

# Tehran's Charm Offensive Will Work

By Paolo von Schirach

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November 30, 2013

**WASHINGTON** – Secretary of State John Kerry just repeated that the US policy goal on Iran is to make sure that the Tehran government will never acquire nuclear weapons. Given this objective, the Obama administration has presented the recent interim agreement reached in Geneva with Iran as a major step in that direction. “Well, we did not get everything we wanted”, claims Washington, “But we got a temporary halt to the enrichment process pursued by the Iranians”. So, based on Washington’s declared goals, we should expect a Geneva 2 agreement to include the dismantling or at least the beginning of the dismantling on Iran’s nuclear program.

## **Iran's charm offensive**

But what Kerry restated is at best disingenuous, for this is not at all where we are headed. (*See link above to a related piece*). Leaving aside the technicalities of the interim agreement signed in Geneva, it is clear to all that this deal does not even begin to stop, let alone scrap the Iranian nuclear program. It only places it on a temporary hold. Therefore this is at best a cosmetic concession on the part of the Tehran government. The enrichment now on hold can be restarted at any time, with minimal effort.

## **Plenty of smiles**

The reality is that Iran is seeking a new, more relaxed political relationship with the West. Under this new cover it will be much easier to pursue their nuclear goals. Hence high profile, but zero substance, negotiations, and small concessions via deals that can be portrayed as “diplomatic victories” by Washington, and plenty of smiles for the photographers. But all this is just public relations. This is a clever way to assuage fears as to Iran’s overall political intentions towards the West. And, from this vantage point, style matters just as much as substance. Gone is the bellicose “*Death to America*” language. Now we have plenty of smiles and polite words. Bit by bit, president Hassan Rouhani is laying the ground work. Iran is carefully “rebranding” itself. The new message to Washington is: *“Look at us. We are really nice people. So, do not worry too much about a future in which we may get nuclear capabilities. We are not crazy fanatics. We shall behave responsibly. So nothing to fear from us”.*

### **Change perceptions**

And this is the smart thing to do. True enough, in the end the problem is not about “*nuclear weapons*”. The problem is about who controls them. One thing is a nuclear arsenal controlled by Britain; quite another a similar or even much smaller arsenal controlled by al Qaeda. We trust the British Government to act responsibly. Whereas, based on experience, we assume the worst when it comes to al Qaeda.

### **Nice Iran**

By the same token, we are afraid of an Iranian nuclear arsenal because, based on experience, we believe that Iran would use its nuclear weapons to intimidate and coerce its neighbors. But what if President Rouhani manages to convince Washington that Iran has changed, that from now on it will behave rationally and responsibly? Well, if he succeeds, that changes things. Of course, one could still question the reason for

such a reformed Iran to feel the need to have nuclear weapons. And may be on this delicate issue the Iranians will continue to be clever by retaining their capabilities to obtain weapons grade material fairly quickly, without actually doing so. This way, they will be feared for their inherent capability to get nuclear weapons, without being in flagrant violation of the Non Proliferation Treaty.

I have no idea as to how exactly Iran wants to play this. But it seems to me that if Tehran's end game is still to become a nuclear power, this charm offensive is a pretty clever way to get there. Again, to the extent that Iran now looks "responsible", then why should everybody worry so much about the possibility that down the line Iran will acquire nuclear weapons? China has nuclear weapons. Russia has them, and so do India and Pakistan. And yet we do not stay up all night fearing a nuclear attack coming from any of them. If our perception of Tehran's intentions changes, why should we worry so much about Iranian nuclear weapons?

Indeed. Why should we?

### **President Rouhani likely to succeed**

So, here is the unfolding scenario. Whatever Secretary Kerry may say about Washington's steadfast determination to prevent Iran from obtaining nuclear weapons, America is not even remotely prepared to go to war to destroy Iran's nuclear facilities. At the same time, Iran is not going to give up its vast nuclear program.

So, in the end there will be an Iran with nuclear weapons, or something very close to this. If Iranian President Rouhani is as clever as he seems to be, he will manage to have his cake and eat it too. If his charm offensive will work, eventually he will get nuclear weapons capability for Iran –with Washington's silent acquiescence.

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# Tehran Is Winning The Public Relations Battle

By Paolo von Schirach

November 26, 2013

**WASHINGTON** – The more I look at it, the more the Geneva interim nuclear agreement between the West and Iran looks like a major political victory for Tehran. Whatever the letter of the agreement, clearly now that we have “diplomacy” at work the “military option” is not even thinkable anymore. Forget about any previously discussed US plans to bomb Iran’s nuclear facilities. Forget about giving Israel a nod for a similar military action, should the Jewish state feel truly endangered by Iran.

## **Outfoxed by the Iranians**

It seems as if the clever Iranians have outfoxed us. They know (witness Obama’s timidity on Syria) that America has no stomach for new military confrontations. And forget about “Europe”, a non existing entity when it comes to military might and less than zero when it comes to willingness to fight anything at all.

And how has Iran gained? Very simple. Now the Iranians have gained respectability. The US Secretary of State talks to them. They are no longer a pariah state. It could very well be that now they are justified in believing that, if they showed some political restraint, a weak West will simply swallow this

one and accept a nuclear armed Iran. After all, after all our loud protests, in the end we did accept a nuclear armed India and a nuclear armed Pakistan. Why should Iran be any different, once we start talking to them and resume doing business with them as if they were a “normal” country?

### **Political victory**

All this is hypothetical, of course. But the early signs are not encouraging. The Iranian delegation that brought home the Geneva accord has been treated as a victorious team upon returning to Tehran. President Hassan Rouhani has publicly repeated that Iran’s right to enrich uranium has now been recognized by the other parties.

Based on their reading of the “*Peace in Our Time*” political mood in the West, the Iranians may be confident that time is on their side. The more they negotiate, the more the West will soften its positions. In the end, if the moderates in Washington can silence the hardliners and convince everybody that a (now nice and friendly) nuclear Iran is not such a big deal, Iran will be able to pursue and eventually achieve its objective to get nuclear weapons as tools to consolidate its regional hegemony with Washington’s silent acquiescence.

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# **New US Tech Bubble Dominated By Social Media Companies**

By Paolo von Schirach

November 25, 2013

**WASHINGTON** – The NYT correctly points out that we are witnessing something like another US tech stocks bubble. First Facebook and now Twitter have reached incredible valuations. Snapchat, a company that makes no money, rejected a bid to be bought for \$ 3 billion, hoping to get a better deal down the line.

### **Absurd valuations**

Aside from social media, Tesla Motors, the maker of sophisticated but super expensive electric cars, is now more valuable than Chrysler. Except that Tesla makes only 22,000 cars a year.

All in all these valuations are preposterous. The NYT piece wonders whether investors are once again betting on something that will turn out to be a bubble. The experts consulted indicate that, even if this is a bubble that will inevitably burst, this time around (unlike the dot.com disaster of 2001) there will be only limited ripple effects. Therefore the damage will be confined to those stocks, as opposed to creating a sector wide tech earthquake.

### **Where is true innovation?**

Be that as it may, my concern is somewhat different. It seems that our American tech leadership is now confined to social media companies. I have nothing against them; but if this is all we've got, we are in really bad shape.

I would like to see investors snapping stocks of state of the art, cheap "toilet to tap", water purification systems that could be easily introduced all over the world. I would like to see really inexpensive, easy installation solar panels for the production of photovoltaic electricity. Such a technology would bring off the grid electricity to hundreds of millions, and it would unleash enormous economic growth in

Africa and Asia.

### **Internet-based universities and more**

And I am waiting for the launching of brand new internet based universities that will effectively compete with “brick and mortar” colleges, this way democratizing quality education. And what about “vertical urban farming” companies that will make it easy and cheap to cultivate anything in vertical structures located right next to consumers? This new technology would save water and energy, and it would eliminate the use of pesticides, while allowing reforestation all over the world.

And how about cheap HIV and malaria vaccines that anybody could buy at any drugstore? And wouldn't you like Boeing or Airbus to come up with a new generation of finally cost-effective supersonic jetliners?

### **Facebook makes nothing**

But this is not happening. We do not see disruptive and effective new technologies being listed and funded. The really valuable tech companies like Facebook “make” nothing, and quite frankly add very little of value to our lives and our culture. Nevertheless, the absurdity is that Facebook is now number 33 ( \$ 113.88 billion) in the list of the 50 most valuable US corporations, while “traditional” companies like Boeing and American Express are respectively number 35 (102.18) and number 41 (\$ 90.05).

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# Geneva Agreement With Iran Would Have Real Value If We Could Be Sure Tehran Negotiated In Good Faith

By Paolo von Schirach

November 24, 2013

**WASHINGTON** – So, it looks as if we have a deal with Iran whereby this strange country governed since 1979 by Islamic religious authorities will stop enriching uranium, this way making it impossible for its leaders to build nuclear weapons. As Secretary of State John Kerry said in Geneva, this is still an interim agreement. In the next six months Iran will have to prove its good faith and show that it is implementing it, in full. Otherwise, Kerry warned, we go back to sanctions, in full force.

## **Skepticism is in order**

This sounds alright, on the surface. America's objective has been and is to prevent a nuclear armed Iran. This Geneva deal would indicate that the goal is within reach. And yet, allow me to be skeptical. If indeed a country has a program underway aimed at developing weapons grade plutonium, and then, under pressure, it is forced to give it up, this new orientation should come out clearly. Whatever the diplomatic language niceties and euphemisms chosen, there should be a clear and open understanding, shared by all parties, that there was a certain policy in place, (develop a technical capability that would allow later on the manufacturing of nuclear weapons), and now there is an entirely different one, (we give up nuclear weapons programs. Our nuclear program, just like similar ones adopted by other countries, is focused only on

the development of alternative energy sources).

But this critical piece of the puzzle is missing. The Iranians claim that they never intended to develop nuclear weapons. And yet their behavior (consistently carried out for years and years) proved the opposite. Now they accepted restrictions on their nuclear program; but they claim that the same policy in place. This looks a bit too clever; and it is therefore disturbing.

### **Credible retaliations in case of any non compliance**

I leave it to the non proliferation experts to judge the value of the technical restrictions imposed on Iran by this Geneva agreement. However, assuming as I do that the Iranians have never come clean and that they did not come clean in Geneva, there is ground to be suspicious.

This agreement has value only if it is entirely verifiable, (meaning unfettered access to any and all Iranian nuclear facilities, declared and undeclared), and if America and its allies will keep on permanent standby credible countermeasures in case of non compliance. Most critically, America has to be able to (credibly) convey to the other side that it would take only hours to revert to harsh sanctions, in case Tehran wants to test our political resolve by resorting to any type of non compliance.

And this where it gets tricky. If the Iranians accepted this deal calculating that, with this agreement in place, the Western front will lower its guard, then we have a serious problem. If the Iranians assumed that Western countries are eager to resume business as usual, that energy companies are lobbying to ease the sanctions so that they can go back to Tehran to buy Iranian oil, then we have a problem. Any indication or perception that the West needs this agreement more than the ayatollahs do spells disaster.

**Is this only a political gamble?**

Indeed, what if a year from now, after we have re-established warmer relations with Tehran largely on the basis of this Geneva deal, we discover some violations? Perhaps not egregious violations, but violations nonetheless? Who will have the stomach to say: ***“Stop everything. No more trade, no more oil. We are back to sanctions in full force.”*** Chances are that some leaders would say: *“But this is only a minor violation. Let it be”*. And may be a minor violation will be followed by another one.

**Who has the political courage to go back to sanctions?**

My point here is that, as it is safe to assume that Iran is not negotiating in good faith, any deal is valuable only to the extent that the ayatollahs truly believe that we are ready and willing to go back to crippling sanctions at any sign, however small, of non compliance. However, as Western countries lack the political will to engage in yet another major international confrontation, I suspect that the Iranians do not believe that we will act. They hope that their future violations will be explained away by timid Western leaders. And this may create a big problem, because American and European acquiescence would allow Iran to prepare for mischief, this time however under the cover of a treaty.

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**Young Chinese Professionals  
Move To The Country In Order  
To Escape From Horrible Urban**

# Pollution

By Paolo von Schirach

November 23, 2013

**WASHINGTON** – In Europe and in the US we see a trend of young professionals moving to small villages, leaving behind them high cost and super congested cities where life is more complicated, especially when it comes to raising children. In China, according to a The New York Times interesting story, (*Urbanites Flee China's Smog for Blue Skies*, November 22, 2013), there is a similar trend unfolding.

## Seeking a healthier environment

But the huge difference is that for many Chinese professionals moving into the relatively unspoiled countryside is not just a matter of improved quality of life. For many it is a matter of sheer survival. They are escaping extremely high levels of pollution that make life in big cities truly dangerous. These are called “environmental refugees”.

## Dreadful air pollution

*This is no hyperbole. Many large metropolitan areas in China have levels of hazardous particulates in the air that are routinely 40 times higher than the maximum level considered to be safe by the World Health Organization, (WHO). Yes, you got it right: that is 40 times higher. Not 4 or 5 times. This level of air pollution, (the cumulative effect of 30 years of unchecked and mostly unregulated economic growth), means an extremely high incidence of respiratory diseases and downright hazardous conditions for children and older people. According to the same NYT story, an 8-year-old girl died of lung cancer in Shanghai, the youngest victim ever diagnosed with a fatal disease most likely caused by the highly polluted air the child was forced to breathe. Yes, many*

*large Chinese cities have turned into sinister “gas chambers”. This is no joke.*

### **Avoiding an early death**

There is no doubt that many young Chinese urban professionals who move to unspoiled villages are seeking a more relaxed, less expensive life style, just like their Western counterparts. But many are driven out of big cities by a most elementary desire to escape pollution, diseases and an early death.

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## **Breakfast with Joy**

**WASHINGTON** – At the Intercontinental Hotel in Lusaka, (Zambia), they have a lovely buffet breakfast set up. It is in an open veranda overlooking a large swimming pool. The spread is impressive. There is almost every type of food you can think of: from sausages, bacon, potatoes, beans and scrambled eggs to Indian style chickpeas and assorted curries. From those you can move to Asian style noodles, chicken stir fry, sautéed Nile perch (delicious local fish), baked tomatoes, (British heritage), cereal, fresh pineapple, papaya, mixed nuts and juices. And of course, bread, pastries and muffins.

### **Lovely mushrooms**

Leaning semi-vegetarian, I got some chickpeas, the Nile perch and baked tomatoes. But then, uncovering one of the big round containers, I smelled lovely sautéed mushrooms. Very appetizing. I helped myself rather generously and walked back

to my table, right next to the swimming pool.

It was a glorious African morning. The sky was blue, the air was fresh and balmy. There was a light breeze. As I sampled my breakfast, I directed my attention to the mushrooms. Really delicious. They were nicely sautéed: a bit crispy, yet still moist inside. And quite savory.

### **Meeting Joy**

As I left the dining area after finishing my breakfast, I saw a woman all dressed in white, behind the counter, who was working at a stove. I assumed that she was the chef. I went to her and I asked her if she was the one who prepared the mushrooms.

With a soft smile she said that, yes, she was the chef. I said to her: "You are a great cook. Your mushrooms are very good". "So, you liked them?", she asked. "Loved them", I replied. "And what is your name, if I may ask?", I inquired. "My name is Joy". "Well, hello Joy, my name is Paolo. And you are a great chef", I said to her, and then I left.

The next morning I was again looking at the same lovely breakfast spread. But I did not see any mushrooms. And Joy was not there at her station behind the counter. There was another chef instead.

### **Surprise**

I still filled my plate and got back to my table. As I was looking at the beautiful trees in the large garden area adjacent to the pool, I felt a touch on my shoulder. I turned around and, to my surprise, Joy was there with the same soft smile. And she had a plate of sautéed mushrooms. "As you liked my mushrooms, she said with a very gentle voice, I made this plate for you. Today they were not on the menu; but I got some for you". That was so nice, and frankly so unexpected.

I thanked Joy for her kindness. And I ate my mushrooms prepared in the same lovely way. Joy and I chatted a bit afterwards.

She told me about going to school in her village. And how she came to Lusaka in order to go to a better school. And about how later on she discovered cooking and how she got a job at this prestigious hotel.

### **You are the best**

She asked me about America, about my work in Africa. Thereafter, I saw Joy every morning at breakfast and it became a pleasant routine. She always had a big plate of mushrooms for me when they were not part of that day's menu. It was so nice to eat them. I could not get tired of them. "You love mushrooms. Can you get them in Washington?", she asked me once. "Yes, I can", I replied, "But nobody can cook them as nicely as you. Joy, you are the best".

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# **President Obama Gave The Presidential Medal Of Freedom To 16 Good Americans – Country Singer Loretta Lynn And Bill Clinton Among the Recipients**

**By Paolo von Schirach**

November 20, 2013

**WASHINGTON** – President Barack Obama was a most gracious host at the White House today. The President, on behalf of the Nation, honored 16 recipients of the Presidential Medal of Freedom, America's highest recognition to civilians whose lives are inspiring examples of achievement in a variety of fields. The award was instituted by President John Kennedy.

### **Not just for insiders**

And this is what makes America rather unique. The recipients of the Medal of Freedom are not chosen only from within a predictable group of notables. Yes, of course the notables were there, starting with former President Bill Clinton. Alright, so you have a sitting President honoring a former President from the same party. And then a Medal awarded posthumously to Senator Daniel Inouye, a Japanese American war veteran who served for decades as a Democratic Senator from Hawaii. And to show political balance Obama also gave the Medal to former Republican Senator Richard Lugar from Indiana.

Admittedly these three are insiders, one way or the other part of the Washington Political Club, the Presidential Club in the case of Bill Clinton.

### **From jazz to economics and country music**

But then there are all the others. And they include baseball legend Ernie Banks, an African American; French born pioneer psychologist and Nobel Prize winner Daniel Kahneman, a holocaust survivor; country music icon Loretta Lynn; Cuban born jazz player Arturo Sandoval; Mexican born climate scientist Mario Molina; former University of North Carolina basketball coach Dean Smith; Ben Bradlee who was Editor of the Washington Post at the time of the Watergate scandal, TV entertainer Oprah Winfrey, Gloria Steinem, the feminist trail blazer, and a few others. Sure enough, some of them are well-known celebrities, some of them (Winfrey) openly Obama supporters. But most of them come from all over and they are

honored for good reasons. In other words, this event is not about politics.

And it is important to note that a few of these honorees came to America as immigrants, (Molina, Kahneman, Sandoval), while several others were born in poverty, or at least they had to endure significant hardships, and that includes singer Loretta Lynn and former President Clinton.

### **A simple ceremony**

May be I am a bit sentimental. But it is rather moving to watch a simple, yet dignified ceremony in which the President of the United States acts as spiritual rather than political leader. (In the ancient Roman tradition, today Obama was America's "*Pontifex Maximus*"). On behalf of the Nation he recognizes meritorious Americans who have done different things in different fields: economics, science, music, sports, civil rights and the law.

And President Obama has an instinctively good way of doing all this. His speech highlighting the achievements of the 16 honorees was simple, short and yet effective. His demeanor solemn but not pompous. He shook hands, he hugged, he kissed the Medal recipients, but without any exaggeration or feigned deference.

### **This republic celebrates virtue**

This ceremony is as good as it is uplifting. It is about upholding a Republican tradition that praises civic virtues. It so happens that right now we are commemorating the 150th anniversary of the bloody Battle of Gettysburg, a pivotal Northern victory in the American Civil War that according to Lincoln's words in his memorable Gettysburg Address (November 19, 1863) signaled that republican government would "*not perish from the earth*". And this November also marks the 50th anniversary of President Kennedy's 1963 assassination. It was

President Kennedy who instituted the Medal of Freedom.

And so, at a glance, America: its republican roots founded on the belief that people are mature enough to govern themselves, its desire to honor good citizens –whatever their background, race or ethnicity– in a public way, and a dignified President who acts graciously as host.

### **A good country**

As I was watching the event on TV, it really helped me reaffirm my beliefs in the fundamental goodness of this country and in the values that are upheld in ceremonies like this one.

Sure there is politics in all this, (honoring women, African-Americans, Hispanics, gays and lesbians), but not that much. This is about celebrating what is best in this country.

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# **50 Years Later The Kennedy Myth Lives On**

**By Paolo von Schirach**

November 17, 2013

**WASHINGTON** – Veteran Fox TV journalist and commentator Brit Hume said it best: JFK is the *“Subject of the most successful public relations campaign in political history”*. 50 years after JFK’s tragic demise, this is a good way to explain the otherwise inexplicable enduring love affair with this President, as America revisits (once more, after having done

so a million times) the Kennedy story, the 1963 assassination and this President's legacy.

### **Kennedy was "cool"**

Hume also said that JFK was "cool". And indeed he was. His image of the low-key, reflective and super handsome young President surrounded by a loving family lent itself perfectly to all sorts of good fantasies.

And it did not hurt that Kennedy used inspiring and deep words. In his 1961 inaugural address he warned the Soviets that "We shall pay any price" for the defense of liberty. He challenged America to send a man to the Moon. He wanted young Americans to serve abroad in poor countries as Peace Corps volunteers.

All this sounds so noble, so patriotic and so uplifting. And yet this handsome, idealistic President was violently taken away from us. And so we were left alone, without his precious guidance. Therefore, we still mourn his untimely death.

### **The record shows a different man**

But the now ample and rich record of the Kennedy presidency shows a different reality. A rather weak and indecisive President who was not keen on civil rights for African Americans and who had few if any brilliant domestic policy ideas. In foreign policy he presided over the Bay of Pigs disaster and the beginning of the Viet Nam entanglement. His famous "*Ich bin Ein Berliner*" speech was empty rhetoric. America did not move one inch when the East Germans built the infamous Berlin Wall.

And yet, despite the mediocre record, despite his serial philandering and more, JFK's memory is preserved like a precious relic of a by gone great era –a heroic era in which we were all inspired to altruistic deeds by the words of a charismatic leader who spoke nobly about our duty towards our

beloved Country.

### **The PR campaign worked**

Yes, as Hume put it, the “Kennedy Myth” is indeed just that: a myth divorced from reality. It is the result of a fantastically well orchestrated political PR campaign that keeps going and going, even after 50 years. What is most remarkable is that there was and there is no master mind behind all this. We were not led to believe untruths about JFK by some diabolic conspiracy. The enduring legend is the product of legions of adoring volunteers who contributed and still contribute to keep the JFK fantasy alive.

### **Legends are for children**

However, this enduring reverence to a fantasy reveals a problem. It is perfectly fine to honor all our Presidents. The key institutions of our Republic deserve our respect. But it is not natural to mythologize office holders, especially when their actual record is at best mixed. JFK was assassinated. And this is sad. But his tragic death should not allow responsible citizens –let alone historians– to transform his life and record into a Legend divorced from reality.

A Republic is nurtured by the solid example of capable leaders. But the “Camelot” nonsense is for children, not for adults.

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# **The Obamacare Inept Launch Exposed Incompetence and**

# Hubris

By Paolo von Schirach

November 15, 2013

**WASHINGTON** – Notwithstanding the non stop coverage about the website disaster, the health policy cancellations and the likelihood that many young people will not sign up into the system, one can still argue –and many analysts do– that on balance there will be plenty more winners than losers once Obamacare is finally in place and running.

## More Americans covered

Yes, millions of Americans who had no coverage will be covered. Plenty more will be carried by Medicaid, medical welfare for the poor. Free health care surely beats any health insurance. People with pre-existing conditions will get insurance. But if it is indeed so, if in the end there will be many more winners than losers, why does President Obama look so gloomy? If in the end his reform will work out, why the long face?

## A tale of arrogance

I have an explanation. The real story here is not the conservative argument that Government is bound to fail when it forces people to do certain things in the name of an improved social good. No, the real story is that the Government went about imposing its social engineering recipes with the arrogance of a know-it-all teenager all of a sudden CEO of a major corporation. Obamacare is about grandiose schemes of social transformations run by incompetent and superficial people who could not even manage the design and launch of a website –in America. Indeed, In America. In case you forgot, we have talented people in IT here. In fact, we are the world leaders.

## **Intellectual hubris**

The deep flaw of Obamacare is not about the desire to re-design health insurance in order to spread benefits to many who did not have them. Obamacare is about proving to the stone age conservatives and other assorted naysayers from the right that smart people who control the levers of public policy can and will do magic. And they can do so because they are really, really intelligent.

This is called hubris.

It is the same hubris that made Obama and his crew of economic advisors underestimate the depth of the Great Recession. Just a few months in office, they thought that they had all under control. Well, they did not. Granted, eventually we got out of the swamp. But this has been the worst economic recovery in terms of rates of growth and jobs creation in modern history. After years of "growth" we still have unemployment above 7%.

### **"We fixed the economy, now on to health care"**

And it was largely because they believed that they had the economy under control that the Obama people engaged in this maddeningly complicated attempt to reform health insurance. And they did not care about the simple truth that in America complex public policy changes always require bipartisan support. Obama and the Democrats did not have any support from the Republicans, but they went ahead and did it anyway.

This is hubris. *"I know what is good for you, and I'll make you get it"*. Now the critics wonder how on earth the Health and Human Services (HHS) people managed to waste three years of preparations. (The law was passed in 2010). I am not so surprised. If you think you are a genius, then you do not need to do much studying for your test. You just breeze through it.

### **The amateur crew exposed**

And this is why President Barack Obama looks like he has aged 15 years. He knows that this farce of a roll out showed the profound weakness of his administration. There is really no excuse for this level of incompetence. Now he know that he has been exposed. And this hurts badly, because he was supposed to be a genius.

### **George Bush was supposed to do stupid things**

Going back a few years, all the pundits believed that George W. Bush was a dunce, an accidental president who got into the White House because of a Supreme Court biased ruling. Being stupid, we expected him to do stupid things. He was routinely described as a dangerous fool, at times delusional. Therefore the pundits expressed no surprise when Bush fumbled. *"What can you expect? The man is stupid."*

### **A new President combining appeal and superior intellect**

But Obama was supposed to be a totally different breed. A magic blend of man of the people, natural grace and superior intellectual gifts. He was the smart, young President with a real touch of genius. Well now, after this health care roll out disaster, we know that he does not have much genius. Worse yet, now he knows that we know. As he lacks real humility, he feels dejected because his profound weaknesses have been exposed.

### **All went wrong**

There he is, the great actor on opening night and everything goes terribly wrong. The stage setting is for a different play, and it also falls into pieces. The supporting actors forgot their lines. The lighting is off. And he is there, on stage, looking like a fool. The much anticipated performance has been ruined. He has been publicly humiliated.

But, wait a minute, who was supposed to direct everything? Who was supposed to make sure that all was in place for this

signature event? Well, he was. And why didn't he check? Because he did not think he needed to. In his own perfect world, all is done well.

### **It may still work politically**

As I said, in the end Obamacare may work out politically. Not so well from a fiscal stand point, because I cannot believe that it is possible to do all this nationwide health insurance re-engineering, (most likely without the critical participation of adequate numbers of the young and healthy who are supposed to subsidize the rest), and save money. But remember that from a liberal politics stand point, the fact that in the end all this will cost much more money than anticipated is irrelevant. What will matter politically is that, thanks to this health care "reform", more people will get coverage, many of them for free. In a democracy where you get elected mostly by promising a free lunch, delivering subsidized or free health care to millions is a political victory.

### **Obama exposed**

And yet, whatever the long term political outcomes, Obama will never recover from this October 2013 debacle. The extravagantly inept execution of his signature legislation proves that he has been running a crew of amateurs. And it also demonstrates that he was and has remained an amateur—with an extremely high opinion of himself. Now the genius President looks ridiculous. He has been exposed. And he knows all this. My hunch is that he will never get over this very public debacle. And this is because getting over it would require humility. The problem is that hubris and humility do not go together.

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# Beijing's Leaders Will Engage Only In Modest Economic Reforms – The State Owned Enterprises Are Here To Stay

By Paolo von Schirach

November 14, 2013

**WASHINGTON** – The much anticipated Chinese Communist Party Third Plenum did not produce that much, it would seem. There were prognostications about announcements of Grand Reform Plans that would finally transform China into a real market economy. Well, there are some signs of these intentions. But in typical Chinese style the way forward is somewhat contradictory.

## Keep the State Owned Enterprises

There is a pledge to look at market forces as drivers of change. And this is good. But there is also a renewed commitment to keep the antiquated state owned enterprises, SOEs, pretty much in the same dominant role. And this is bad. Once the incarnation of how the Communists all over the world believed that the economy should be run, today the more modern SOEs are primarily instruments of political power, rather than instruments to drive progress and create value.

In China, a one party state, it is politically vital to control vast sectors of the economy. And this is the primary role of the SOEs. Funded at will by state controlled banks and managed by appointed political loyalists, the state run telecoms, oil companies, railways, insurance companies and more provide a powerful support structure to the one party state.

## Political control over the economy

*Which is to say that keeping the SOEs as they are –and this is what we are getting from the Third Plenum–is not a matter of economic policy preferences. It is a matter of pure political calculation. The Chinese Communist Party is thinking about China's progress, of course. But it is thinking first and foremost about its self-preservation. By controlling several strategic economic sectors, the SOEs are a huge component of the self-preservation mechanism. From this perspective, the fact that many SOEs burn capital without adding any value is almost irrelevant.*

## There will be a price

That said, while the current politically controlled SOEs structure allows the party to be more confident about its chances to maintain control, there will be a price to be paid for large, built-in economic inefficiencies. A slower growing China cannot afford to waste resources.