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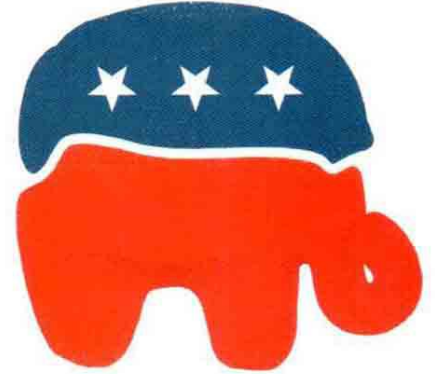
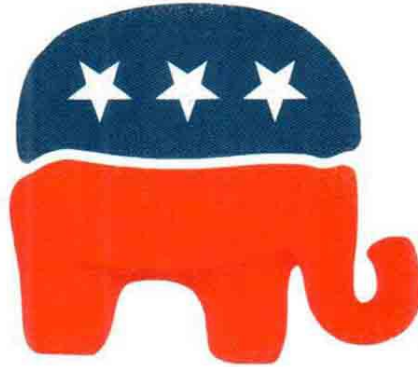
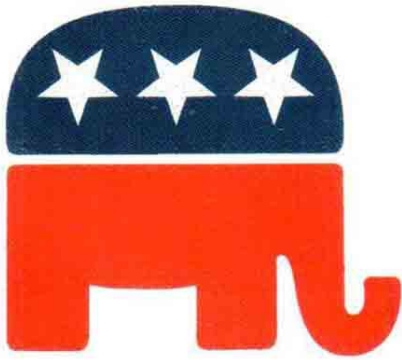
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India tackles cronyism

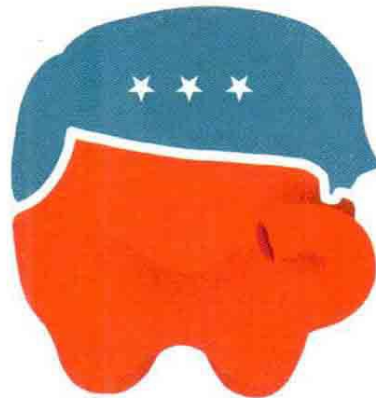
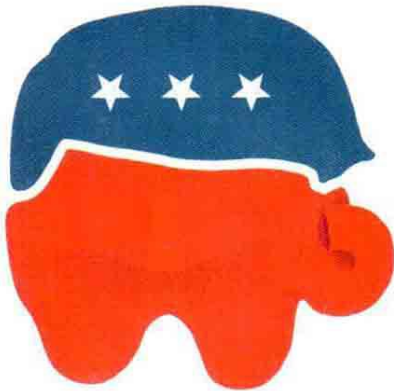
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The EU's Polish pickle

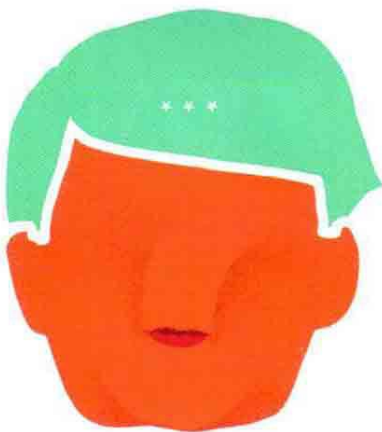
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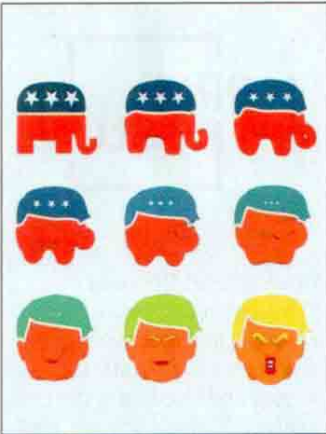
What's become of



the Republican Party?



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The Republican Party is organised around loyalty to one man—Donald Trump. That is dangerous: leader, page 9. The president's virtually complete takeover of the Republican Party was not a one-off, and it will not easily be undone, page 18. By trying to protect the FBI, James Comey damaged it: Lexington, page 33

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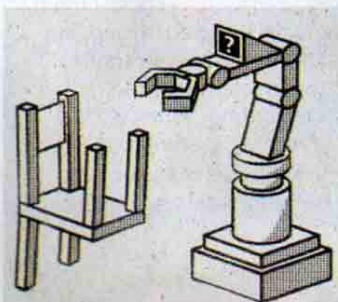
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Politics



The barrage of missiles fired by America, Britain and France at facilities inside **Syria** “significantly crippled” the ability of the regime of Bashar al-Assad to produce chemical weapons, the Pentagon claimed. No casualties were reported as a result of the raid, which was a response to the regime’s suspected use of chlorine and sarin on civilians in the town of Douma, killing dozens of people. A security team doing reconnaissance for UN inspectors was fired upon when visiting the town.

The White House said that Donald Trump was not considering a new round of **sanctions** against Russia. That contradicted Nikki Haley, America’s ambassador to the UN, who had announced that new penalties would be imposed on Russian firms helping Syria with chemical weapons. The White House said that Mr Trump stepped back from punishing Russia further because he wants to maintain good relations, and that Ms Haley had experienced “momentary confusion”. “I don’t get confused”, responded Ms Haley.

Israel celebrated its 70th anniversary, according to the Hebrew calendar, with an elaborate ceremony in Jerusalem, during which Binyamin Netanyahu, the prime minister, called the country a “rising world power”.

A screening of the superhero movie “Black Panther” marked the end of a decades-old ban on cinemas in **Saudi Arabia**. Muhammad bin Salman, the

young crown prince, is trying to modernise the conservative Muslim kingdom.

Seeking another mandate

Turkey’s president, Recep Tayyip Erdogan, announced that parliamentary and presidential elections will be held in June, 17 months ahead of schedule. He said the early polls were needed because of unrest in Syria, and in order to help move the country to an executive presidential system, a shift approved in a referendum last year which will give Mr Erdogan even more power.

German public-sector workers won a pay rise of more than 3% for each of the next two years. It is the largest increase in government salaries in years, and comes after metalworkers received a pay bump of 4.3% in February.

The European Commission recommended that **Albania** and **Macedonia** be allowed to start talks on joining the EU. Their western neighbours in the Balkans, Serbia and Montenegro, are already in negotiations. They would be the first new countries to enter accession talks in five years.

Italy’s president asked Elisabetta Casellati, a member of the Forza Italia party founded by Silvio Berlusconi, a former prime minister, to try to broker a coalition deal including the left-leaning populist Five Star Movement and right-wing Northern League parties. Italy has been without a government since an election on March 4th.

Fidel’s younger brother

Raúl Castro prepared to step down as president of **Cuba**, ending nearly six decades of rule by the Castro family. His successor is Miguel Díaz-Canel, though Mr Castro will remain secretary of the Communist Party until 2021.

Two Ecuadorean journalists and their driver were murdered by breakaway **FARC** guerrillas, after being kidnapped last month near the **Colombian** border. The Oliver

Sinisterra Front has refused to demobilise since a peace deal with the **FARC** guerrillas was signed by the Colombian government in 2016. This week the group kidnapped two more people.



A judge in **Trinidad and Tobago** ruled that “buggery laws”, which prohibit gay sex, are unconstitutional. A final decision about striking down the law is set for July.

Diplomatic offensive

Donald Trump confirmed that Mike Pompeo, the director of the CIA (who has been nominated to be secretary of state) met Kim Jong Un in **North Korea** recently for preparatory talks about a summit between the American president and the North Korean dictator. Mr Trump said Mr Pompeo’s visit had gone well. Moon Jae-in, South Korea’s president, is expected to meet Mr Kim next week. Officials have been in discussions about negotiating a formal end to the Korean war, for which no peace treaty has been signed, even though hostilities ended 65 years ago.

India’s finance minister, Arun Jaitley, assured markets that the country was not running out of money, after cash machines in some parts of the country ran out. The amount of cash in circulation has returned to normal levels since the government abruptly voided most banknotes in 2016, but there has been a spike in demand for cash in the past few months.

China conducted live-fire naval drills in the Taiwan Strait, the first such sabre-rattling in the sensitive waters in three years. The state broadcaster said the military drills

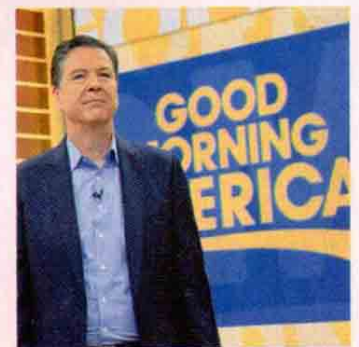
were meant to send a message to pro-independence politicians in Taiwan.

Limited duties

The National Guard Bureau, which oversees America’s armed-force reserves, said that 965 guardsmen have been deployed to the **Mexican border**, considerably fewer than the up to 4,000 that Donald Trump wants to patrol the area. The troops are not involved in detaining illegal migrants.

Puerto Rico endured another islandwide blackout, this time because of an industrial accident. The beleaguered electricity company had only just restored power to almost all Puerto Rico’s residents, seven months after Hurricane Maria tore a trail of destruction through the territory.

Mr Trump pardoned **Scooter Libby**, Dick Cheney’s former chief of staff, who was convicted in 2007 of perjury. A key witness against him had recanted her testimony, and conservatives had long argued that the conviction was a miscarriage of justice. The man at the Justice Department who had ordered the probe into Mr Libby was one James Comey.



Now sacked as head of the **FBI** and with a book to promote, Mr Comey pilloried Mr Trump in a TV interview, saying he was “morally unfit” to be president. Mr Comey also revealed that Mr Trump never laughs. There wasn’t much humour in Mr Trump’s Twitter response; he described Mr Comey as a “slimeball” and “slippery”. Robert Mueller’s **investigation** into Russian shenanigans may determine who has the last chuckle. ▶▶

Business

Martin Sorrell resigned as chief executive of WPP following an internal investigation into unspecified personal misconduct. He denies the allegations. Sir Martin had led the group for 32 years, turning it into a global powerhouse in advertising and market research by acquiring agencies such as Ogilvy & Mather and Kantar Media. But revenue growth stalled in part because businesses cut advertising budgets; WPP has shed a third of its market value over the past two years. Sir Martin's departure raises questions about whether the group will break itself up.

Starbucks is to close its 8,000 cafés in America on May 29th so that employees can receive training on racial bias. The coffee chain is responding to a social-media uproar sparked by the arrest at one of its stores in Philadelphia of two black men who had asked staff if they could use the lavatory reserved for customers.

Pick a number, any number

Tesla Motors wants to increase production of its mass-market Model 3 to 6,000 cars a week by the end of June, according to reports, in order to have some margin of error to meet the current target of 5,000. The company has struggled to reach its previous goals and is making around 2,000 Model 3s a week at present.

The Chinese government announced that it will scrap a rule that requires **foreign carmakers** to set up joint ventures with Chinese ones if they want to avoid import duties. This stipulation will end for electric vehicles this year, a boon to Tesla's hopes of opening a factory in China. It is a concession in the current dispute over trade between America and China, even though that row continues. This week China imposed a deposit of 179% on imports of **sorghum** from America. The grain is used in livestock feed and in *baijiu*, a strong liquor.

American officials insisted that a ban on American companies from doing business with **ZTE**, a Chinese maker of telecoms equipment, was not linked to recent altercations on trade. Among the parts ZTE sources are superfast processors from Intel and Qualcomm. America maintains that ZTE has contravened a settlement reached last year over its sales of products to Iran and North Korea. It is the latest measure curtailing American links with Chinese telecoms suppliers, mostly on security grounds.

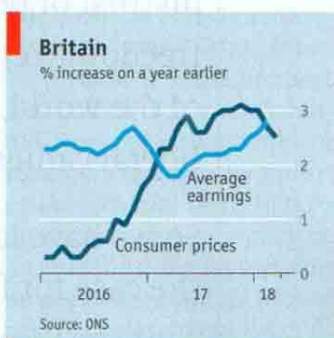
Blockbuster

Netflix's worldwide customer base grew to 125m people in the first quarter. It expects to pass 130m in the current quarter. The streaming company's share price has risen by more than 70% so far this year.

The **biggest banks** in America reported a good set of earnings for the first three months of 2018. Bank of America and Morgan Stanley made quarterly net profits of \$6.9bn and \$2.7bn respectively, boosted by revenues from share trading during a comparatively turbulent period for markets. Goldman Sachs said its income from trading was up by 31% compared with the same quarter last year, helping it to a

profit of \$2.8bn. Profit at JPMorgan Chase came in at a record \$8.7bn.

The IMF's latest forecast for global growth painted a relatively rosy outlook for the **world economy**, which it said will benefit from America's expansionary fiscal policy. It raised its projections for almost all the world's advanced economies (bar Japan). But the fund also issued a stark warning about the rising level of **global debt**, which reached \$164trn in 2016, higher than at the time of the financial crisis.



A surprise fall in **British consumer prices** to 2.5%, marking a 12-month low, did not dampen economists' expectations of an interest-rate rise by the Bank of England in May. In a double helping for household finances, average earnings grew at their fastest rate in the three months to February

since the summer of 2015. But some households may still be struggling. Outstanding secured borrowing has grown by more than 3% in the past year.

China's economy grew by 6.8% in the first quarter compared with the same three months last year.

The Supreme Court heard arguments in a case that seeks to overturn **online retailers'** 26-year-old exemption from collecting sales tax in states where they do not have a physical presence. Most states, and bricks-and-mortar retailers, think this gives e-commerce an unfair advantage.

Some harmony at the Fed

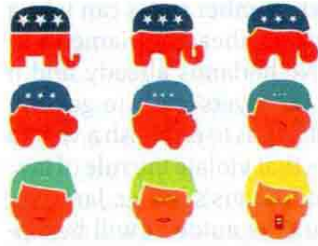
Richard Clarida was nominated by President Donald Trump to be vice-chairman of the Federal Reserve, serving under Jerome Powell, the new chairman of the central bank. Mr Clarida is a widely respected professor of economics at Columbia University and worked on economic policy at the Treasury during the administration of George W. Bush. He is also a songwriter, releasing a CD of his own acoustics-heavy tunes in 2016.

For other economic data and news see Indicators section



What has become of the Republican Party?

It is organised around loyalty to one man—Donald Trump. That is dangerous



ALL presidents, Republican and Democrat, seek to remake their party in their own image. Donald Trump has been more successful than most. From the start, the voters he mesmerised in the campaign embraced him more fervently than congressional Republicans were ready to admit. After 15 months in power, as our briefing explains, he has taken ownership of their party. It is an extraordinary achievement from a man who had never lived in Washington, DC, never held public office, who boasted of groping women and who, as recently as 2014, was a donor to the hated Democrats.

The organising principle of Mr Trump's Republican Party is loyalty. Not, as with the best presidents, loyalty to an ideal, a vision or a legislative programme, but to just one man—Donald J. Trump—and to the prejudice and rage which consume the voter base that, on occasion, even he struggles to control. In America that is unprecedented and it is dangerous.

Already, some of our Republican readers will be rolling their eyes. They will say that our criticism reveals more about us and our supposed elitism than it does about Mr Trump. But we are not talking here about the policies of Mr Trump's administration, a few of which we support, many of which we do not and all of which should be debated on their merits. The bigger, more urgent concern is Mr Trump's temperament and style of government. Submissive loyalty to one man and the rage he both feeds off and incites is a threat to the shining democracy that the world has often taken as its example.

Not what, but how

Mr Trump's takeover has its roots in the take-no-prisoners tribalism that gripped American politics long before he became president. And in the past the Oval Office has occasionally belonged to narcissists some of whom lied, seduced, bullied or undermined presidential norms. But none has behaved quite as blatantly as Mr Trump.

At the heart of his system of power is his contempt for the truth. In a memoir published this week (see Lexington) James Comey, whom Mr Trump fired as director of the FBI, laments "the lying about all things, large and small, in service to some code of loyalty that put the organisation above morality and above the truth". Mr Trump does not—perhaps cannot—distinguish between facts and falsehoods. As a businessman and on the campaign he behaved as if the truth was whatever he could get away with. And, as president, Mr Trump surely believes that his power means he can get away with a great deal.

When power dominates truth, criticism becomes betrayal. Critics cannot appeal to neutral facts and remain loyal, because facts are not neutral. As Hannah Arendt wrote of the 1920s and 1930s, any statement of fact becomes a question of motive. Thus, when H.R. McMaster, a former national security adviser, said (uncontroversially) that Russia had interfered in the election campaign, Mr Trump heard his words as unforgivably hostile. Soon after, he was sacked.

The cult of loyalty to Mr Trump and his base affects government in three ways. First, policymaking suffers as, instead of a coherent programme, America undergoes government by impulse—anger, nativism, mercantilism—beyond the reach of empirical argument. Mr Trump's first year has included accomplishments: the passage of a big tax cut, a regulatory rollback and the appointment of conservative judges. But most of his policymaking is marked by chaos rather than purpose. He was against the Trans-Pacific trade deal, then for it, then against it again; for gun control, then for arming teachers instead.

Second, the conventions that buttress the constitution's limits on the president have fallen victim to Mr Trump's careless selfishness. David Frum, once a speechwriter for George W. Bush, lists some he has broken (and how long they have been observed): a refusal to disclose his tax return (since Gerald Ford), ignoring conflict-of-interest rules (Richard Nixon), running a business for profit (Lyndon Johnson), appointing relatives to senior posts in the administration (John F. Kennedy) and family enrichment by patronage (Ulysses S. Grant).

And third, Mr Trump paints those who stand in his way not as opponents, but as wicked or corrupt or traitors. Mr Trump and his base divide Republicans into good people who support him and bad people who do not—one reason why a record 40 congressional Republicans, including the House Speaker, Paul Ryan, will not seek re-election. The media that are for him are zealous loyalists; those that are not are branded enemies of the people. He has cast judicial investigations by Robert Mueller into his commercial and political links with Russia as a "deep-state" conspiracy. Mr Trump is reportedly toying with firing Mr Mueller or his boss in the Department of Justice. Yet, if a president cannot be investigated without it being counted as treason then, like a king, he is above the law.

The best rebuke to Mr Trump's solipsism would be Republican defeat at the ballot box, starting with November's mid-term elections. That may yet come to pass. But Mr Trump's Republican base, stirred up by his loyal media, shows no sign of going soft. Polls suggest that its members overwhelmingly believe the president over Mr Comey. For them, criticism from the establishment is proof he must be doing something right.

Look up, look forwards and look in

But responsibility also falls to Republicans who know that Mr Trump is bad for America and the world. They feel pinned down, because they cannot win elections without Mr Trump's base but, equally, they cannot begin to attempt to prise Mr Trump and his base apart without being branded traitors.

Such Republicans need to reflect on how speaking up will bear on their legacy. Mindful of their party's future, they should remember that America's growing racial diversity means that nativism will eventually lead to the electoral wilderness. And, for the sake of their country, they need to bring in a bill to protect Mr Mueller's investigation from sabotage. If loyalty to Mr Trump grants him impunity, who knows where he will venture? Speaking to the Constitutional Convention in 1787 George Mason put it best: "Shall that man be above [justice], who can commit the most extensive injustice?" ■