

Getting rich from playing at war

During the mid-2000s, when the United States and Czech Republic were negotiating a [missile-defense agreement](#), some of those involved on the Czech side looked at it as a great business opportunity. It wasn't a matter for them of defense, as such, because they didn't believe that Iran or anyone else in the Middle East actually posed a real security threat. But for some politicians, generals, lobbyists, lawyers, consultants and others involved, it offered certain other exciting opportunities.

Alas, these opportunities were cut short in Sept. 2009, when the Obama administration [pulled the plug on the plan](#), citing new intelligence about Iran's missile capabilities. But it was a great adventure while it lasted.

There's a repeat of this attitude, but on an even bigger scale, with the decision of Nato countries to gradually raise defense spending to 5% of GDP by 2035, including 1.5% of GDP for security-related items. The Economist called it a "[defense bonanza](#)" but warned that the fragility of public finances means that Nato governments will need to be as efficient as possible in how they spend taxpayer money.

Czech Pres. Petr Pavel has emphasized this aspect too. He told Czech Radio in Jan. that the debate about percentages for defense is [totally misleading](#) and says nothing. We have to talk about what is behind the figures, he said, including what we need in troop numbers, how well they should be prepared and how many airplanes, ships and missile-defense systems we need to have to defend effectively against the identified threats.

He shifted his rhetoric after the Nato summit last week, saying that Donald Trump might have [shocked Nato members](#) with his demand of 5% defense spending but that the pressure, given the current situation, was absolutely appropriate. Pavel then told [TV Prima on Sun.](#) that he thinks the 3.5% defense part is achievable, adding that the spending should be efficient on both the Czech and European levels, including shorter and more transparent acquisition processes and greater oversight of the defense industry, to avoid inflation of prices.

So even Pavel is now supporting the idea of setting the percentage first and then spending the money to match it, but with the difference that he wants the spending to be efficient. This approach



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18:37 HOKEJISTKA KALTOUNKOVÁ SE JAKO PRVNÍ EVROPANKA STALA JEDNIČKOU DRAFTU PWHL.

differs only slightly from what one of his advisers, defense-industry lobbyist [Petr Kolář](#), said three weeks ago at the Václav Havel Library. According to Kolář, we should have the European Union invest [as much as possible](#) into the arms industry.

This approach echoes what Pres. Zdeněk Zajíček of the Czech Chamber of Commerce has been saying. His Chamber wants the government to borrow money for a quick surge in defense and infrastructure spending. Zajíček told [Czech TV on Wed.](#) that this will have a multiplier effect. It's a huge opportunity for the CR, he said, because the push for greater competitiveness and the reindustrialization of Europe could turn the Czech defense industry into one of the top players.

Ex-Finance Min. [Miroslav Kalousek](#), another defense-industry lobbyist, told [Czech TV last week](#) that the 5% commitment is a permanent peacetime government outlay that can't be covered only from increased debt. Even without higher defense spending, he said, significant budget consolidation will be needed, which will mean either higher taxes, lower spending in other areas, or both. He spoke specifically about significantly

higher co-payments for healthcare or letting go 20% of government workers. He, too, devoted a few sentences to the need to be efficient in spending on defense, but never once did he acknowledge any kind of waste or corruption in army procurement.

Jaroslav Štefec, a former high-level defense-procurement officer, is now running for Parliament for Stačilo! and wrote in yesterday's Communist Party weekly [Naše Pravda](#) (not yet on the internet) that the Czech army is unable to fulfill its constitutional requirement of defending the country from an external attack, despite the hundreds of

billions of crowns that have been spent. There are fewer than 5,000 battle-ready soldiers, he said, and the 4,500 active reservists are just playing at being soldiers. Their chance of surviving in a real war, he said, is negligible.

Equipment, according to Štefec, is bought at vastly inflated prices and in a way that's designed to feed numerous hungry mouths from among lobbyists, advisers,

valuation companies, politicians, political parties, credit unions, select government officials and self-interested generals. Neither the defense ministry nor the Fiala government, he said, is trying to address the issue of how to reach a state of battle-readiness. Instead, they're merely trying to spend the full amount available without any other thought and are doing it on the basis of recommendations from lobbyists and friendly companies. It will be this way, Štefec added, regardless of whether the number is 2% of GDP or 5%.

Empirical evidence suggests that this is indeed the case. But even if only half of what Štefec says is true, it means that there is little effort to go through the process spoken about by Pres. Pavel of doing what needs to be done to defend effectively against the identified threats.

The bottom line is that those making the decisions in the government and army are blinded by the dollar signs they see and are only playing at war. They're reveling in the business opportunity they have and aren't worried about the security implications of their behavior, because they don't really think Russia poses any more of a threat now than Iran did in 2006.