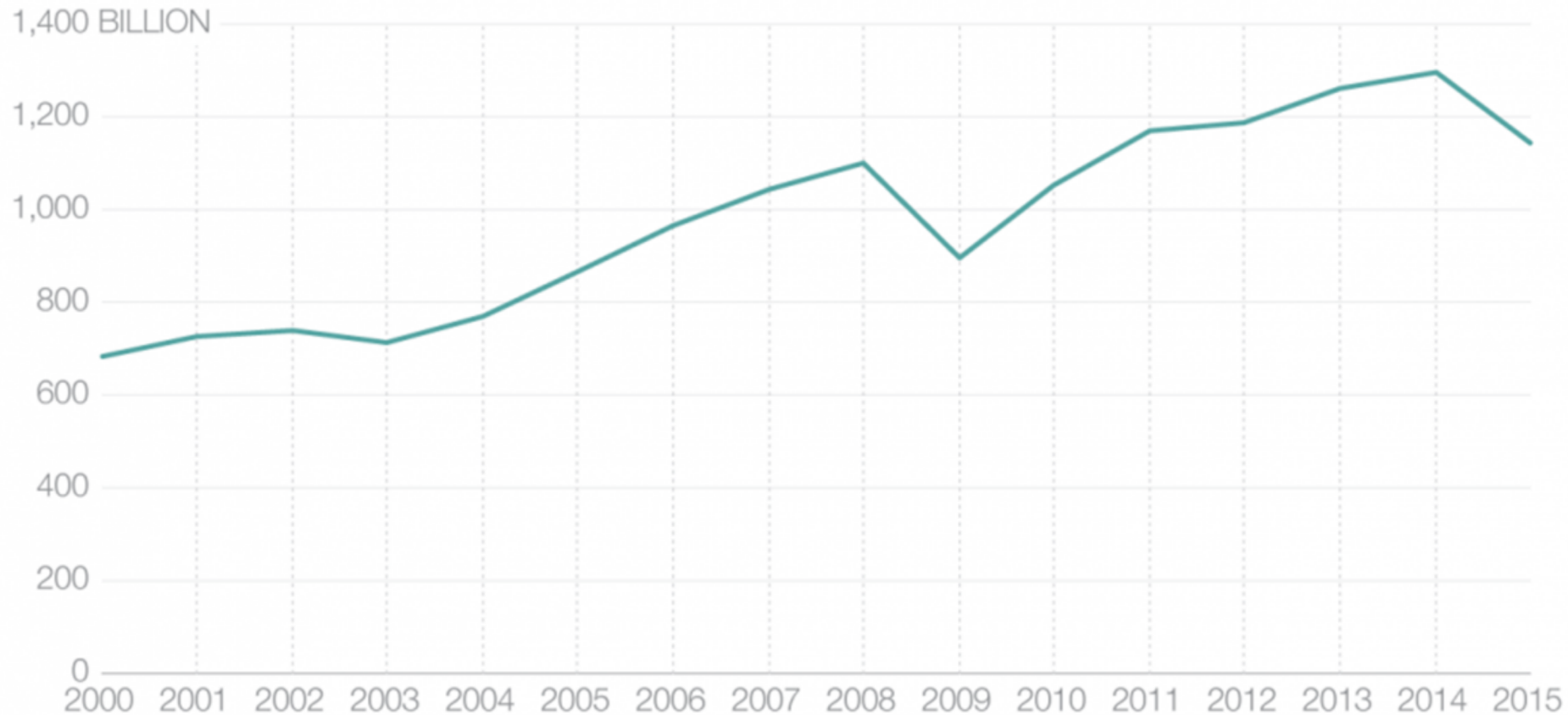
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# Mexico GDP

Mexico occupies a key position in Latin America as the region's second-largest economy. The economy's size is unlikely to change dramatically, even if the U.S. presidential election ushers in a different trade relationship between the United States and Mexico.



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# South Asia Forecast Highlights



**1** Indian Prime Minister Narendra Modi will campaign to win 2017 state elections, the most important of which is in Uttar Pradesh.

**2** Modi's campaign strategy will include taking a tough posture on Pakistan over Kashmir.

**3** Heightened Indian-Pakistani tensions over Kashmir will give the military a pretext to maintain strong political influence, even after Gen. Raheel Sharif's term ends in November.

**4** The national unity government will struggle to implement outstanding electoral reforms, while the Taliban insurgency will remain strong through the winter.

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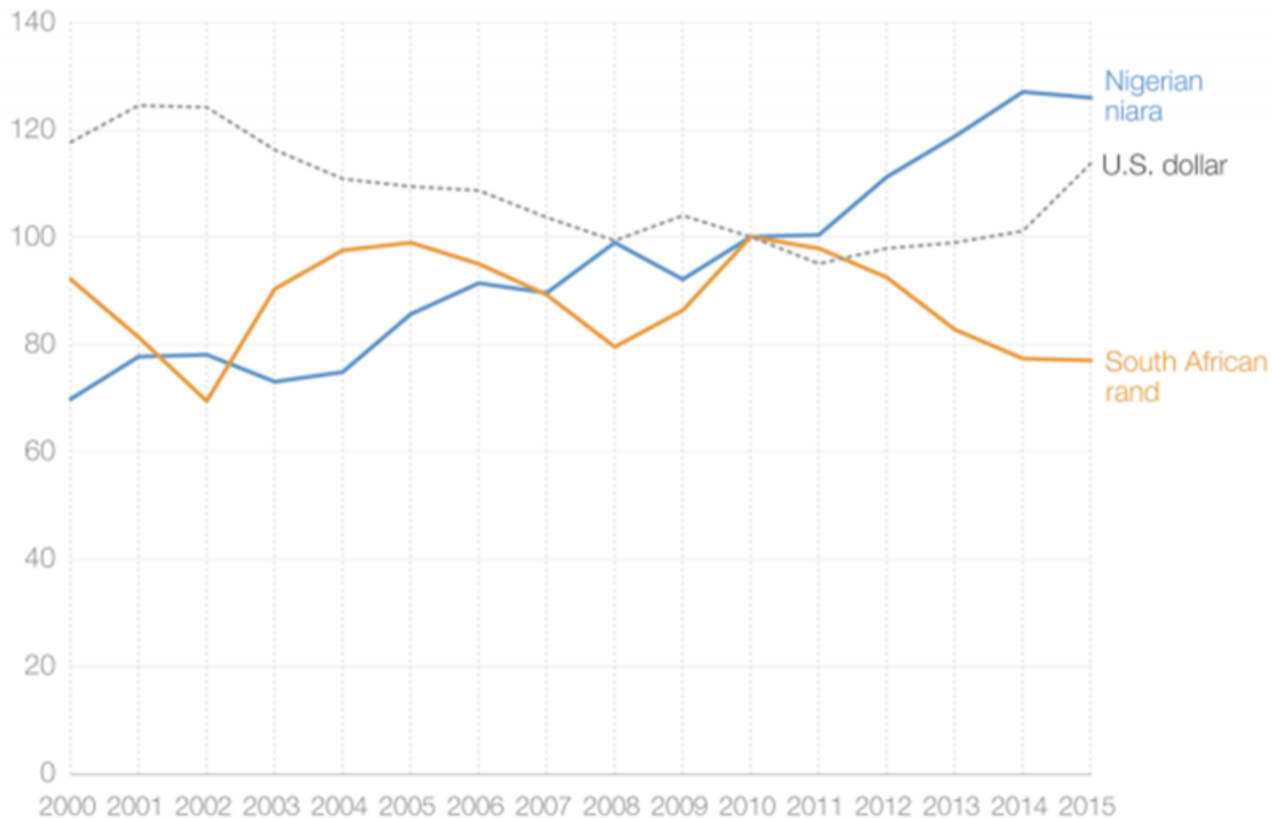
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# Currency Value in Nigeria, South Africa

South Africa's rand has been volatile for the past several years, trending downward in value since 2010 amid low global demand for commodities. More recently, in the past few months, questions over the status of the country's finance minister have increased the currency's volatility. Nigeria, for its part, has been working to stabilize the naira by pegging it to the dollar, though in recent months it has loosened restrictions on foreign exchange. Yet, the government is hesitant to fully detach the naira from the dollar, likely because of political pressures, such as the need to maintain good relations with influential unions.

## Real Effective Exchange Rate (2010=100)





From: Hammes, Ben [IGOV] <ben.hammes@iowa.gov>  
on behalf of Hammes, Ben [IGOV] <Ben.Hammes@iowa.gov>  
<ben.hammes@iowa.gov>  
To: Hammes, Ben [IGOV]  
<ben.hammes@iowa.gov>  
Cc:  
Bcc:  
Subject: MORNING CLIPS 10.5.16  
Date: Wed Oct 05 2016 06:29:45 CDT  
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image002.png

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## Contents

AP: ISU president's plane use funded by donations.	1
DMR: Rural Iowans face limited choices for health insurance.	3
AP: FLOOD WALLS MAY BE AROUND FOR WEEKS.	4
DMR: New complaints voiced over Polk wage hike plan.	5
DMR: 'Creepy clown' sightings spread to Iowa.	6
DMR: Allegations fly over Young's stalled vets' suicide hotline bill	8
DMR: Eminent domain for Iowa pipeline raises concerns.	10
DMR: Rising star in GOP to headline 2 Iowa events in days ahead.	11
DMR: Pence keeps cool as Kaine goes on attack at VP debate.	11
DMR: USDA: IOWA GETS BOOST FROM BIO-BASED GOODS.	13
DMR Editorial: N.Y. Times exposes biggest freeloader.	13
DMR Iowa View: NEVER AGAIN: VETERANS IN CRISIS SHOULD NOT BE TURNED AWAY.	15
DMR Iowa View: THIS MUCH IS CERTAIN FOR FARMERS, CROP INSURANCE IS ESSENTIAL.	16
DMR: New fundraiser project to support Des Moines police.	17
SCJ: Grassley talks Trump, trade with Journal editorial board.	18
SCJ: Judge talks Clinton, estate tax with Journal editorial board.	20
Dubuque TH: Small business event hosted by Blum focuses on challenges.	21
Iowa State Daily: Student Government resolution would ask Board of Regents to investigate Leath's plane use	22
WHO TV: Healthiest State Annual Walk Encouraging Iowans to Reach New Goals.	23





Records show money for flights could have been used for other priorities

RYAN J. FOLEY ASSOCIATED PRESS

AMES, Ia. — Iowa State University President Steven Leath has used a university plane to travel to and from the North Carolina town where he owns a mountain home on multiple occasions, to go on several fundraising trips with a celebrity bowhunter and to fly relatives to and from an NCAA basketball tournament game.

Records obtained exclusively by the Associated Press show the flights cost the university tens of thousands of dollars in private donations that could be used for other priorities and potentially violate policies that require travel expenses to be reasonable and businessrelated.

Leath, a pilot, has faced criticism after the AP revealed that he damaged the university's single-engine plane on a rough landing while flying home from an 11day vacation in Jefferson, N.C., last year and had flown it to the state on three other trips that included personal business. He vowed last month to stop flying himself and wrote the university foundation a \$15,000 check to cover the damage, while denying he violated any school policies or state law that bar the use of state resources for personal gain.

But the new records raise questions about additional trips Leath and his wife, Janet, have taken on the university's larger King Air plane, which is required to be flown by two school pilots. Invoices listing the details of hundreds of flights, including passengers, costs and destinations, were inadvertently posted online by the university, which abruptly took them down after learning the AP had them.

Leath hasn't responded to interview requests. But the university says all flights the Leaths have taken on the King Air had legitimate business purposes — often to meet with current and potential donors — or other justifications.

For instance, the school said it wasn't Leath's plan to take his brother Ken and sister-in-law on the plane to watch the Iowa State men's basketball team play Connecticut in 2014 in the Sweet 16 at Madison Square Garden. The pilots wanted to refuel before entering New York City airspace and unilaterally decided to stop at the airport in Horseheads, New York, before the game, allowing the couple who lives nearby to get on at no extra cost, the school said. The university said the pilots planned a fuel stop there after the game as well, and the couple was dropped off. Leath has defended his routine travel to Jefferson, North Carolina, by saying that he and his wife have entertained donors at their home — even though they live for free in a university mansion intended for such events. Leath worked for years in North Carolina before he was hired to lead Iowa State in 2011, and his family still owns a Christmas tree farm business there.

The university said one stop the plane made in Jefferson was to take advantage of "competitive fuel pricing" at its airport on the way from San Antonio to Washington, D.C. But it said other trips to Jefferson were for donor meetings or to pick Leath up for travel to other events. Leath hasn't reimbursed the university any of those trips — unlike four North Carolina trips he took on the smaller plane in which he paid back \$4,700 — and has no plans to do so. "Like most business trips, some or all of these trips may have had some personal component to them. ISU does not require any employee to be 'on the clock' 24/7 when traveling for business purposes on behalf of the University," spokesman John McCarroll said. But school policies warn employees to take "particular care" when combining personal and business travel and not to schedule any for personal gain. Travelers are required to pay the cost of any indirect routes taken for personal convenience.

Most of Leath's flights have been billed to the "Greater University Fund," a pot of unrestricted donations to Iowa State's foundation that is advertised as helping the school's most critical needs. ISU's flight program charges \$4.52 per mile flown to recover costs from the fund. The program charges \$650 per day if pilots are required to have a layover.

Records show the plane dropped off the Leaths on May 24 in Jefferson after a fundraising trip to Florida. A week later, the plane was dispatched to Jefferson to take them to Dallas for a business trip — at a cost of \$6,900. The closest airport, about two hours away in Greensboro, offers direct flights to Dallas for as little as \$120 per person.

Leath, an avid hunter, has also taken professional archer John Dudley on four donor-funded trips that have mixed university business with hunting. Dudley, who hosts the “Nock On” hunting television show but has no apparent ties to Iowa State, has flown for free on the plane.

McCarroll said Dudley is a well-known outdoorsman who is helping Iowa State make fundraising contacts on two projects. He didn’t respond to additional questions about the role of Dudley, who trains people how to bowhunt.

The Leaths and Dudley made a two-day trip to Raleigh, N.C., in March and stopped in Jefferson on their way back to Ames. The next week, the university plane returned to Jefferson to pick up Leath to take him to Pittsburgh.

Ames real estate agent Dean Hunziker recalled flying on the plane and hunting on trips to Texas and Indiana with Leath as part of talks with investor Steve Hageman to build private university housing — a proposal that hasn’t panned out.

“He had a great big, hunting lodge” in Texas where a group that included Dudley and all three men’s wives visited last year, Hunziker recalled. “We did shoot some ducks.”

Two flights dropping off the group and picking them up four days later cost the fund \$8,000.

A member of ISU Student Government said he will introduce a resolution Wednesday calling for an investigation of Leath’s use of university aircraft.

Abhijit Patwa, an ISU senior studying mechanical engineering, said he and other senators have heard from fellow students urging Student Government to issue a censure or a no-confidence vote against the university president.

“Before we make any rash decisions, we need to make sure that we have all the facts available,” he said.

Patwa said his proposed resolution calls on the Senate of the Student Government to ask the Iowa Board of Regents to investigate the matter further. “There is a lot of confusion, and a lot of information is not yet available to us,” he said.

DMR: Rural Iowans face limited choices for health insurance

TONY LEYS TLEYS@ DMREG. COM

Iowans in 13 rural counties who want to buy subsidized health insurance under the Affordable Care Act will have just one option for 2017, the state insurance division reported Tuesday.

Medica, a relatively small carrier based in Minnesota, is the only health insurer that has agreed to sell individual policies in all of Iowa’s 99 counties, via the Affordable Care Act’s online marketplace.

The marketplace is the sole place where consumers can buy individual health insurance that qualifies for subsidies under the federal law, also known as Obamacare.

The Obamacare marketplace, also known as the exchange, was touted as a way to encourage

competition among health insurers.

It is designed for people who buy their own policies instead of obtaining them via an employer or a government program, such as Medicare or Medicaid.

About 55,000 Iowans purchased individual health insurance policies for 2016 on the exchange.

Most had incomes low enough to qualify for subsidies, which come as tax credits.

In 2017, residents of some urban counties will have access to policies from as many as three health-insurance carriers on the exchange to choose from, the insurance division reported.

For example, people living in the Des Moines, Cedar Rapids and Quad Cities areas will have access to policies through Aetna, Medica and Wellmark.

The counties with just one carrier — Medica — will be Adams, Buena Vista, Iowa, Jefferson, Keokuk, Lee, Louisa, Mahaska, Page, Pocahontas, Taylor, Van Buren and Wapello.

Insurance Commissioner Nick Gerhart urged consumers to shop around for coverage, if possible. "It's important for Iowans to be sure they look at all factors such as cost — which includes whether they are eligible for a tax credit by purchasing through the marketplace; whether their preferred doctor is within that plan's network; and the types of coverage and services offered under the different plans," he wrote in a press release.

The insurance division also posted a list of sample premiums for various counties, to give consumers an idea of how much their insurance could cost next year. Exact 2017 rates and subsidy levels should be available on the Obamacare website, Healthcare.gov, when open enrollment begins on Nov. 1.

Gerhart said Tuesday he had worried that even more Iowa counties would be served by just a single carrier next year. Even if consumers have just one choice of carrier, he said, they still should be offered multiple plans with various premiums and coverage levels.

"The best advice I can give is that people should still look for the best plan in those counties that fit their needs," he wrote in an email to the Register.

Insurance companies' participation in Iowa's Obamacare exchange has been in flux since the system launched in 2013.

One of the original participants, a new cooperative called CoOpportunity Health, founded in 2014. Tens of thousands of its customers had to scramble to sign on with new carriers.

Meanwhile, the state's dominant health-insurance company, Wellmark Blue Cross and Blue Shield, declined to sell policies on the Obamacare marketplace. Wellmark finally agreed to sell policies there for 2017, but it will only offer them in 40 of the state's 99 counties. Also, Wellmark will only sell marketplace policies that steer customers to use clinics and hospitals aligned either with the Mercy system based in Des Moines or with the University of Iowa system and related facilities in eastern Iowa. One of Wellmark's primary rivals in Iowa, UnitedHealthcare, decided to stop selling policies on Iowa's Obamacare exchange beginning in 2017.

But another big carrier, Aetna, agreed to continue selling individual health insurance in 76 Iowa counties. Aetna, which used to use sell Iowa policies under the Coventry brand, announced in August that it was pulling out of the exchanges in 11 states, but will continue to operate through the exchange in Iowa and three others.

The individual health insurance market has been hit with much bigger premium increases than seen in the larger market for employer-provided coverage. Gerhart recently approved rate increases of 19

percent to 43 percent for more than 75,000 lowans who buy their own policies. Many of those people will qualify for federal subsidies to help offset the cost, but some could be priced out of the market.

The insurers successfully argued they needed the premium increases to cover the unexpectedly high healthcare costs of previously uninsured lowans. After approving the increases, Gerhart said thousands of lowans could qualify for an exemption to the Obamacare requirement that most Americans have insurance.

Under the law, people who can't find a policy that costs less than 8 percent of their income can apply for the exemption.

AP: FLOOD WALLS MAY BE AROUND FOR WEEKS

C.R. city engineer: Contractors prioritize clearing busy streets, bridges first

ASSOCIATED PRESS

CEDAR RAPIDS, Ia. — The removal of temporary flood barriers in Cedar Rapids will take an extended period of time, officials said.

Cedar Rapids city engineer Nate Kampman said most of the removal work after water from recent floods receded focused on clearing away sand-filled barriers from entrances to bridges and important roads. Some barriers may be around for weeks.

The Cedar River crested last week at its second-highest level in history. City officials said a 9.8-mile system of barriers and earthen berms protected homes and businesses.

Kampman said some of the barriers will stay in place longer than others.

"We're focusing more on barriers sitting in streets, driveways, blocking railroads and blocking businesses," he said. "Those types of barriers will come down first."

Kampman said the city has private contractors working alongside city crews; however, the city only hired about two-thirds of the original number to remove the barriers. With time not being a pressing issue, the city can afford to cut costs in that area.

KCRG-TV reports that some barriers, especially those in out-of-the-way locations, such as city-owned parking lots, may be around for weeks.

A few of the earthen berms will stay in place as long as they're not blocking streets, Kampman said. While the berms are not built to the standards of permanent flood levees they may be needed in the future.

"As long as they left it up and let it settle," said Czech Village area resident Josh O'Connor. "I don't see why they'd spend the money and manpower to take it down."

DMR: New complaints voiced over Polk wage hike plan

Board of Supervisors' compromise proposal is met with protests over separate wage for youth workers

KEVIN HARDY KMHARDY@DMREG.COM

The Polk County Board of Supervisors withstood a fresh barrage of complaints Tuesday over its proposed minimum wage hike, which would raise the local wage to \$10.75 per hour by 2019.

Several supervisors told audience members that they had struck a compromise in creating the wage ordinance, which was debated over several months at special task force meetings. Supervisor Tom Hockensmith, who led the minimum wage task force, likened the process to his previous experience negotiating labor contracts.

“A lot of times you don’t get everything that you want,” he said. “... That’s called compromise, that’s called a negotiation, something that folks evidently in this room don’t understand, or at least some.”

Supervisors voted 4-1 Tuesday on their second reading of an ordinance that would create a minimum wage of \$8.75 an hour in April — rising to \$10.75 an hour by January 2019. Supervisor Steve Van Oort cast the only dissenting vote. The board will consider a third and final reading at 9:30 a.m. Oct. 11.

While many members of Iowa Citizens for Community Improvement asked for a \$15 minimum wage, a frustrated Hockensmith said a wage that high would lead cities to opt out of the wage hike altogether. “For the life of me, I’ve never had anybody make a logical response as to why we would adopt an ordinance that we are 100 percent positive that all the communities are going to opt out of,” he said. “That would impact no one.”

Aside from pushing for a higher base wage, many who took the podium Tuesday called for two changes in Polk County’s ordinance. They pushed for removal of an amendment added the week before that would freeze the tipped-worker minimum wage at \$5 per hour, rather than keeping the rate at 60 percent of the overall minimum wage, as is currently laid out in state law. And many protested the separate wage for youth workers, a first-of-its-kind move in Iowa.

The Iowa Grocery Industry Association lobbied for the separate wage for younger workers, who they say are limited by law in the hours they can work and the duties they can perform. The Iowa Restaurant Association pushed for a freeze of tipped worker wages, arguing that servers and bartenders are among the highest paid workers in the hospitality business.

“To listen to the restaurant industry, these tipped workers are millionaires and billionaires,” said Hugh Espey, executive director of Iowa CCI. “... And it’s time to stop kowtowing to the restaurant industry and the grocery industry. It’s time to put people first.”

Holly Herbert said the youth wage was discriminatory and questioned why Polk County would add a stipulation not mirrored in federal or state minimum wage laws. “I don’t understand why we are doing it in our county,” she said, “when the other counties that have already raised the minimum wage have nothing like this in their ordinance.” Michael Adato, a 17-year-old senior at Waukee High School, complained that supervisors ignored requests to meet with young workers. “We have memories,” he said in his second address to the board. “We will not forget your lack of compassion for our young people.” After the barrage of complaints, Supervisor John Mauro argued that doing something on the minimum wage is better than nothing. He said a \$15 minimum wage was a nogo for cities within Polk County. “I’m confused,” he said. “I say lets do this: Let’s pull the whole thing and stay back at \$7.25. Let’s just forget about it.”

Jessica Dunker, president and CEO of the Iowa Restaurant Association, sat on the minimum wage task force. She thanked supervisors Tuesday for listening to all sides in drafting the ordinance.

“No one in the room is happy,” she said. “And the fact that no one in the room is happy probably shows that compromise happened — bipartisan compromise.”

DMR: ‘Creepy clown’ sightings spread to Iowa

Statewide, police say reports have been unsubstantiated, appear to be a hoax

JOEY AGUIRRE AND KIM NORVELL

JAGUIRRE@GANNETT.COM

The “creepy clown” craze sweeping the nation has reached Iowa.

People in at least 14 states have reported that they saw people dressed as clowns roaming and in some cases trying to lure women and children into the woods or directly threatening schools and college campuses — but law enforcement has been able to substantiate almost none of the hundreds of reports. In some cases, authorities have filed criminal charges against people they said were purposely perpetrating a hoax.

Statewide, police at the University of Iowa and Iowa State University have both received calls about people dressed as clowns spotted in their towns. In Waterloo, police took nine calls about clown sightings on Monday night alone, The Courier reported.

An additional officer was posted at West High School in Waterloo, due to a threats of a “pending clown attack,” the Courier reported.

A Twitter account, @IowaClowns, has fueled the rumors. It claims to tweet true sightings of clowns in the state, though it is an unverified handle.

In a Facebook post, the University of Iowa Police Department reported that people have seen a clown around campus the last two nights. Police said they have not received reports of the clown harming or threatening anyone. Chief Aaron DeLashmutt with Iowa State University Police said the department received a report of a person dressed as a clown in the woods, but police were unable to substantiate the report other than seeing tweets. One Twitter user asked university police if they can call 911 if they see a clown; the answer was yes, if the caller believes the situation is an emergency.

“I believe this is in relation to what is happening nationally. Until we have an actual threat, I do not see clowns as dangerous,” DeLashmutt said in an e-mail to the Register. “As with anything, we encourage people to call if they see anything suspicious.”

Police in central Iowa say rumors of clown sightings in the area, including a rumor one at Waukee High School prompted a lockdown, are untrue. Most reports are fueled by social media but never verified by police, said Sgt. Paul Parizek, spokesman for the Des Moines Police Department.

Tweets listed all kinds of rumors of clown sightings in Waukee on Monday, from a clown holding a knife, to it knocking on classroom windows. Some said the school was placed on lockdown, while others said the school was evacuated. A spokeswoman for the Waukee Community School District said the school was never placed on lockdown and students were never asked to leave. Parizek said there have been no verified reports of clowns in Des Moines. Members of the Dallas, Polk and Warren County sheriff’s offices also confirmed that they have not received any calls or reports about clowns. Phil Roeder, director of communications for the Des Moines Public Schools, said students haven’t reported clowns at their schools. “As has been widely reported by the media, the creepy clown threats seem to be part of a nation- wide social media hoax that, unfortunately, is causing concern for some people and a waste of time for many people,” Roeder said. “However, a threat against a school — even if it involves face paint and colorful wigs — is a crime, and we will refer any instances to the Des Moines Police Department.”

Students at Merrimack College in Massachusetts were asked to shelter in place Monday night and a dorm was evacuated due to a report of an armed clown in the residence hall, the Boston Globe reported. Authorities found no credible threat. Over the weekend, schools in Pennsylvania and Texas reported that police were investigating threats made by clowns on social media. While nothing

happened in those instances, schools in Cincinnati were closed Friday because a woman reported being attacked by a man, dressed as a clown. Cincinnati.com reports the suspect was wearing a striped outfit, red wig and white clown mask. One school district in Connecticut is banning kids from dressing in clown costumes. Fox 61 reported on Monday that the New Haven Public Schools will not allow clown costumes as Halloween approaches.

This comes after authorities were investigating an Instagram account that posted threatening messages and clown photos.

Author Stephen King, the man many can thank for their fear of clowns — he wrote the novel “It,” after all — took to social media Monday to stick up for the good ones.

DMR: Allegations fly over Young’s stalled vets’ suicide hotline bill

WILLIAM PETROSKI

BPETROSK@DMREG.COM

U.S. Rep. David Young is blaming Senate Democratic Leader Harry Reid for holding up final passage of bill to improve a suicide hotline for troubled veterans. But Reid’s spokesman says the Iowa congressman should be faulting majority Senate Republicans.

Young, a Van Meter Republican, has proposed the “No Veterans Crisis Line Call Should Go Unanswered Act” that was approved by the House last week on a 357-0 vote. The measure is aimed at reducing suicides of veterans — estimated at 22 per day — and stems from reports that more than one-third of calls are not being answered by front-line staffers under the current hotline system.

Young has said some Iowa veterans have personally related their frustrations when they received busy signals or had other problems trying to obtain help through the hotline.

The Iowa congressman says the House bill is currently stalled in the U.S. Senate “based on the actions of one senior retiring member in that chamber,” a reference to Nevada’s Senator Reid.

“I remain committed to making progress on this legislation so it may be someday soon signed into law,” Young said. “These practical fixes to the Veterans Crisis Line have received widespread support by Republicans and Democrats alike.”

A companion version of the legislation has been introduced in the U.S. Senate by Sen. John Thune, R-S.D., and co-sponsored by Sen. Amy Klobuchar, D-Minn.

Young, a freshman lawmaker who is facing re-election in Iowa’s 3rd District from Democrat Jim Mower, has received support through social media from House Speaker Paul Ryan, R-Wis. Ryan last week tweeted: “@YoungForIowa has worked hard on a bill to make sure no call to the #veterans crisis call line goes unanswered, but Harry Reid blocked it.”

Adam Jentleson, a spokesman for Reid, adamantly disputed those allegations Tuesday and laid blame on Senate Republican Leader Mitch McConnell of Kentucky, whose party holds majority control in the chamber.

“I don’t want to go around and accuse people of lying, but it’s possible that they are being misled by the (Senate) Republican leadership. It is just not true,” Jentleson said.

Jentleson said there had been an 11th-hour move last week by Senate Republicans to approve the bill by unanimous consent without a Senate floor vote, but it came too late. The effort by the Senate GOP

leadership, known as “hotlining,” came a day after it had been announced that there would be no more votes in the Senate until after the election, “and after most members were scattered to the winds,” he added.

The Senate Veterans Affairs Committee has been considering its own companion bill to the House version. “Our understanding is that no attempt was made by the chairman of the committee on the Senate side to move the bill out of committee before we left for our six-week recess,” Jentleson said.

“That bill is literally sitting on Mitch McConnell’s desk,” Jentleson said. “If he wanted to file cloture on that and bring it to the floor, no one could prevent him from doing that. He could have easily done that instead of leaving town.”

David Popp, a spokesman for McConnell, pushed back at that characterization and defended Senate GOP members’ handling of the bill, saying, “It is my understanding that it cleared our side, but there is either one or a number of Democrats holding it up ... It is untrue that it is our side holding it up. It is actually the Democrats in some capacity are the ones holding it up right now.”

Reid issued a statement late Tuesday afternoon accusing Republicans of taking an “extended recess” instead of passing critical legislation to address suicide rates among America’s veterans.

“If the Republican-led Senate was at work today as it was supposed to be, this bill would have passed by now,” Reid said.

Reid added, “... there is nothing stopping the Republican leader from bringing either the Senate or House version of this bill to the floor for a vote. I believe the Senate bill should come to the floor through regular order, but if the Republican leader decided to take a shortcut and bring the House-passed version to the floor immediately, I certainly would not object.”

DMR: Eminent domain for Iowa pipeline raises concerns

Congressman hears ‘more and more’ from constituents about \$3.8 billion Dakota Access project

WILLIAM PETROSKI

BPETROSK@DMREG.COM

U.S. Rep. David Young says he’s hearing more and more from constituents about the Dakota Access Pipeline, and he believes the use of eminent domain to obtain easements through Iowa farmland for the \$3.8 billion project is a cause for concern.

The Van Meter Republican was questioned Tuesday about the pipeline during an appearance before the Greater Des Moines Partnership, a business group that promotes economic growth in central Iowa. He was specifically asked if he supports the Iowa Utilities Board’s decision to authorize the use of eminent domain for a private company to obtain access to private property through 18 Iowa counties to transport crude oil.

“I do have concerns about private property rights, so this does concern me,” Young replied. However, he added that he doesn’t consider the matter a federal issue, although a questioner pointed out that the U.S. Army Corps of Engineers has been involved in the project. The Corps has granted federal permits for the project, which will transport up to 570,000 barrels of oil daily from North Dakota to Illinois, to cross waterways across the four states.

The congressman said one of the questions yet to be answered is whether people who don’t like the Iowa Utilities Board’s decision have a way to change it. He added that while the pipeline doesn’t go



through a lot of southwest Iowa's 3rd Congressional District, which includes the Des Moines area and Council Bluffs, it does cut through some of his district.

The Iowa Utilities Board's decision to grant a permit for the Dakota Access Pipeline and to authorize the use of eminent domain is being argued in a lawsuit pending in Iowa District Court that is scheduled for trial in December. Both environmentalists and some property owners are challenging the state's board's unanimous vote in favor of the project. The issues could ultimately be decided by the Iowa Supreme Court, although construction of the pipeline in Iowa is well underway and is expected to be completed later this year.

About 35 people attended Young's appearance before the Greater Des Moines Partnership in downtown Des Moines; it's one of a series of candidate forums sponsored by the business group. Young, a former chief of staff to U.S. Sen. Chuck Grassley, is a freshman lawmaker who is being challenged by Democratic candidate Jim Mowrer of Des Moines, an Iraq war veteran.

Young said he understands Iowans' frustrations with government and he is continuing a tradition of Iowans having a voice on the appropriations committee in Congress. In addition, he said he is working to ensure the homeland is safe and to provide a reliable transportation system, as well as making local decisions about education programs.

"Brooklyn, Iowa, is not like Brooklyn, New York. Corning, Iowa, is not like Corning, New York," he remarked..

Asked by a woman how he can make child care more affordable, Young said he supports federal legislation that would allow working parents to have the choice of accepting overtime pay or having the time off on another occasions. He also expressed interest in allowing parents to deduct child care from income taxes.

"That balance is tough for a lot of people and I understand that and I hear that," the congressman said.

DMR: Rising star in GOP to headline 2 Iowa events in days ahead

JASON NOBLE

JNOBLE2@DMREG.COM

U.S. Sen. Tom Cotton will headline two major Republican fundraisers in Iowa in the coming days, raising his profile in the state and almost certainly stoking speculation about his intentions in 2020 or beyond. Cotton, a first-term Republican from Arkansas, will headline the Republican Party of Iowa's Reagan Dinner in Des Moines on Saturday, followed by a keynote address to the Scott County Republicans' Reagan Dinner next Tuesday. He'll remain in the state throughout the weekend, a spokeswoman told The Des Moines Register, with five additional events planned with various state and federal GOP candidates. Cotton is viewed as a rising star within the party and has already begun making contacts with Republicans in Iowa, where every four years voters participate in the first nominating contest of the presidential election. He spoke to the state's Republican National Convention delegation last July, where both U.S. Sen. Chuck Grassley and Iowa GOP Chairman Jeff Kaufmann acknowledged his potential as a presidential candidate. Cotton will headline the Iowa GOP's Reagan Dinner, to be held at 6 p.m. Saturday at the Iowa Events Center in downtown Des Moines. Tickets are \$100, and can be purchased online at [atiowagop.org/get-involved/2016reagandinner/](http://atiowagop.org/get-involved/2016reagandinner/).

The Scott County Reagan Dinner is scheduled for Tuesday at the Waterfront Convention Center in Bettendorf. Tickets are \$50, and can be purchased online at [scottcountyrepublicans.org/?page\\_id=2462](http://scottcountyrepublicans.org/?page_id=2462). In addition to the dinners, Cotton will hold a fundraiser on Sunday with state Senate candidate Jeff Edler, R-State Center; a "veterans event" with U.S. Rep. David Young in Des Moines

and a fundraiser for state Senate candidate Dan Dawson, R-Council Bluffs, on Monday; and a business tour with state Senate candidate Rene Gadelha, RMarion, and a rally with Grassley on Tuesday.

DMR: Pence keeps cool as Kaine goes on attack at VP debate

I figure there were generally two types of people who watched the vice presidential candidate debate on Tuesday night. Most, it's safe to say, were people who had already made up their minds and were just looking for reinforcement of their decision. Nothing that happened will have mattered to them.

The rest were the relatively few voters who still haven't decided between Hillary Clinton and Donald Trump. Most likely, these are people who can't stand either candidate but feel obligated to vote anyway. These folks might, potentially, have been looking to the running mates to break an unpalatable tie.

Nice try.

I thought the match between Democratic Sen. Tim Kaine of Virginia and Republican Indiana Gov. Mike Pence would be more civil and issuebased than the first presidential debate. It was, but not by much.

Kaine ran hot all night, excessively interrupting Pence and daring him to defend Trump on some of his statements about undocumented immigrants, women, African-American and foreign leaders.

"Six times tonight, I have said to Governor Pence, I cannot imagine how you would defend your running mate's position ... And in all six cases, he has refused to defend. And yet, he is asking everybody to vote for somebody he cannot defend," Kaine said, late in the evening.

Pence kept his cool — and at times even complimented his opponent. He was far more skillful than Trump was during the first debate at turning attacks back on Clinton. Unlike Trump, for example, Pence raised questions of influencepeddling through the Clinton Foundation. He also turned a question about cybersecurity into an opportunity to raise questions about the security of Clinton's private email server. But when it came to Trump, Pence more often employed denial than defense. For example, Kaine said Trump had suggested more nations should get nuclear weapons. "Try to defend that," he said to Pence. "He never said that," Pence said. Trump in fact did suggest it might be better if Japan defended itself against the nuclear threat of North Korea and said "it's going to happen anyway" that Japan, Saudi Arabia and South Korea would get nuclear weapons.

Pence also protested that he had no problem defending his running mate.

"Don't put words in my mouth. Most of what you said is completely false, and the American people know that," Pence said.

The candidates spent most of the time talking about their running mates rather than their own experience and records. Pence did hit Kaine with a comparison of the financial status of their respective states, however.

"I am very proud of the fact that I come from a state that works. The state of Indiana has a balanced budget. We cut taxes. I finished my term with \$2 billion in the bank," Pence said. "That is a little bit different from when Senator Kaine was governor here in Virginia. He actually tried to raise taxes by about \$4 billion. He left the state about \$2 billion in the hole."

Kaine left that attack largely unanswered but hit Pence on his opposition to raising the minimum wage and also his advocacy of private Social Security accounts during his time in Congress.

It's a shame we didn't hear more about Kaine and Pence and their qualifications and records. Clinton, 68, and Trump, 70, would be among the oldest presidents in history, so it makes sense to evaluate the

running mates as if they may actually have to take over some day.

Kaine's interruptions were irritating, but his tactic of pushing Pence to defend Trump was largely successful. Overall, Pence looked more presidential than Kaine, especially in the first half-hour of the debate. Pence also looked more presidential than his own running mate, though, and that's not necessarily a selling point for the ticket. Now it will be up to Trump, in Sunday's second presidential debate, to live up to Pence's example.

DMR: USDA: IOWA GETS BOOST FROM BIO-BASED GOODS

CHRISTOPHER DOERING CDOERING@ GANNETT. COM

WASHINGTON — The production of bio-based goods in Iowa has helped improve the rural economy with jobs and revenue, U.S. Department of Agriculture Secretary Tom Vilsack said Monday.

A report released by the Agriculture Department estimated production of bio-based items directly created more than 20,000 jobs and contributed \$1.74 billion to Iowa's economy in 2014.

Bio-based products made from renewable sources include fabrics, bottles, textiles and cleaning supplies.

In a speech Monday, Vilsack said the industry has helped reduce unemployment in the rural U.S. economy below 6 percent, stabilized the area's once declining population and helped the environment.

"It's a significant aspect of the rural economy, and one that I think has tremendous opportunities to continue to grow," Vilsack said. "America has an appetite for everyday products ... made from renewable sources."

Iowa is the nation's No. 1 ethanol producer, but 27th when it comes to creating jobs from the manufacture of bio-based products. California leads the nation with 145,000 bio-based jobs.

Nearly all of Iowa's bio-based impact on the state's economy came from forest products, at \$1.5 billion.

Smaller contributions came from bio-based chemicals and enzymes.

Nationwide, Vilsack said bio-based products contributed \$393 billion and 4.2 million jobs to the American economy in 2014, both up from the previous year.

DMR Editorial: N.Y. Times exposes biggest freeloader

Trump supporters want to arrest the messenger

God bless the New York Times. Knowing full well that they're likely to be sued for publishing information from Donald Trump's personal income-tax returns, the newspaper's editors have done so anyway. The records show that Trump declared a \$916 million loss on his 1995 tax return, a deduction so large it could have enabled him to legally avoid paying any federal income tax for up to 18 years.

It's a stunning revelation that provides additional evidence the GOP presidential nominee is not the successful businessman he claims to be, and that his extravagant lifestyle is subsidized by the working men and women who can't take advantage of tax shelters for the wealthy.

Trump's defenders are beside themselves, arguing that while the tax records indicate Trump has done

nothing illegal, the Times has violated the law in publishing them and must be held accountable. The once-respected Rudolph Giuliani, now Trump's chief toady and bootlicker, and Chris Christie, still the billionaire's most shameless sycophant, have each declared that the tax returns prove Trump to be a "genius" when it comes to finance.

"The media broke the law, the New York Times breaks the law," fumed radio host Rush Limbaugh on Monday. "Donald Trump has followed the law."

The fact is that under federal law, it's a felony to willfully print or publish, without authorization, someone else's tax returns if the chain of disclosure begins with government officials, such as IRS employees, leaking the documents. In those cases, the offense is punishable by a fine of up to \$5,000 and imprisonment of up to five years.

In this case, the Times didn't persuade an IRS official to turn over the records; the documents arrived in the mail, sent by an anonymous individual. And the courts have ruled that newspapers are entitled to publish truthful, lawfully obtained information on matters of public concern, even when in cases where an individual's right to privacy is threatened.

Trump could sue the Times in civil court, as his lawyer has already threatened to do, but he'd almost certainly lose. The U.S. Supreme Court has explicitly ruled that even in those cases where the law has been violated by a third party, "a stranger's illegal conduct does not suffice to remove the First Amendment shield from speech about a matter of public concern."

Some of Trump's supporters claim the voting public has no legitimate interest in knowing whether candidates for president are paying any taxes. They may have forgotten the outrage that swept the nation in 1973, when it was revealed that President Richard Nixon had paid just \$878 in federal income taxes on a \$200,000 salary, and that Nixon had lessened his tax bill by improperly backdating his deductions. The disclosures led to a series of reforms in federal tax law and prompted the president to go on national television to proclaim, "I am not a crook." But none of that would have happened had the Providence Journal not obtained Nixon's tax records from unnamed "government sources" and then published the information.

Trump says that paying little or no taxes makes him a smart businessman. That would be a tough argument for any politician to sell, but it's downright laughable coming from Trump, who has a history of condemning other Americans for not paying more in taxes.

"HALF of Americans don't pay income tax despite crippling govt debt," Trump tweeted in February 2012.

Two months later, Trump condemned President Barack Obama for not paying more in taxes, tweeting, "Barack Obama who wants to raise all our taxes only pays 20.5% on \$790k salary. ... Do as I say, not as I do."

Last year, Trump tweeted, "The hedge fund guys have to pay higher taxes ASAP. They are paying practically nothing."

Donald Trump's campaign for the highest office in the land is built on the premise that he is a successful businessman, with unsurpassed knowledge in real estate and finance. He has also railed against those who twist the tax code to their benefit and saddle the rest of us with the burden of paying more for our military, our roads, our schools and our police and firefighters.

When Nixon told the American public he wasn't a crook, he was mired in a cesspool of illegal activities that had yet to be publicly revealed. But he got one thing right that day, prefacing his comments with a statement that Trump's supporters need to consider in 2016: "People have got to know whether or not their president is a crook."

Thanks to the way federal tax laws are now written, Trump may not be a crook. But if his tax records, unpaid debts and bankruptcies are any indication, he just might be the biggest freeloader in all of America.

## DMR Iowa View: NEVER AGAIN: VETERANS IN CRISIS SHOULD NOT BE TURNED AWAY

By: Rep. Loebsack

In July, Sgt. Brandon Ketchum, a young veteran and father, did what many of us have trouble doing when in need — he asked for help.

As a result of multiple tours in Iraq and Afghanistan, Sgt. Ketchum suffered from posttraumatic stress disorder. These wounds may be invisible to others, but any veteran who suffers from a mental health crisis has sacrificed too much to ever feel alone when trying to heal. Sgt. Ketchum was in crisis.

From what he later posted on social media, we know that Sgt. Ketchum did not want to be alone in his time of need, so he turned to the Department of Veterans' Affairs. In his darkest hour, Sgt. Ketchum showed bravery in this act. The stigma of mental health issues can seem like an insurmountable barrier for many to seeking treatment, but Sgt. Ketchum was stronger than that stigma.

He asked for a bed in the Iowa City VA Medical Center's in-patient psychiatric ward. We may never know exactly what happened next — accounts differ, and there is currently an investigation pending — but, from what he shared, we know that Sgt. Ketchum left the VA feeling alone and frustrated. Hours later, he took his own life.

Tragically, we know that this was not an isolated incident. According to the VA, 20 veterans commit suicide every day. Even one suicide by someone who answered their country's call to service is one too many. When veterans reach out in a time of crisis, we must ensure someone is there to help. America owes them.

Following Sgt. Ketchum's heartbreaking death, I worked with local veterans, Veteran Service Organizations and community members to craft legislation that I hope will help more veterans receive the mental health care they need and deserve. My bill, the Never Again Act, would require that when a veteran enrolled in the VA health care system asks to be admitted at a VA Medical Center for in-patient psychiatric care, the VA must provide care for the veteran in the psychiatric ward of that medical center. If there are not enough beds or providers at that location, the VA must find care for the veteran at a non-VA facility.

Simply put, under the Never Again Act, if a veteran asks for mental health care from the VA, they will get it.

Any veteran who feels like they are in crisis should not have to prove that he or she is suicidal or in crisis enough to be admitted. Since there is no conclusive medical test, such as an MRI or x-ray, to prove that someone needs in-patient psychiatric care, when a veteran tells a health care provider that they need help, we should trust them.

Sgt. Ketchum's death was a tragedy, and as the father of two Marine children, I am committed to working to ensure this never happens again. To any veteran reading this: If you need help, please do not hesitate to reach out. If you feel alone, know that even though not everyone may understand exactly what you are going through, there is help and resources are available to assist you.

The sacrifices you've made have been seen, heard, and are deeply appreciated. We must continue fighting to ensure that the care our veterans deserve is there when they need it most. We trust you.

## DMR Iowa View: THIS MUCH IS CERTAIN FOR FARMERS, CROP INSURANCE IS ESSENTIAL

CRAIG HILL of Milo is the president of the Iowa Farm Bureau Federation. His family grows corn and soybeans and raises livestock.

Critics have targeted revenue protection coverage, but it is far from a handout

There are a number of certainties in life. I know, for example, that every morning on my farm, the sun will rise in the east, and that every evening it will dip beneath the west horizon. And we know Iowa summers will be warm, the winters will be harsh and when the soil has thawed, spring growth will begin anew.

But a life of farming is also full of uncertainties. We can't control the markets, nor the role Mother Nature will play in bringing our crops to harvest. Let me tell you, farmers are always in a constant negotiation with Mother Nature. Some years, Mother Nature is a farmer's best friend. In other years, it can be our worst enemy. And in those years, there is no substitute for the risk protection that crop insurance provides.

Crop insurance allows farmers to pay a premium to alleviate some degree some of the uncertainties involved in farming. A crop insurance check will never come close to what a farmer can get from a bountiful harvest, but it does provide some peace of mind.

I've been farming for almost four decades and have witnessed firsthand the difference crop insurance can make. In fact, in 1977, my first year full-time farming, we suffered a major drought that resulted in a pitiful 28-bushel corn yield. Crop insurance and other assistance is what kept me going after that first disastrous year.

As president of the Iowa Farm Bureau for the past five years, and a member for many years prior to that, I also have also had the opportunity learn why crop insurance works. It succeeds, in no small part, because of its diverse participation. By spreading the chance of loss among a wide and varied group of insured farmers, premiums become less expensive for everyone. It's a concept known as a "risk pool" and it is what makes things like auto insurance and homeowners insurance work, too. None of these programs would work if only a few folks participated.

But it hasn't always been this way. Farm leaders across the country have worked with legislators effectively in recent years to strengthen crop insurance by expanding the size of the "risk pool" through encouraging and incentivizing increased participation. If you need evidence that this approached worked, just look at the numbers.

Today, almost 90 percent of farm acres in the U.S. are covered by crop insurance. It has become the primary safety net for today's farmer. Because of this, it has also become one of the biggest targets for anti-farm policy critics.

Crop insurance's detractors — many whom have never negotiated with Mother Nature — often weave a tale about farmers resting on our laurels and laughing all the way to the bank. But that's all it is: a tall tale. These critics are especially prone to calling out a policy known as revenue protection, which shields farmers in periods of extreme market volatility. But crop insurance, no matter what type, is far from a handout. And having revenue protection doesn't necessarily equal an indemnity payment, even in years with low crop prices. In 2015, for example, of total indemnities paid to growers, including revenue protection as well as coverage from weather events, only 3 percent were the result of low prices.

The safety net that crop insurance provides is essential and is more important now than ever before. Not only does the average American farm feed about 168 people worldwide, but one in five Iowans go

to work because of agriculture. But our farm economy has seen better days, with farm income projected to decrease again.

Farming is a tough job and perils are many, especially in today's environment. Crop insurance provides a measure of stability and is an investment in both today's farm economy and our future. Without it, we'd have a whole lot less American farmers growing affordable food for America and the world. That much is certain.

DMR: New fundraiser project to support Des Moines police

CHARLY HALEY

CHALEY@DMREG.COM

Police officers, local leaders and community members gathered Tuesday night to launch a new fundraising project for the Des Moines Police Department.

The Guardian Project will raise private funds to supplement the police department's budget.

"We are raising funds for our police ... (so they can) operate at the highest level possible," said Linda Carter, a volunteer with the police department's community ambassador program and a former local NAACP president. She was one of several people who spoke at the Wakonda Club on Tuesday night to introduce The Guardian Project. The first goal of The Guardian Project is to raise money for body cameras for all of Des Moines' uniformed officers, said Dick Goodson, founder of The Guardian Project. The police department already has the \$1.5 million it needs to outfit the department with body cameras its first year. These funds came from early donations by business leaders, city dollars and federal grants. But there are ongoing costs to store the video data collected by body cameras, as well as costs of maintenance for the technology. The cameras are estimated to cost the Des Moines Police Department \$3.6 million over six years, Goodson said. The Guardian Project has established a fund through the Des Moines Community Foundation to raise money for these ongoing costs, Goodson said. He hopes to raise at least \$1 million for the body cameras. The police department has planned to have all patrol officers wearing body cameras by December.

In the future, The Guardian Project's funds could be used for other police department needs, such as training, Goodson said. In addition to raising money, The Guardian Project also aims to highlight local police officers' relationship with community members. Some of the speakers Tuesday night referenced national attention drawn to tensions between law enforcement and citizens, but they said that Des Moines is different. "Community leaders and public officials work together to see that every corner of our city is taken care of in many ways," said Izaah Knox, of the Urban Dreams nonprofit. "However, there is always work to be done. ... The Guardian Project is another one of these things that will keep us moving forward."

While several of the speakers thanked the police department for their work, Police Chief Dana Wingert thanked the business leaders and other community members who helped establish The Guardian Project and who have already donated.

"Thank you to everyone in this room for standing by your police department," he said. "At a very important time in our nation, we're going to show that Des Moines is different."

For more information on The Guardian Project, visit [www.dmguardianproject.org](http://www.dmguardianproject.org)

SCJ: Grassley talks Trump, trade with Journal editorial board

IAN RICHARDSON

GOP presidential nominee Donald Trump could benefit from adjusting how he speaks to voters about trade deals, U.S. Sen. Charles Grassley said Tuesday.

Grassley, an Iowa Republican seeking his seventh term, said that Trump often touts his belief in free trade and desire for good deals, but he doesn't always use the right language.

"He talks about how he's going to negotiate better deals and that he's a good business negotiator," Grassley told the Journal editorial board. "I think if he would stress that point more, and how he's going to do it, it would make it more clear where he's coming from."

Grassley, who supports Trump, said the billionaire businessman would benefit from stressing the need for fair trade and the use of countervailing duties, a tax imposed in incoming goods that levels the playing field when a country like China subsidizes its products.

Grassley said past presidents of both parties have both been "timid" in taking full advantage of these abilities.

"That's what Mr. Trump ought to be talking about instead of saying, 'We're going to put a 40 percent tariff on products coming out of China,'" Grassley said. "Just say, 'We're going to level the playing field under the existing law.' "

In stump speeches and the first debate with Democratic nominee Hillary Clinton, Trump also has called the 1994 North Atlantic Free Trade Agreement (NAFTA) between the U.S., Mexico and Canada "the single worst trade deal ever approved in this country." Grassley said he believes the agreement has actually aided U.S. trade with Mexico, including ag-related exports that have boosted Iowa farmers and manufacturers.

Since much of the world imposes higher tariffs than the U.S., opportunities to make good deals are a "win-win for American manufacturing" and, as a result, lowans, Grassley said.

He specifically noted Iowa manufacturers like John Deere in Waterloo, Vermeer in Pella and 3M in Knoxville, which he said export between 25 and 40 percent of their products. He said Iowa's ag industry exports about one-third of its product each year.

Regarding the controversial Trans-Pacific Partnership, which neither presidential candidate supports, Grassley said he has yet to read the entire agreement but called the section on agriculture "very, very good."

He hasn't reached a decision at this point whether he would support the bill if it came to a vote.

During his hourlong meeting with the Journal editorial board, Grassley also was asked about Trump's repeated praise for Russian President Vladimir Putin, who Trump has described as a stronger leader than President Obama.

"I surely hope in Trump praising him that he's not agreeing with his policies," Grassley said of Putin. "As far as I'm concerned, (Putin) is too strong of a leader, and he's trying to be a stronger leader. He's trying to be a Joseph Stalin again."

Grassley, who is 83 and would be 89 by the end of his next six-year term if re-elected next month, said he has no doubt he could still stand up to the rigors of a Senate schedule.

"I run three miles, four times a week, and once a year on my birthday I run six miles from my home to the" UNI-Dome, he said. "I did that again this year."



Grassley faces Democrat Patty Judge, who met with the Journal editorial board later in the day. While in the metro area Tuesday, Grassley also met with employees at the Ag Processing Inc. plant near Sergeant Bluff, and toured the soy processing and biodiesel complex, which is undergoing a major expansion.

SCJ: Judge talks Clinton, estate tax with Journal editorial board

BRET HAYWORTH

Hillary Clinton's proposal to modify the federal estate tax should take Iowa's many family farms into consideration, Democratic U.S. Senate nominee Patty Judge said Tuesday.

The Democratic presidential nominee also would gradually raise the estate tax from a flat 40 percent to as much as 65 percent on estates valued at \$1 billion or more.

Clinton also would lower the level in which inherited estates are subject to the tax from the current \$5.45 million to \$4.5 million.

Judge, a former Iowa secretary of agriculture, said lowering the threshold could unfairly hit Iowa family farms. Because of escalating land values, a family farm operation could be worth a lot on paper one year and the next year, after a bad crop or other setbacks, "literally could be almost broke."

"We are better served by leaving that alone. In fact, I know the issue of inheritance tax and what that means to Iowa family farms," Judge told the Journal editorial board.

Judge, who is seeking to unseat six-term incumbent Republican U.S. Sen. Charles Grassley, cited that segment of the estate tax as one of the few issues in which she disagrees with Clinton, a former Secretary of State, U.S. Senator and First Lady.

During a separate meeting with the Journal editorial board Tuesday, Grassley talked about his differences between Republican nominee Donald Trump on the issue of trade.

Like Clinton, Judge said she opposes the current version of the proposed Trans-Pacific Partnership trade pact between the U.S. and 12 Pacific Rim nation.

Advertisement (1 of 1): 0:26

"That particular bill is not as perfected as it could be," Judge said. She added that while some major farm groups in Iowa believe the pact would lead to increased exports, the manufacturing sector overall "will not do as well under TPP."

"Does it benefit the ag sector? Perhaps," she said. "Does it benefit the whole state? Perhaps not."

She added that having some disagreements on issues doesn't alter her full-throated support of Clinton. Judge said the prospect of a Trump presidency is scary.

"He is just such a loose cannon, that it is frightening," she said.

Judge said she understands why Trump is appealing in 2016, a year when people seem to embrace candidates who aren't defending the status quo. She said that ethic in the election can play to her advantage this fall.

"It is time for a new outlook. It is time for Senator Grassley to be retired. I believe that my experiences

over a lifetime make me suited to serve in the United States Senate," said Judge, who is also a lieutenant governor and state legislator.

During her hourlong meeting with the editorial board, Judge also was asked about Second Amendment issues. While she recognizes hunting is a big part of the Iowa culture, Judge said it is an entirely different matter to have guns "that can kill many, many people in two or three seconds," so she supports reining in the ability for people to own some such weapons.

Judge supports raising the federal minimum hourly wage to \$15 over six years, as a means to help people struggling to make ends meet. She said there were doomsday scenarios aired in 2007 when she and then-Gov. Chet Culver helped hike the Iowa minimum wage to the existing \$7.25 per hour. She said those didn't pan out then and won't now.

Dubuque TH: Small business event hosted by Blum focuses on challenges

BY THOMAS J. BARTON

An onslaught of bad government policy, including an onerous overhaul of overtime pay protections, is stifling local job creation, a panel of Dubuque business leaders said Tuesday.

About 25 small-business leaders gathered Tuesday afternoon at Giese Manufacturing in Dubuque as part of a national tour and campaign by the Job Creators Network. The nonprofit organization, billed as being nonpartisan, has launched a nationwide bus tour to hear the challenges small businesses are facing.

"There's a combination of employment laws and governmental regulations that are putting a burden on the small employer," said Lori Stewart, of HK Payroll Services, Inc. "For example, when it comes to regulator expectations for employment law, even if you are a 20-employee-or-less employer, there are more than 20 federal laws you have to adhere to, and that's not mentioning all of the state laws."

The Bring Small Business Back event was hosted by U.S. Rep. Rod Blum, R-Iowa. The event also featured Iowa Gov. Terry Branstad, a Republican, and Job Creators Network President and CEO Alfredo Ortiz.

The event focused on finding solutions to the problems most commonly cited by eastern Iowa small-business owners, including overregulation, over-taxation and lack of access to credit.

"As a career small-business man, I know firsthand the impact that overbearing federal red tape and burdensome over-taxation can have on our local economy," said Blum, owner of a Dubuque software firm. "We can bring manufacturing back from China if we lowered the highest corporate tax rate in the developed world. If we got rid of some of these onerous regulations that we put on our businesses. If we have an all-of-the-above energy policy that keeps our energy prices low ... and at the same time eliminating corporate welfare and crony capitalism."

Blum also said the U.S. needs to do more to open up new overseas markets for American goods and farm commodities as well as balance the federal budget

"We are sucking up all of the credit out there, and that raises the borrowing costs for the private sector," Blum said. "And nothing has created more uncertainty in the private sector than Obamacare."

A recent poll commissioned by Blum's campaign shows him with a growing lead over Cedar Rapids Democrat Monica Vernon.

The survey of 400 registered voters in northeast Iowa's 1st Congressional District found the first-term

Republican leading Vernon 52 percent to 36 percent, with 11 percent of respondents undecided.

Respondents were contacted vial landlines and cellphone. The poll, conducted Sept. 29 to Oct. 1 by The Polling Company Inc./Woman Trend, has a margin of error of plus or minus 4.9 percentage points.

Asked to respond, Vernon Campaign Manager Michelle Gajewski wrote in an email to the Telegraph Herald: "Monica built a successful small business from her kitchen table while raising three daughters. She knows that our businesses need certainty — not a Congress where Tea Party Republicans like Rod Blum threaten to shut down the government every year. The fact of the matter is that Congressman Blum has gone to Washington to carry water for the largest corporations, not small businesses."

Iowa State Daily: Student Government resolution would ask Board of Regents to investigate Leath's plane use

By Alex Hanson

Top of Form

Bottom of Form

A resolution set to be introduced during Wednesday night's Student Government Senate meeting would ask the Iowa Board of Regents to look closer at President Steven Leath's use of university-owned aircrafts.

Sen. Abhijit Patwa, who is involved in drafting and introducing the resolution, said a lot of students were surprised at the original reporting, and subsequent updates on use of the university aircraft have led to questions about Leath possibly breaking university policy and state law.

"There's been a lot of interest from the student body in general for us to move forward with a resolution seeking more details," he said. "It seems like the best way to move forward and the most appropriate way to do this is to ask for the Board of Regents to set up an inquiry and come to a conclusion about whether [the use] was an impropriety and whether there were any laws that were broken."

While he does not have an exact gauge on support, Patwa said casual conversations with other senators makes him believe most would be comfortable passing a resolution because it simply asks for an investigation that would answer unknown questions.

Patwa said attention from local legislators also makes the resolution important. He said there is also concern following other incidents with Leath, including a land deal with Board of Regents President Bruce Rastetter, hires without open searches and a picture with Republican presidential nominee Donald Trump during a football game in 2015.

The resolution, if passed, would be sent to all nine members of the Board of Regents and local legislators.

Leath has been made aware the resolution would be introduced and will attend the meeting to answer questions from senators.

The meeting is set for 7 p.m. in the Memorial Union.

The resolution follows revelations that Leath flew a school-owned plane for trips with both personal and official business. One trip included a hard-landing at an Illinois airport which caused \$12,000 in damage.

Leath has since said he'll stop flying any state-owned aircrafts, but reporting from the Associated Press on Tuesday revealed Leath has used another school-owned plane, flown by professional pilots, for other trips that included both personal and official business. The trips cost tens of thousands of dollars, according to the AP, paid for by donations to the Iowa State Foundation.

WHO TV: Healthiest State Annual Walk Encouraging Iowans to Reach New Goals

The Healthiest State Annual Walk is right around the corner, but this year, organizers want to take it up a notch.

The Annual Walk is Wednesday and in the past, it's been a 1K stroll. However, the Healthiest State Initiative has a bigger goal.

"This year we are doing it differently and encouraging Iowans to step it up instead of having a 1k walk, we are encouraging Iowans to walk for 30 minutes every day," said Jeff Russell, CEO of Delta Dental, Presenting Sponsor. "We know that value of not only improving your well-being, but your overall health."

On Monday, Governor Branstad declared Oct. 3 "Step It Up Day" to acknowledge the change. It's all part of the Healthiest State Initiative.

The proclamation touts walking as a way to manage weight and improve strength. The walks are set up in all 99 counties this Wednesday.

KIMT: Man killed after accident at North Iowa farm

A man died after falling from a silo in North Iowa Monday morning.

Law enforcement says it was called to 3020 Highway 69, south of Forest City, around 8:55 am. A 46-year-old male employee reportedly fell from a silo and was not breathing. He was transported by Mercy Air Med to the hospital but an official says he could not be saved.

This incident happened near the Branstad Farm Cattle Lot, owned by the Monroe 'Monte' Branstad, the brother of Iowa Governor Terry Branstad.

The Hancock County Sheriff's Office is investigating this matter and has released no details.

Globe Gazette: Mason City men celebrate sobriety, accomplishments during Cerro Gordo Drug Court graduation

MARY PIEPER

Two Mason City men who have turned their lives around since entering the Cerro Gordo County Drug Court program were honored Tuesday at the courthouse.

Bryen Servantez and Aaron Nixon were ordered to complete drug court as a condition of their probation after being convicted of felonies.

Nixon now works for CDI, a Mason City body shop, and speaks to those participating in Prairie Ridge

Addiction Treatment Services.

"I don't know where I would be" if it wasn't for drug court, he said.

Nixon said he has grown more in the past 1½ years than he has in his entire life.

"You guys are my family now," he said, addressing the drug court officials and the other drug court participants who were at the ceremony.

"I have definitely made a change in my life" for the better, said Servantez, who is now working as a Pizza Hut delivery driver.

He said he could not have done it without the support of his family and friends.

Now that Servantez and Nixon have successfully completed drug court, they are on regular probation.

"How awesome is this?" said Judge James Drew.

Those attending the ceremony applauded when Drew noted Nixon has been clean and sober for 288 days and Servantez for 363 days.

"There are a lot of people lifting you up today," Drew told the graduates.

Although Drew said those who enter drug court don't always have such a happy ending, four people have graduated from the program since May. Another graduation ceremony is planned for November.

Probation officer Gretchen Hollander said the program has been "very rewarding, very exciting."

Cerro Gordo County used to have a community panel-based drug court that was discontinued in 2010 due to judicial budget cuts.

A new, judge-based drug court program began in January 2015. Participants meet with Drew once a week for 12 to 18 months.

The other members of the drug court interdisciplinary team — the county attorney, a probation officer, a substance abuse counselor and a defense attorney — as well as other drug court participants are present during these meetings with the judge.

Nationwide, 75 percent of drug court graduates remain arrest-free at least two years after leaving the program, according to the Second Judicial District Department of Correctional Services.

Drug courts also produce cost savings ranging from \$3,000 to \$13,000 per client, with the savings coming from reduced prison costs, reduced revolving-door arrests and trials and reduced victimization, according to the correctional services department.

Globe Gazette editorial: lowans must push hard for federal disaster funds

Top of Form

Bottom of Form

If you live in North Iowa, it seems like a no-brainer: Our state should definitely receive federal disaster aid.

However, we in North Iowa also know how slow the wheels of government can turn, and turn in different directions than might seem logical.

That's why we trust that our state officials, congressional delegation and those in D.C. with Iowa connections will push hard for flood aid for the Hawkeye State.

In some spots, no Hawkeye or any other animals felt safe during the recent flooding. Now, as waters have receded, the severe impact of the power of floodwaters is becoming much more evident.

State officials previously said it would take a minimum of \$4.3 million in damage to trigger a presidential disaster request. Gov. Terry Branstad said Monday he expects the state will top that threshold.

Already, 23 counties have been covered by his state disaster declarations – including Butler, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Howard, Worth and Wright in North Iowa. He expects counties hardest hit, like Butler and Linn, will get a federal designation to qualify for aid in rebuilding infrastructure and help for flood-affected individuals and businesses.

Federal aid might not cover all 23 counties in his disaster declarations, the governor said, but there's no question communities like Greene need help quickly. And Branstad noted that President Obama last week issued a federal disaster declaration he requested for eight counties affected by storms in August, and that damage then was not nearly as significant as recent flooding.

The process for state officials to assess state damages will take several weeks. Branstad then will make the request for federal assistance.

In an election year, we'd expect officials in both major parties would take note and get behind that effort. But we encourage the governor, on his application, to "cc" them just to make sure because, as he said, "people are relying on this" aid.

The stark images of flooding and North Iowans pitching in to assist in the recovery will stay with many of us for a long time. Hopefully, it doesn't take long for federal assistance to start funneling into North Iowa and other needy areas.

Pork Magazine: Iowa Pork joins governor's trade mission to China, Japan

Governor Terry Branstad will lead a delegation of Iowa agricultural interests on a trade mission to China and Japan in November.

The governor announced the mission during his weekly news conference at the statehouse this morning. He was joined by Iowa Pork Producers Association President Al Wulfekuhle of Quasqueton and Iowa Beef Industry Council Executive Director Chris Frelund at the briefing.

"Trade missions like this one allow Iowa companies to expand their markets outside of the U.S. and ultimately create more jobs and strengthen our economy," Branstad said.

This will be the governor's fourth visit to China and third to Japan since 2011. Beijing and Hebei, Iowa's sister city, will be the primary Chinese destinations. Tokyo is the primary destination in Japan. The ag groups will meet with investment or trade prospects and potentially with Chinese President Xi Jinping, as well as attending a reception at the residence of U.S. Ambassador to Japan Caroline Kennedy.

China and Japan are important destinations for Iowa pork. Japan is the largest value market for Iowa pork and has been a long-term customer. For the current calendar year through July, exports of Iowa pork to Japan are down 2.7 percent from the same period a year ago due largely to Europe's domination of Japan's frozen pork imports for further processing into ham and bacon.

The Chinese have purchased \$115 million of Iowa pork so far this year, increasing value from last year by 23 percent. For all pork exports from the U.S. to China, volume has increased 79 percent this year and value is up 63 percent from a year ago through July. U.S. exports to China stand at \$634.5 million for the first seven months of this year.

"This trade mission comes at a critical time for Iowa pork producers. We're facing tough economic times with prices below the cost of production," said Wulfekuhle. "Expanding the market for Iowa pork in Japan and China is a key part of bringing profitability back to our industry."

The mission will take place from Nov. 11-18 and Iowa Corn Promotion Board and Iowa Soybean Association members will join the pork and beef representatives on the mission.

The Gazette: Iowa State Treasurer won't suspend activity with Wells Fargo

'We do the math on every single transaction'

State Treasurer Michael Fitzgerald thinks the president of Wells Fargo Co. should be fired but doesn't plan to close the state's account with the bank that "keeps the state's checking account, if you will."

Wells Fargo is under fire from federal regulators and Congress after it was learned its employees opened more than 2 million accounts that may not have been authorized by customers. The company agreed last month to a \$185 million civil settlement for restitution and fines and has fired more than 5,000 employees. CEO John Stumpf has agreed to give up \$41 million in unvested stock awards, but not to step down.

"I think it's horrendous that the president of Wells Fargo would not take financial responsibility," Fitzgerald said Monday. "If he didn't know, he should have. It's outrageous. A responsible board of directors should fire him."

However, Fitzgerald, a nine-term Democrat, isn't planning suspend dealings with Wells Fargo as his colleagues in California and Illinois have done.

"To react on a whim would be irresponsible," said Fitzgerald, who was elected 34 years ago and is America's longest-serving state treasurer. "We signed a contract. It would not be appropriate for us to break the contract."

The decision is Fitzgerald's, and Gov. Terry Branstad has no plans to ask him to reconsider, a governor's spokesman said.

On an average day, Iowa has more than \$3 billion in "idle cash" that Fitzgerald and his staff invest overnight, for a few days or for years. "Occasionally, we've bought a few securities from them if they had the best deal for our taxpayers," he said.

Fitzgerald is confident the state is getting what it is paying for because his office monitors accounts every day.

"We're not like most citizens who don't check their back account every single day," he said. "We do the math on every single transaction, so we know we're being treated correctly."

Last year, Iowa paid Wells Fargo about \$290,000 in banking fees, Fitzgerald said. Banking services contract are awarded on the basis of competitive bids about every five years. "So just by definition because we picked the lowest bidder, there would be a cost to the state of Iowa if we broke the contract," he said.

The security of the state's accounts and lowans' private information, such as Social Security numbers, is another concern.

"They're handling billions of dollars and high-level information," Fitzgerald said. "We go through a pretty sophisticated look-see to see who has best security."

The Gazette: Temporary berms could be in place for years in Cedar Rapids

City considers expediting pump stations, announces construction of berm to protect NewBo

Temporary flood berms erected along the riverfront in the last 10 days to hold back the Cedar River may remain in place for years, a city official said.

City officials are considering whether berms should be taken down or left in place until permanent flood protection is in place, possibly in several years. In most cases, it makes sense for them to remain, said Rob Davis, Cedar Rapids flood control program manager.

The African American Museum of Iowa is surrounded by an earthen berm erected prior to anticipated flooding along the Cedar River last week in Cedar Rapids on Sunday, Oct. 2, 2016. (Rebecca F. Miller/The Gazette)

For example, the city plans to erect a permanent earthen berm for Czech Village in the next two to three years, so it would make sense to leave the temporary flood protection, located just 75 feet away, in place, he said. It would mean having to find a detour for the Cedar River recreation trail, which is blocked by the berm, he noted.

"We have all the fill there and the clay there for that system," Davis said. "We could build that in a two-to three-year time frame. Maybe we shouldn't move that out, for example."

The berm near the African American Museum of Iowa could be removed because it sits on an easement. The city owns the land where the rest of the berms sit, Davis said.

Davis provided a briefing on the flood response and possible updates to the flood protection plan to the Cedar Rapids City Council's Flood Control Subcommittee on Tuesday. The discussion also focused on financing, pump stations and flood protection for the New Bohemia District.

## FINANCING

The city could move more quickly on flood projects with changes to the state's Growth Reinvestment Initiative, which allows the city to put tax revenue toward flood mitigation efforts, Davis said. Cedar Rapids is one of 10 cities splitting \$30 million, which is the state cap on the program, but generates more than it is allowed to use.

City officials may lobby to change state policy to remove the cap or allow Cedar Rapids to collect its allotment of \$270 million for flood protection in 10 years rather than 20, Davis said. This could potentially save \$75 million in inflationary costs, Davis said.

## PUMP STATIONS

City staff want to expedite installation of pump stations along the Cedar River, which should prevent flooding via manholes and drainage intakes, Davis said.



Water coming from the river through underground pipes, rather than overflow from the river banks, proved most problematic as the Cedar River reached its second highest crest ever last week at just under 22 feet, city officials have said.

Pump stations cost about \$5 million to \$6 million a piece, and those costs could be offset by delaying flood barriers, such as for Kingston Village and downtown two to three years, Davis said.

A pump near the McGrath Amphitheatre and Kingston Village, and adding a pump and gate system near the CRST Center downtown, could be moved up from the 10-year to the five-year time frame. The pump station housing is already built near CRST, Davis said.

A pump station along 10th Avenue SE for the New Bohemia District is already under contract and should be done by 2018, and another pump station at the old Sinclair meatpacking site should be installed by fall 2017. Also within five years, a pump station could be installed behind the Czech Village berm, Davis said.

The pump stations are critical because they allow city officials to shut off outflow pipes to the river to prevent backups and switch on pumps in the event of rain or seepage, Davis said.

“Maybe not full pumping capacity, but that would make what we went through mostly nonexistent in those areas,” Davis said.

#### NEWBO FLOOD SYSTEM

A groundbreaking for construction of a permanent flood protection system for NewBo is scheduled for 3 p.m. Tuesday on Second Street SE south of 16th Avenue SE.

The system includes a 13-foot-tall barrier that is a berm in some places and a wall in others, as well as the two pump stations and a detention basin. It is to run from the African-American Museum of Iowa to near the Alliant Energy substation, and would protect the entire district, including properties south of 16th Avenue SE, which were left on the “wet side” of the temporary flood barrier last week.

The \$11 million project should be complete by November 2017 and protect NewBo from a 40-year flood, or if the river reaches 21 feet in elevation, Davis said. However, as additional pieces of the flood system are installed, the NewBo area would be protected to higher levels, eventually being able to withstand the 31-foot record river level in 2008.

Within two to three years, the city is designing a series of small parks on the “wet side” of the NewBo berm connected by trails and with benches and monuments along the way, Davis said.

City Council member Kris Gulick, who serves on the flood committee, questioned whether additional measures of protection would be needed when the permanent system in place. Davis said the permanent system should provide full protection.

The Gazette: University of Iowa law assistants argue for better pay

'We think we're worth more than they're paying us'

Although University of Iowa officials last fall said the campus was upping its minimum wage to \$8.20 an hour to remain competitive with higher Johnson County rates, some UI student employees say they're still making \$7.25 an hour.

Law research assistants, according to the university, are salaried at \$1,087.50 a semester — or \$2,175

per academic year. The positions are quarter-time appointments equal to 150 hours a semester or 300 hours a year.

That means the research assistants make \$7.25 an hour, about 13 percent below the UI's stated minimum wage, about 26 percent below the current Johnson County minimum wage, and about 39 percent below what minimum wage is to be in January.

"We don't feel they should have this lower pay grade," said Landon Elkind, a UI graduate student, doctoral candidate and president of COGS — the UI graduate student union. "We think we're worth more than they're paying us."

But university officials stressed the research assistants aren't hourly employees. Rather, according to UI spokeswoman Anne Bassett, they receive salary stipends for their work with faculty "as part of their educational program."

The law research assistants — many of whom have undergraduate and even graduate degrees — receive mentorship from a professor, who they work with one-on-one "doing legal research and writing," according to the UI website.

"Law research assistant positions are primarily intended as learning experiences, which contribute to your progress toward our program of study," according to the website.

In fact, according to the university, many state bar applications require research assistant supervisors to answer questions about their quality of work.

The law research assistant program also offers a tuition rate adjustment for non-resident students — dropping it to the residential rate. And it provides a health insurance benefit.

But Elkind said the students are campus employees who should be treated as such.

"The university website says students get the minimum wage, and law research assistants are skilled laborers and should be getting that much," Elkind said. "I think they should be getting the county minimum."

Johnson County supervisors last year approved stepped increases in the local minimum wage from the federal and state rate of \$7.25 an hour to \$8.20 in November, 2015, to \$9.15 in May, 2016, and eventually \$10.10 in January 2017.

Because UI employees are on the state payroll, the university doesn't have to comply with county increases. But UI officials in a statement last November said the campus was adopting the \$8.20 an hour rate "in order to remain competitive as we recruit and retain student employees."

At that time, the new rate impacted about 36 temporary employees and 665 student employees, according to UI spokeswoman Jeneane Beck. The university's website still reports its minimum wage as \$8.20 — meaning it hasn't kept in step with the county's May increase.

In a statement released in May, Beck said UI student employees average \$9.66 an hour, above the \$9.15 rate Johnson County enacted at that time.

"University employers will continue to monitor the wage rate necessary to hire and maintain student employees as the market adjusts to the new local wage levels and make adjustments as necessary," Beck said. "No immediate action is required of UI employers ... however, individual units may want to consider potential market changes in budgeting for the 2017 fiscal year."

Beck called student employment an "important element in supporting student success." In the spring, the university reported 2,685 employees were making less than \$9.15 an hour — including 2,647

students and 39 temporary staff.

Beck on Tuesday said the campus doesn't employ any hourly workers at less than \$8.20 an hour.

The university didn't confirm the number of law research assistants on campus, but Elkind reported about 180.

The graduate student union's contract with the Board of Regents — which outlines negotiated wages for UI graduate student employees — doesn't cover law research assistants because it excludes student appointments that are "primarily intended as learning experiences which contribute to the students' progress toward their graduate or professional program."

But, Elkind said, he thinks law research assistants should be covered.

"If you look at the work they do, it's the same work the people who are included do," he said.

Thus, union leaders and research assistants have been meeting on the issue this semester, and some reached out to Johnson County Supervisor Rod Sullivan for help. Sullivan said the county's attorneys agree with the university's interpretation of the law exempting the campus from the county's minimum wage ordinance.

But, he said, "There are two issues here — what is legal and what is right."

"Are they legally able to pay sub minimum wage? Perhaps," Sullivan said. "Is it right? I don't think so."

The county decided to up its minimum wage in hopes of helping the 19,000 people in the community who are food insecure, according to Sullivan. Research showed those folks needed more income — not just social services — and Sullivan said those affected include students.

"I just think it's kind of ironic when you hear all the talk about these young people who graduate thousands and thousands of dollars in debt," Sullivan said. "In my mind, what the UI is choosing to do here is only exacerbating that."

The Gazette: Candidates' attention, ease of voting boost Iowa turnout

Swing state status "helps to keep people engaged from the caucuses until Election Day"

Cleanliness, it's said, is next to godliness.

It also can boost voter turnout.

"It's not that we went out and got more people to vote," says Lori Moellers, auditor in Fayette County trying to explain why the northeast Iowa County recorded the highest voter turnout in Iowa in the 2012 general election — 84.5 percent.

They key was that "our records are probably cleaner than other counties," Moellers says. That's not a knock on other counties, "but if your records are clean, it drives up your percentage."

By removing the names of deceased voters and people who have moved out of the county there are fewer "inactive" voters who are likely to sit out an election and increases the percentage of "active" registered voters.

An inactive voter is someone who has not participated in two consecutive general elections and has not responded to mailings confirming they still live at that address, or the mail has been returned

undeliverable.

Whatever the reason, Fayette County's turnout is impressive even in Iowa where 2012 turnout was 70.2 percent — fifth highest in the nation. Iowa was one of two states that increased the percentage of eligible voters and the number of people who cast ballots in 2012, according to Bipartisan Policy Center 2012 Voter Turnout Report.

Despite an increase of 8 million potential voters and an estimated \$6 billion in campaign spending, voter turnout nationally dipped from 62.3 percent in 2008 to 57.5 percent in 2012. That was below the 60.4 level of the 2004 election, but higher than the 54.2 percent turnout in the 2000 election.

Iowa's consistently high level of voter participation can be traced to a variety of sources, according to Iowa political science professors. They generally agree the keys are high levels political competitiveness because of the non-partisan approach to drawing congressional and legislative districts, the ease of voting and a high level of political awareness because of hosting the first-in-the-nation precinct caucuses.

"It's hard not to be aware," Cary Covington of the University of Iowa said. "Awareness does contribute to higher turnout rates."

Iowa has the sixth highest "ease of voting" ranking based allowing voters to register on Election Day, 40 days of early voting and no voter ID law, Covington noted.

Dianne Bystrom of Iowa State University's Carrie Chapman Catt Center for Women and Politics noted that Iowa and New Hampshire, which host the nation's first presidential primary, routinely rank among the top states in voter turnout.

The attention voters in Iowa and New Hampshire get during the caucus and primary phase as well as the general election campaign "increases the likelihood of their citizens to be politically informed and civically engaged in the political process," she said.

The attention heightens Iowa voters' political awareness, but Tim Hagle from UI said that by working to identify less reliable voters and get them to vote increases turnout.

"Some of those who vote early would do so anyway, but many are targeted by the campaigns to do so," Hagle said.

He also believes the intense campaigns increase voter awareness among "no party" voters who have lower participation rates than Democrats and Republicans. The parties allow them to participate in the caucuses if they change their registration — even if only for a night.

"That swing state status means we have more candidate and surrogate visits and see more commercials and other campaign advertising than most other states," Hagle said. "That helps to keep people engaged from the caucuses until Election Day."

There may be more to Iowa's high rate of voter participation than ease of voting and being showered with attention, according to Chris Larimer at the University of Northern Iowa. He cited the "classic political science" work of the late Daniel Elazar who classified Iowa as "moralistic, with individualistic strain."

In states where those traits dominate, Elazar said government is viewed as a positive mechanism for producing policy and citizens are engaged with the actions of government.

"Moralistic" states have been shown to have higher participation rates than other states, particularly those with more "traditionalistic" cultures such as in the South and Southwest, Larimer said.

For ISU's Steffen Schmidt, "small town civic engagement culture is THE biggest reason" for high voter turnout.

"Protestant ethic and Garrison Keillor-like 'guilt culture' coming out of Lutheranism plays a big role in this," he added.

The Gazette: Giffords in Cedar Rapids, rallies gun control advocates

Former Arizona representative: 'The nation's counting on you'

Her message was short, direct and powerful.

In less than a minute, gun violence survivor and former U.S. Rep. Gabrielle Giffords gave gun control supporters their marching orders.

"Stopping gun violence takes courage," Giffords, 46, told about 75 people gathered Tuesday in Greene Square in downtown Cedar Rapids, one of the stops on her 2016 Vocal Majority Tour of 14 states leading up to Election Day. "The courage to do what's right. The courage of new ideas."

Gun safety legislation is an idea whose time has come, according to legislators, candidates and representatives of local organizations.

It's time to start "flipping how we talk about gun violence," said State Rep. Kirsten Running-Marquardt, D-Cedar Rapids, who is unopposed for re-election.

"It's not about us coming for your guns," she said. "It's about coming together as a community to find solutions to keep our kids safe."

Giffords, who survived a 2011 assassination attempt that left her with a severe brain injury, acknowledged that it won't be easy.

Giffords was elected to Congress from an Arizona congressional district in 2006. In 2011, as she was leaving a meeting with constituents, a shooter injured her and 12 others and killed six people. She resigned from Congress in 2012 and has been leading efforts to pass gun control legislation through Americans for Responsible Solutions, which she co-founded.

"I've seen great courage when my life was on the line," she said. "Now is the time to come together, to be responsible, Democrat and Republican, everyone. We must never stop fighting. Fight. Fight. Fight."

"Be bold," Giffords said "Be courageous. The nation's counting on you."

Her 14-state tour is part of the grassroots effort to push gun control legislation to the forefront of the 2016 election, said Amber Gustafson of Ankeny, president of the Iowa chapter of Moms Demand Action, which has endorsed Hillary Clinton for president and other "gun sense" candidates.

"We're making this an issue they can run on and win on," Gustafson said after the rally, "and make it politically costly to oppose."

The Gazette: Coralville mayor named Iowa League of Cities president-elect

John Lundell to head up group's legislative subcommittee

Coralville Mayor John Lundell has added another title to his resume.

During its annual business meeting in September, Lundell was named president-elect of the roughly 870-member Iowa League of Cities, an organization that represents the interests of towns and cities across the state. Lundell recently joined the organization's board of directors, which is responsible for adopting the league's budget, setting policies and providing direction for the organization.

"We've always felt that there's been a tremendous amount of benefit by being an active member in the league," Lundell said. "One of my goals is to be more familiar with and understand the concerns of cities of all sizes."

Coralville has a long history of participation with the league. Previous Mayor Jim Fausett served various roles on the board and is a past president. Traditionally, the president-elect takes over the role as president the following year.

"I think that was one of the main parts of the job was to talk to the members," Fausett said. "By contacting the other members in the smaller cities, you find out what their problems are."

Lundell's largest role with the league during his yearlong term is to head up its legislative subcommittee, which has 2016 goals that include economic development, public safety and home rule — the ability to make decisions at a local level. He said he'll begin working to identify major issues that may come up beginning in January.

"Basically ... the main reason for the league's existence is to work with the legislature for the benefit of the cities," Fausett said.

Lundell said he's had aspirations of someday running for board president because he thought it may be something he'd enjoy doing. However, the call from a nominating committee about a month ago may have been somewhat unexpected because he is only serving his first two-year term on the board.

Lundell has a long history of leadership, including 13 years as a mayor and city council member. He also served on the Johnson County Emergency Communications Center Policy Board, the Clear Creek Watershed Coalition and the Coralville Library Board of Trustees, according to a news release from the league.

"I know he'll do a good job because he is certainly a qualified individual," Fausett said.

The Gazette LTE: For a healthy state, let's walk the walk

Sometimes when it comes to our health, we set ourselves up to fail by not changing our overall lifestyle and by not engaging others to hold us accountable. We hear about the latest juice cleanse or 12-week full body transformation and think, "yes, that's what I need to get started!" And then after a few burpees and the 12th green smoothie in a row, you're staring at a platter of brownies in the break room thinking, "I'll just have one."

To truly increase our overall wellness, we need to integrate those practices into our everyday life and bring along our friends and family. We know that a daily 30-minute walk or other exercise dramatically increases health and wellness. The key is to make that a part of your everyday life, not something we have to schedule. By engaging your friends and family, you also can incorporate accountability. It's a lot harder to hit the snooze button if your running partner is waiting for you.

This year, the Healthiest State Initiative is also changing up its routine. The 2016 Healthiest State Walk is encouraging Iowans to "Step It Up" by walking 30 minutes on Wednesday. This is a change from the 1K walk we've encouraged in previous years. Walking is an accessible exercise and meets the U.S.

surgeon general's recommendation of 150 minutes of moderate physical activity per week.

Did you know only one-half of U.S. adults meet this requirement? Let the Healthiest State Walk on Wednesday be your inspiration to start walking the walk on your way to better overall health. Across the state in all 99 counties, businesses, schools and communities are urged to register a walk at [iowahealthieststate.com](http://iowahealthieststate.com)

I've challenged Delta Dental of Iowa employees and other leaders across the state to join me as I commit to 30 minutes of activity each day. It's not always easy, but the benefits are real. We encourage all Iowans to participate in improving our health and moving Iowa to No. 1 in the rankings for healthiest states. Talk to your family, co-workers and friends, form a group and walk your way to better health!

QC Times: Davenport considers street cameras

Devan Patel

Top of Form

Bottom of Form

Wave to the camera.

The city of Davenport is considering the launch of a camera pilot program beginning with a stretch on Washington Street between Clay and 17th streets.

City Administrator Corri Spiegel said the 24-hour recording camera program is focused on two areas: public and traffic safety.

"Part of our due diligence was making sure we weren't building two systems," Spiegel said. "We build one that could do both, and we are picking the right equipment and the right software."

Capital improvement budget analyst Clay Merritt said that, if approved, more than 20 cameras would be installed along Washington Street.

Merritt said the City Council will have the opportunity to vote on the program at its Oct. 26 meeting, but implementation would not occur until March or April of next year.

Although the council approval could come as early as this month, Merritt said the city needs to take a look at administrative and operational policies before implementing the system.

"How many days do we keep video on file, and a lot of that is working with administration and police," Merritt said. "Who has access to that and how many days do they have access? Those are the kind of things we need to work out before putting this into play."

One of the areas to discuss is whether to have someone monitoring the video in real-time. Currently, there is not a full-time or part-time employee assigned to constant supervision.

Merritt said having these policies in place would help should the city want to build a more robust system.

Moving forward, Merritt said major intersections along 53rd Street, Gaines Street from the Centennial Bridge to Locust Street, Kimberly Road and Locust Street were among a few areas of interest for future camera placement.

City parks are another area where cameras could be placed after a suggestion from law enforcement.

"It's something (the police department) said, 'Ok, let's take a greater look at it. These are priorities for us,'" Merritt said.

After Merritt said an exact cost for the program would not be available until the council's next meeting cycle, Spiegel chimed in that it was "significant enough that it requires council approval."

Police Chief Paul Sikorski said it was important for the city to get the community to buy into the program.

"It's important to get into the neighborhoods and educate the community on them," Sikorski said. "We're doing this for them. It's not a money-making venture. It's both a public safety and traffic safety venture."

While not intended to be a secret surveillance system, Sikorski said the program would be useful tool to the police because it will prevent some crime, and when crime does happen, it will allow the police department to get evidence for prosecution.

Having seen a major impact before, Alderman Ray Ambrose, 4th Ward, recalled the city placing cameras at 14th and Gaines streets years ago.

"We installed the cameras and posted that the intersection was under 24-hour camera surveillance, and within weeks, there was incredible change," Ambrose said. "What it was like 10, 12 years ago and what it's like today, it's really an incredible story."

Alderman Bill Boom, 3rd Ward, said the city also has to manage expectations.

"People will anticipate we are watching these things and can stop crime, and that is not the way this is going to work," Boom said. "Until we move into that proactive realm, we have to be careful how we discuss this."

Iowa Capitol Digest: Political digital TV series to be produced in Iowa

Top of Form

Bottom of Form

A roundup of state government and Capitol news items for Tuesday:

**DIGITAL TV SERIES:** Produce Iowa, the state office of media production, announced Tuesday that a new digital television series produced by Fox News host Megyn Kelly and "Fifty Shades of Grey" movie producer Michael De Luca will be shot in Des Moines starting next week. The series, "Embeds," will feature five young reporters who are in way over their heads as they find themselves shaping the future of the country on the rough-and-tumble presidential campaign trail. Big-name politicians are expected to make cameo appearances throughout the series, according to the Iowa Department of Cultural Affairs. Produce Iowa helped the filmmakers with some of the logistics in Iowa, where the presidential campaigns begin. Scott Conroy, co-author of the best-selling Sarah Palin biography "Sarah from Alaska," and Peter Hamby, a former CNN correspondent who is now head of Snapchat's news efforts, co-created the show and penned the pilot. Verizon-owned streaming platform, Go90, ordered six half-hour episodes of the political comedy, and all episodes will be produced in Iowa. The project's leaders will begin shooting next week and hope to stream the first episode by Election Day.

**FISH KILL:** Officials with the state Department of Natural Resources on Tuesday attributed a fish kill in northeast Iowa to waste from a nearby farm field. DNR staff investigated the report of a fish kill on a



tributary of the Wapsipinicon River on Sept. 28 about 2.5 miles south of Riceville in Howard County. On Monday, DNR field staff traced high ammonia levels in the creek to a farm field where waste from Big Ox Energy of Riceville was applied to a crop field by Trent Linkenmeyer of Linkenmeyer Family Feeders, according to a DNR news release. Investigators found liquids from the land application flowing into the unnamed tributary. They also found live fish above the land application area and dead fish below. Big Ox Energy processes industrial food and agricultural wastes into methane, with byproducts of liquid fertilizer and solids. DNR officials say they are waiting on laboratory reports from water samples but will continue the investigation and may seek penalties and fish restitution.

AMERICORPS CELEBRATION: Gov. Terry Branstad is expected to sign a proclamation this week designating Friday as AmeriCorps Day in Iowa. Officials with the program promoting national and community service since 1994 say the occasion is special because AmeriCorps is celebrating the swearing in of its 1 millionth member in more than 20 years of operation. AmeriCorps officials say they would like to celebrate the milestone by taking an opportunity to recognize all the work their members have done in Iowa. Along with signing the proclamation, Branstad is encouraging Iowans to recognize the positive impact of AmeriCorps around the state.

RI: Fish kill in Howard County linked to Riceville energy plant

OCTOBER 5, 2016 BY DAR DANIELSON

The Iowa Department of Natural Resources says it has traced a September 28th fish kill on a tributary of the Wapsipinicon River south of Riceville in Howard County to an energy plant.

DNR spokesman Chris Gelner says waste from Big Ox Energy run by Trent Linkenmeyer is believed to be the source of the high ammonia levels that caused the fish kill.

“It looks like Mr. Linkenmeyer had been land applying waste from the Big Ox aerobic digester on a piece of land upstream from the Wapsipinicon River. And some of that waste made its way into a waterway after a rain and washed into the tributary,” according to Gelner. He says the plant turns waste into energy.

Gelner says the plant process manure and other agricultural wastes into methane that is then burned to make electricity. Gelner says the byproduct of the process is liquid fertilizer and solids, which have to be properly handled.

“This waste was actually applied under a manure management plan which is the same as a lot of producer would have applied their manure from a facility,” Gelner says. Gelner says Linkenmeyer faces a fine and restitution.

He says the DNR will likely seek restitution for the dead fish and a penalty for prohibited discharge into state waters. Gelner says their report on the number of fish killed has not yet been completed. There were live fish found above where the material had been applied, and dead fish below.

RI: Quarterly report shows ‘muted’ growth in state income taxes

OCTOBER 4, 2016 BY O. KAY HENDERSON

Jeff Robinson

State tax collections increased just one percent over the past three months, far short of the more than seven percent revenue growth that was projected. Legislative Services Bureau analyst Jeff Robinson

says it's too early to detect a big trend, though.

"Yes, the fiscal year is behind estimates at the moment, but that often happens and the year turns out differently than those first three months look," Robinson says.

The state fiscal year started July 1, 2016. During July, August and September, Iowans have paid about four percent more in income taxes to the state.

"But it's growing kind of at a muted level compared to normal non-recession years," Robinson says. "Part of that is refund issues."

The State of Iowa has paid a higher-than-normal amount of income tax refunds in the past three months.

State sales tax collections have grown more than three percent in the past three months, but Robinson cautions some of that growth came from accounting transactions that aren't related to actual retail sales. The three-member panel of financial experts who set the official prediction for state tax collections will meet October 13.

"It'll be interesting," Robinson says. "I think people should pay attention to what happens."

The total amount of state spending is based on the predictions from the three-member Revenue Estimating Conference. In the fall of 2009, former Governor Chet Culver enacted a 10 percent across-the-board cut in the state budget based on the group's decision to dramatically lower its estimate of future state tax collections.

Current Governor Terry Branstad has said if state spending plans have to be changed, he will call legislators back into special session to make selected budget cuts.

RI: Escaped prisoner caught in eastern Iowa last night

OCTOBER 4, 2016 BY O. KAY HENDERSON

A man who walked away from a Burlington half-way house in mid-March was captured last night in Davenport.

State prison records indicate 28-year-old Micah Bates was convicted of a felony property crime in Scott County and was considered an habitual offender. Bates had been assigned to a work release program in Burlington, but he's been listed as an escapee since March 14.

Authorities in Davenport got a 911 call at about 6:30 Monday night about a man with a gun in a red pick-up. Davenport Police found the vehicle, tried to make a traffic stop, but wound up chasing the vehicle. Police were able to surround and stop the pick-up in residential neighborhood. Police say Bates jumped out, ran and was caught after a brief chase.

RI: Senator Grassley says his campaign is handling details of debates

OCTOBER 4, 2016 BY MATT KELLEY

Republican Senator Chuck Grassley today said he has not been directly involved in the negotiations over when and where he may debate his Democratic challenger Patty Judge — and that includes Friday's announcement that Grassley canceled on a statewide televised debate.

“I think if you want the details of the negotiation, you’re going to have to get the details from Bob Haus, who did the negotiation,” Grassley said, referring to his campaign manager, Bob Haus.

Grassley’s campaign announced in August that the senator had accepted a debate on Iowa Public Television, but late this past Friday the campaign announced Grassley would instead participate in a debate that will air on stations in Sioux City, Waterloo, Rochester, Minnesota and Quincy, Illinois.

Grassley has also accepted an invitation to debate on WHO Radio, but Judge says she’ll only participate in that event if it’s also televised. “We accepted TV and we accepted radio,” Grassley said today during a telephone conference call with Iowa radio reporters. “We’re also looking at a third possibility because small daily newspapers have come to us. I won’t mention who those people are that asked for a debate, similar to the congressional debate two years ago, just among print media.”

The one televised debate on October 19 will air in just 42 of the state’s 99 counties and will not be broadcast in the state’s largest TV market, Des Moines, as well as southwest Iowa and the Davenport area.

“All I know is that presumably, there’s going to be more viewers on those four stations,” Grassley said. “That’s my understanding.”

The October 19 debate will be aired on the host station, KTIV in Sioux City, with a simulcast on three other TV stations. During this morning’s conference call, Grassley repeatedly referred questions about the debate schedule and format to his campaign, which prompted one reporter on Grassley’s weekly conference call to ask: “Why don’t you know?”

“I assume you know that there’s been hours and hours, well, I shouldn’t say hours and hours but there’s been a lot of discussion on this subject between people that I haven’t been involved with,” Grassley said. “In other words, I haven’t been negotiating with the TV stations or my opponent.”

Haus, Grassley’s campaign manager, says the campaign and IPTV officials deal with each other in good faith and “it’s pointless to look backwards.”

Judge Monday accused Grassley of lying about why he canceled on the Iowa Public Television debate.

WSJ: Tim Kaine, Mike Pence Defend Their Running Mates in Fervid Debate

Vice-presidential candidates attack other party’s nominee on immigration, policing, taxes

In a lively and combative debate between the two vice-presidential nominees on Tuesday night here, Republican Mike Pence and Democrat Tim Kaine each cast the other party’s presidential nominee as an unacceptable choice for a country facing a perilous world.

Although neither presidential candidate was on the stage, Republican Donald Trump and Democrat Hillary Clinton loomed large over the only scheduled debate between the vice-presidential nominees—with the political vulnerabilities and perceived character liabilities of Mr. Trump and Mrs. Clinton dominating the bulk of the debate between Messrs. Kaine and Pence.

The aggressive tone of the debate was set early, with Mr. Kaine embracing the traditional vice-presidential role as the chief attack dog and Mr. Pence sketching out a surprisingly far more confrontational stance against Russia than has been voiced by Mr. Trump.

Mr. Pence did earn high marks from analysts for his cool-under-pressure debating style in the face of frequent interruptions by Mr. Kaine—especially compared with Mr. Trump’s uneven debate

performance last week.

A CNN/ORC instant poll conducted among debate viewers gave Mr. Pence, Indiana's governor, a narrow win.

At the same time, Mr. Pence often found himself on the defensive, largely avoiding opportunities to explain some of Mr. Trump's most controversial statements about banning Muslims from immigrating to the U.S., his litany of disparaging comments about women and his statements that many Mexican immigrants were "rapists."

Moderator Elaine Quijano of CBS News struggled at times to keep the candidates from talking over each other—with both seeming well-prepared for the debate, knowledgeable on policy and eager to engage with one another.

Still, it's rare for a vice-presidential debate to influence the course of the race, especially given the oversized presence of the two candidates at the top of the tickets.

"People don't vote for vice president. They vote for president," said Lynda Tran, a Democratic consultant and a partner at the firm 270 Strategies, which has consulted for Mrs. Clinton's campaign. "But what a vice-presidential debate allows people to do is get to know someone who is going to be a heartbeat away."

Mr. Kaine, a U.S. senator from Virginia and a former governor and mayor of Richmond, set the aggressive tone early by quickly calling into question Mr. Trump's fitness to serve as president. Mr. Kaine said that Mrs. Clinton should be trusted because of her lifelong history "focused on serving others."

Mr. Pence portrayed Mr. Trump as an agent of change, while criticizing Mrs. Clinton for advocating tax increases and increased regulation, as well as her support for the Affordable Care Act, her use of a private email server for government business and her family foundation's acceptance of foreign government dollars.

Mr. Pence's harsher stance against Russia was striking, given that Mr. Trump has praised President Vladimir Putin as a strong leader and called for better relations between the two countries.

Mr. Pence said the U.S. must be willing to meet with "force" any resistance from the Syrian government and Russia in the conflict against terrorist groups in Syria. He also said the U.S. should do more to prevent Russian provocation in Eastern Europe, and blamed the Obama administration and Mrs. Clinton's "weak and feckless" leadership for allowing Russia to gain influence around the world.

It was unclear whether Mr. Pence was distancing himself from Mr. Trump's position or offering a new set of talking points for the GOP ticket.

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During the vice-presidential debate Tuesday, Gov. Mike Pence answered a question about Donald Trump's 1995 tax returns saying the businessman used the tax code as they are meant to be used. Photo: Getty

On terrorism and foreign policy, both vice-presidential nominees cast the other's running mate as ill-equipped to protect the country.

Mr. Kaine talked up the Obama administration's foreign-policy successes under Mrs. Clinton's tenure as secretary of state, including the killing of terrorist leader Osama bin Laden. By contrast, he said,

“Donald Trump can’t start a Twitter war with Miss Universe without shooting himself in the foot.”

Mr. Pence charged the U.S. is “less safe today than it was the day that Barack Obama became president.”

Some of the sharpest exchanges between the two candidates came over the recent revelation that Mr. Trump had taken a \$916 million loss on his 1995 tax return, a sum that could have allowed him to avoid paying personal income taxes for 18 years. Mr. Trump bragged on the debate stage last week that he was “smart” to reduce his tax liability as much as possible.

“So it’s smart not to pay for our military? It’s smart not to pay for veterans?” Mr. Kaine asked on the debate stage. “So I guess all of us who do pay for those things, I guess we’re stupid.”

Mr. Pence retorted: “Do you take all the deductions that you’re entitled to? I do.”

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Gov. Mike Pence said strong leadership is needed for law and order during Tuesday's vice-presidential debate, while Sen. Kaine charged Donald Trump lacks the respect needed for leading on the issue. Photo: Getty

The two clashed over refugee policy, as Mr. Pence defended the Trump proposal to use “extreme vetting” to screen out Syrians and other refugees from countries that harbor terrorists, and he criticized Mrs. Clinton for proposing an expansion of the number of Syrians allowed into the U.S.

Mr. Kaine accused Mr. Trump of proposing unconstitutional limits based on national origin or religion. “Hillary and I will do immigration enforcement and we’ll vet refugees based on whether they are dangerous or not,” he said.

Some Republicans saw Mr. Pence’s performance as evidence that their party would have been better off with a different presidential nominee.

“This debate highlights the tragedy of Trump’s nomination for the GOP. Whenever the topic is anything but Trump himself, Pence is clearly winning,” said Michael Steel, who worked for former Florida Gov. Jeb Bush during the primaries and for the party’s 2012 vice-presidential nominee, Rep. Paul Ryan.

Mr. Pence succeeded in launching several attacks against Mrs. Clinton that Mr. Trump failed to raise in last week’s debate. He criticized the Clinton Foundation for accepting funds from foreign governments and foreign donors, and charged Mrs. Clinton with running a “pay to play” operation.

Mr. Kaine defended the foundation, calling it one of the “highest-rated charities,” and attacked Mr. Trump’s own foundation, which the New York attorney general this week ordered to stop fundraising in the state because it lacks the proper certification.

WAPO: U.S. service member killed in Afghanistan in an operation targeting ISIS

By Dan Lamothe

A U.S. service member was killed Tuesday in eastern Afghanistan’s Nangarhar province during an operation against the Islamic State, defense officials said.

The death occurred in Achin district, which is a few miles from the Pakistan border and considered the

Islamic State's base of operations in Afghanistan. Gen. John W. Nicholson Jr., the senior U.S. commander in the country, said the death occurred during a "larger United States-Afghan counterterrorism mission targeting the Islamic State, Khorasan" — a reference to the group's Afghan branch.

"On behalf of all of U.S. Forces – Afghanistan, we are heartbroken by this loss and we extend our deepest sympathies to the families and friends of the service member," Nicholson said. "Despite this tragic event, we remain committed to defeating the terrorists of the Islamic State, Khorasan Province and helping our Afghan partners defend their nation."

An investigation will be carried out to determine what happened, but U.S. military officials said the service member was killed by an improvised explosive device (IED) while on foot. Brig. Gen. Charles Cleveland, a senior U.S. military spokesman in Afghanistan, said that the U.S.-led military coalition will continue to carry out operations against the Islamic State, and has carried out multiple airstrikes in Nangarhar within the last week.

Pentagon Press Secretary Peter Cook said it is believed that no other U.S. or Afghan troops were wounded during the operation. He declined to identify which unit the fallen service member was with as the U.S. military notified family members. Counterterrorism missions are commonly carried out by Special Operations troops.

"This was a combat situation," Cook said. "Clearly this was a service member who faced risk alongside Afghan partners and we offer our condolences to the family."

The death occurred as the U.S. military assisted Afghan forces with offensives in two other parts of the country. In the northern city of Kunduz, Afghan troops pushed out insurgents late Tuesday in an operation backed by U.S. air power. In southern Afghanistan's Helmand province, fighting was underway in both Nawa and Khanashin districts between Afghan troops and Taliban fighters.

The death Tuesday marks the third U.S. combat fatality in Afghanistan this year. It follows the Aug. 23 death of Army Special Forces Staff Sgt. Matthew V. Thompson in southern Afghanistan's Helmand province. Thompson, of 3rd Battalion, 1st Special Forces Group, was killed by an IED during a dismounted operation.

In January, Army Special Forces Staff Sgt. Matthew McClintock was killed by gunfire while fighting alongside Afghan commandos in Marja, a farmland district in Helmand that has seen fierce combat on and off for years.

Five U.S. troops were wounded in Afghanistan in fighting against the Islamic State in July, Nicholson disclosed at the time.

**POLITICO: Bill Clinton's Obamacare remarks put Hillary on the hot seat**

Former President Bill Clinton put his wife in a tough political spot by re-injecting Obamacare into a policy-free presidential race — with just 35 days until Election Day and the media intensely focused on Donald Trump's tax returns.

Clinton's comments about "this crazy system," as he referred to Obamacare Monday night, threaten to shift the campaign's focus to the Affordable Care Act and its mounting problems, among them, soaring health insurance premiums, fleeing health plans and young people reluctant to sign up for coverage.

Story Continued Below

Even more importantly, Bill Clinton's frank take on Obamacare's shortfalls tees up more policy

questions for Hillary Clinton, the candidate -- so much so that Clinton herself felt the need to address them only hours later. "I've been saying we've got to fix what's broken and keep what works," she said, "and that's what exactly we're going to do."

She contrasted her commitment to tackle premium and drug costs with Trump's proposal to scrap the Affordable Care Act altogether, which she said would turn the health system "back over to the insurance companies."

All the while, Trump and other Republicans gleefully exploited the ex-president's health care tirade as evidence the health care law is not working -- and that Clinton herself is part of that legacy of Democratic dysfunction.

"Did you hear yesterday?" Trump asked supporters at a rally Tuesday in Prescott Valley, Arizona. "... President Bill Clinton came out and told the truth about Obamacare. "... He's absolutely trashed President Obama's signature legislation."

"At least he's honest," Trump said, while noting that Hillary Clinton "wants to double down on Obamacare."

At a campaign event for his wife in Flint, Mich., Bill Clinton had praised the law for insuring millions of Americans, but noted that many middle-class Americans were still unable to afford coverage and talked up his wife's plan to allow those close to retirement age to buy into Medicare.

"The people who are getting killed on this deal are small business people and individuals who make just a little too much to get any of these subsidies because they're not organized," he said. "They don't have any bargaining power with insurance companies so they're getting whacked."

"So you've got this crazy system where all of a sudden 25 million more people have health care and then the people who are out there busting it, sometimes 60 hours a week, wind up with their premiums doubled and their coverage cut in half. It's the craziest thing in the world."

Republicans see Bill Clinton's comments as validation of what they've been saying all along about Obamacare's woes. "It is unusual when a high-profile Democrat states the obvious about the law—with premiums rising rapidly and coverage getting worse," says Michael Cannon, health policy director for the libertarian Cato Institute. "Clinton was flirting with the reality on Obamacare, you could say."

Hillary Clinton has long acknowledged affordability problems with the Affordable Care Act, promising to build on and tweak the law instead of scrapping it as Trump has promised. She just didn't say it as bluntly as her husband.

But the former president's comments about the plight of those unable to afford coverage dredged up Democrats' worries about electoral backlash against Obamacare, just as sign-ups for the next year are set to begin Nov. 1, and as the Obama administration tries to woo enrollees, particularly the young and healthy.

So far, the Clinton campaign is not completely distancing itself from Bill Clinton's comments, nor are those close to the couple.

"I think what he was saying was maybe less than precise language, but he was saying what all Democrats say, which is that the Affordable Care Act is a historic achievement that's made a difference in the lives of millions of people," says Chris Jennings, a former top health care official in the Clinton White House. "He was saying, just as Hillary Clinton has said, that it needs to be improved."

A spokesman for Bill Clinton said accused media outlets of taking his description of the law's shortfalls "out of context."

"President Clinton spoke about the importance of the Affordable Care Act and the good it has done to expand coverage for millions of Americans. And while he was slightly short-handed, it's clear to everyone, including President Obama, that improvements are needed," says Angel Urena. "That's why Secretary Clinton has proposed measures including tax relief to cover excessive out-of-pocket costs, a public option and Medicare buy-in for those over 55. She'll build on the progress we've made by increasing competition, choice, affordability and the number of Americans with insurance."

Hillary Clinton outlined a number of ideas to try to make health care more affordable in a recent article in the New England Journal of Medicine. She would let Americans older than 55 buy into Medicare; offer a refundable tax credit of \$5,000 per family for excessive out-of-pocket health costs; and limit out-of-pocket prescription drugs costs to \$250 a month on covered medications, among other proposals.

"The question will be: Do those proposals go far enough and where the money would come to pay for them?" says Larry Levitt, a senior vice president at the nonpartisan Kaiser Family Foundation.

Levitt added: "If you listen to the totality of what Bill Clinton said, it was about affordability challenges that people are still having and some ways of addressing them, and that is a central issue with the ACA right now. If you look at Hillary Clinton's proposals, she has a number of ways of addressing the problems people still have with health insurance."

USA Today: Florida, Carolinas brace for fury of Hurricane Matthew

The much anticipated Hurricane Matthew made landfall Tuesday night near the eastern tip of Cuba at about 8 p.m. ET as other places made preparations to protect themselves and braced for the worst.

The powerful category 4 storm was carrying maximum sustained winds of 130 mph and moving north at 8 mph, the National Hurricane Center said. At 11 p.m. ET, it was about 55 miles east by northeast of Guantanamo, the center reported.

In the United States, bottled water flew off supermarket shelves along Florida's Atlantic Coast and South Carolina prepared to evacuate more than 1 million people as the nation braced itself for the most powerful storm to smash through the region in almost a decade.

If the predictions of one top weather model are accurate, Hurricane Matthew would be "a disaster for the east coast of Florida from about West Palm Beach north up Interstate 95 to Jacksonville," WeatherBell meteorologist Ryan Maue tweeted Tuesday afternoon.

A hurricane watch was issued Tuesday for parts of Florida as Matthew roared through the Caribbean, pounding tiny Haiti with heavy rain and powerful winds and tides. Hurricane-strength winds could reach Florida midday Thursday, and the storm could linger there into Friday, National Hurricane Center spokesman Dennis Feltgen said.

Florida Gov. Rick Scott warned residents to prepare for power outages and evacuations. South Carolina Gov. Nikki Haley ordered evacuations of some coastal communities. The numbers had not been determined, but state emergency management officials said the total could exceed 1 million.

"This is not something that we want to play with," Haley said. "The worst-case scenario is that you get stuck on the coast and have no place to go."

The Category 4 hurricane made landfall in Haiti on Tuesday with top sustained winds near 145 mph. The latest computer models predicted a path edging closer to the U.S. East Coast, the hurricane center reported.

"We still have the core (staying) off the Florida coast," Feltgen said. "But our present track does bring



the possibility of hurricane force winds to Florida."

Feltgen said it was too early to determine a timeline or impact along the rest of the East Coast as Matthew sweeps north.

A hurricane warning remained in effect for all of Haiti and portions of Cuba and the Bahamas. At least nine deaths already were reported. Matthew is the strongest hurricane to hammer the region since 2007, when Felix reached Category 5 status with sustained winds of 160 mph and killed more than 130 people, most in Nicaragua.

In Florida, a hurricane watch was in effect from Deerfield Beach, Fla., to the Volusia/Brevard county line in Central Florida. A tropical storm watch was in effect from the Seven Mile Bridge in the Florida Keys northward to the hurricane watch area.

John Pendergrast, a meteorologist with the National Weather Service in Melbourne, warned that the storm continues to remain unpredictable but said Matthew "looks like it's going to be a close brush."

Long lines formed at supermarkets. By midafternoon Tuesday, the Publix in downtown Fort Lauderdale was stripped of bottle water and was running out of batteries and other hurricane supplies fast.

Sean Smith, of Pembroke Pines, told the Sun Sentinel newspaper he went to a Home Depot for water, batteries and flashlights.

"My wife is sending me out cause she's caught up in the hysteria — from the moment she heard 'hurricane,'" he said.

Florida and South Carolina issued states of emergency. Georgia Gov. Nathan Deal also declared a state of emergency in 13 coastal counties that would begin Wednesday.

Scott visited the city of Marathon to meet with county emergency management officials and said 200 members of the National Guard will be activated to support hurricane preparedness and response. Another 6,000 guardsmen are ready to be deployed if needed, he said.

"We have to be focused on the potential for power outages," Scott tweeted. "Everyone should prepare for prolonged power outages across the east coast."

North Carolina Gov. Pat McCrory declared a state of emergency for central and eastern parts of the state. The Georgia emergency management officials urged residents to "closely monitor local forecasts and stay weather-aware."

"The threat to Florida and the southeastern U.S. coast has increased," the hurricane center said. "Tropical storm or hurricane conditions could affect portions of Georgia, South Carolina, and North Carolina later this week or this weekend, even if the center of Matthew remains offshore." At a minimum, "very dangerous beach and boating conditions are likely along much of the U.S. east coast."

Matthew also could cause significant beach erosion along the Atlantic coast, according to AccuWeather.

"We are preparing for the worst, hoping for the best and not taking any chances," Scott said

POLITICO: Clinton: I don't recall joking about droning Julian Assange

By MADELINE CONWAY

Responding to unconfirmed allegations circulating on right-wing websites, Hillary Clinton said Tuesday that she does not remember ever joking about targeting the founder of WikiLeaks in a drone strike.

The conservative website True Pundit cited anonymous "State Department sources" in a report on Sunday to claim that Clinton in 2010 suggested to some staff members that the U.S. "drone" Julian Assange of WikiLeaks, whose website had embarrassed the U.S. when it published diplomatic cables, among other documents.

"Can't we just drone this guy?" the website claimed Clinton had said.

WikiLeaks, an anti-secrecy organization that publishes documents from governments, corporations and other sources, tweeted out the quote from the True Pundit report on Monday. No mainstream news outlets have confirmed the claim.

"I don't recall any joke," Clinton said, when asked about the allegations at a press conference in Harrisburg, Pennsylvania, on Tuesday. "It would have been a joke, if it had been said, but I don't recall that."

The same reporter also asked Clinton about Assange's recent promise to soon release documents that could affect the November election. WikiLeaks published a series of internal Democratic National Committee communications that embarrassed the party on the eve of its July convention, and suggested there was more to come.

"Are you worried that there's anything that could come out that would upend the race?" the reporter asked Clinton.

"Well, I don't know anything about what he's talking about," Clinton said, before responding to the drone comment allegations.

The Hill: WH defends ObamaCare from Bill Clinton's criticism

The White House on Tuesday defended President Obama's signature healthcare law after it came under criticism from former President Bill Clinton.

"I think what I would say is the president is quite proud of the accomplishment of the Affordable Care Act," White House press secretary Josh Earnest told reporters, in response to Clinton calling the program "the craziest thing in the world."

"The American people benefit from the way the law has been implemented," Earnest said.

He rattled off a list of achievements under the law, such as 20 million newly insured Americans, increased competition and consumer protections that block companies from refusing to insure people with pre-existing illnesses.

Asked whether the White House hoped that Clinton would have used different words to describe the law, Earnest responded, "Of course."

But he declined to attack Clinton, the husband of Democratic presidential nominee Hillary Clinton, for comments that were widely seen as a direct challenge to Obama.

"For the point that President Clinton was trying to make, I guess I would refer you to his team," Earnest said. "You'll have to talk to President Clinton directly about what message he was trying to send."

Bill Clinton's attack on the program, made while campaigning for his wife, were surprising because they

run counter to his previous praise for ObamaCare.

But during a Tuesday rally in Flint, Mich., Clinton blasted the core principles of ObamaCare as unworkable and proposed a new system that would allow consumers to purchase Medicare or Medicaid coverage.

“You’ve got this crazy system, where all the sudden 25 million more people have healthcare and then the people are out there busting it, sometimes 60 hours a week, wind up with their premiums doubled and their coverage cut in half,” Clinton said.

“It’s the craziest thing in the world.”

The comments may cause a potentially damaging rift between the White House and the former president just about a month before Election Day.

And they add fuel to the argument from GOP presidential nominee Donald Trump and other Republicans that the law should be repealed.

“With premiums continuing to skyrocket, state insurance markets collapsing and businesses struggling to comply with its job-killing mandates, even Democrats like Bill Clinton are coming to realize just what bad public policy ObamaCare really is,” Trump campaign spokesman Jason Miller said in a statement.

Earnest said the law continues to be a “source of pride” for Obama and the “evidence cannot be refused” that it has helped Americans.

But he noted that Obama has himself acknowledged “that there could be some things that could be done to strengthen the law.”

“That is something that Secretary Clinton has vowed to pursue,” he said, adding that Obama would support the Democratic nominee and former secretary of State in pursuing those tweaks.

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## EDITOR'S PICK

### North Korea's Nuclear Program Is Targeting U.S., Japanese Lawmaker Says

After firing its fifth and largest nuclear weapon, North Korea said that it was a warhead that could be used to counter "the American threat." [Read More >](#)

### Delta Captain Recalls Flying With Terror Mastermind Just Before 9/11


Mohammed Atta wore an American Airlines pilot uniform as he rode in the cockpit from Baltimore to Atlanta. It was about seven weeks before the 9/11 attacks. [Read More >](#)


### World War II Veteran turns 107 with a party in New Orleans

When Lawrence Brooks joined the military, it was still segregated. Yet the 107-year-old African-American World War II veteran has lived long enough not only to see that change, but to see a black commander-in-chief too. [Read More >](#)

### US Navy gives look inside futuristic \$4.4B Zumwalt destroyer

The Navy gave a first look inside the stealthy and futuristic Zumwalt destroyer on Friday during the ship's first port stop at a Rhode Island naval station. [Read More >](#)

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Syria cease-fire enters into effect, but rebels don't commit

A cease-fire came into effect in Syria at sunset Monday in the latest attempt led by the United States and Russia to bring some quiet in the 5-year civil war. [Read More >](#)

CIA Director John Brennan warns of Russian hacking

CIA Director John Brennan warned on Sunday that Russia has "exceptionally capable and sophisticated" computer capabilities and that the U.S. must be on guard. [Read More >](#)

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In November 1971, a man going by the name of D.B. Cooper hijacked a commercial plane and parachuted from it carrying \$200,000 cash never to be seen again. [Read More >](#)

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