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Culture of bombing



By one count, the United States has bombed 31 different countries since 1945. Six of them were bombed over more than one period (China, Guatemala, Libya, Afghanistan, Iraq, Iran). Barack Obama, winner of the Nobel Peace Prize, has approved military strikes in six countries (Iraq, Afghanistan, Pakistan, Somalia, Yemen, Libya and now Syria).

In every case the White House

has found legal justification for its actions. There is now a debate about the legality of the most recent bombings in Syria, and this too will no doubt be resolved to the satisfaction of the Obama administration.

The Syria episode is different from the other recent military campaigns in the sense that the attacks are not (for now) against the internationally recognized government, nor are they being conducted with its express consent. The Assad

regime isn't the target so far, and it isn't even protesting very loudly, although this is sure to change once the U.S. mission becomes one of regime change.

This is a unique situation in recent history. A war is being fought on foreign soil against a faction that is in dispute with the recognized government, but the war is being conducted without the recognized government's approval. The closest parallel to this I could find is Somalia, where the U.S. is using drones against the Islamic group Shabab. The U.S. has the approval of the president of Somalia, but he isn't recognized in large parts of the country.

The bounds of what is possible are being shifted in Syria, yet international support is nevertheless amazingly high. A few journalists have their heads cut off, and a new kind of military response is suddenly permissible. Perhaps it's the correct response, who knows, but it's probably time to ask where this culture of bombing is taking us.

Analysis for the week Sept. 19-26, 2014

ČSA is an invaluable case study of what happens when the semi-official system of state-sponsored corruption is allowed to work unchallenged for years. ČSA was a wonderful company that provided efficient, friendly service, but it was systematically destroyed. ČSA's problems were partly management, partly strategic and partly bad luck. It's possible to debate endlessly about what could have been done differently. Should it have bought fewer planes or targeted other markets?

Those are legitimate questions, but the bigger problem comes when purchasing decisions and strategy are guided by corrupt intent and when turnaround managers are brought in later to cover this up. A prime example was the sale of the cargo unit to a company, Central European Handling, with no activities, no office, no telephone and no history in the cargo industry. To this day we do not know who was behind it, although there were suggestions that it was Miroslav Kalousek's close friend Richard Háva.

ČSA is also a prime example of how the media is manipulated to allow the corrupt system to continue. When ČSA was being run in the mid-2000s by Jaroslav Tvrdík (the ex-defense minister for ČSSD who is now a China expert), Lidové noviny started running very negative articles about him. It criticized the purchase of 12 Airbuses, saying that the winner was clear in advance, and the paper eventually called for Tvrdík to be sacked. Jaroslav Plesl, who was deputy

editor of the newspaper at the time, said publicly later that Tvrdík contacted LN with an ultimatum. Either the paper quits attacking him, he said, or ČSA removes LN from its inflight newspaper offering. At the time, ČSA was buying something like 10% of LN's entire print run. Business is business, Plesl said, so the newspaper stopped criticizing Tvrdík.

Earlier this summer, Finance Minister Andrej Babiš indicated that he intended to do something about ČSA. He asked publicly at the end of June why Kalousek had allowed Penta to divert Kč 4bn from Prague Airport for overpriced land supposedly needed for a new runway. Babiš's criticism was not gratuitous. Three weeks later, Miroslav Dvořák resigned as chairman of Český Aeroholding and was replaced by Václav Řehoř. It seemed that someone was finally going to start turning over stones at the Airport and ČSA.

But then a few weeks later, Řehoř said publicly that his agreement with the finance ministry (meaning Babiš) was that he would not return to the past and would not try to dig anything up on anyone. So we will probably never know whether it was Richard Háva who bought the cargo company. Nor will we know how one of the supervisory board members at Prague Airport who approved that "diversion" of Kč 4bn for overpriced land, Petr Rafaj, could end up later running the all-important Czech antitrust office.

Because of the way the system works, if a case study is ever written about ČSA

and the Airport, it will likely be financed by the very ones who brought the company to its knees or covered up the theft. The full truth will never come out.

ČSA is nevertheless invaluable because we see parts of the full story, from start to finish, from success to near bankruptcy. Other similar cases of the destruction of value, such as ČEZ and Czech Railways, will linger on for years, because they operate in sectors that allow for a greater level of hidden financing. ČSA can't force us to buy tickets, and its state support is restricted. Everyone has to buy electricity.

One high-ranking government official told us nearly a year ago that one reason for the government crisis that brought down Petr Nečas was Nečas's insistence that ČEZ halt its foreign acquisitions. The investments are an ideal way to strip money out of the company, the official said. Even Temelín, if it went through, would be a more difficult way to do this, the official said, because it's being watched so closely internationally.

With Nečas gone and Bohuslav Sobotka now in his place, ČEZ is gearing up its foreign acquisitions again. CEO Daniel Beneš claimed in HN today that this will allow it to "buy" the operating profit it needs to sustain the kind of dividends that shareholders are accustomed to.

Finance Minister Babiš has installed new people at ČEZ who are supposed to keep tabs on this. But just as in the case of ČSA, the new people at ČEZ haven't turned over a single stone so far.