

National Security Advisor Susan Rice Stated That The Goal Of US Sanctions Against Russia Is To Force Putin To Give Crimea Back To Ukraine – Really?

WASHINGTON – In a long interview on the *Charlie Rose* TV program aired on US PBS, (Public Television), US National Security Advisor Susan Rice tried her best to convince the audience that the Obama administration response to Putin's machinations in Ukraine, including the annexation of Crimea, is really hurting Russia and that the sanctions are aimed at forcing Putin to stop his actions aimed at destabilizing Ukraine.

Outrage

During the interview, Ms. Rice strongly objected to the statement made by Charlie Rose, the interviewer, that the administration has in practice accepted the Russian annexation of Crimea.

She was almost outraged. Quite forcefully, she pointed out that only a couple of countries, bought by Russia, formally accepted the legality of this clear violation of international law. America has not accepted it, nor have all our (brave?) European Allies. In fact America led the chorus of condemnations.

To an additional question on the Crimea issue she replied emphatically that the goal of American sanctions against Russia is to force Putin to reconsider his unlawful actions

and give Crimea back to Ukraine.

Words and deeds

Now, these statement, while technically true and consistent with basic international law principles and long-standing key US policy tenets, are totally disingenuous and in fact ludicrous, given the huge gap between America's words about principles (plenty) and its actions to enforce them (hardly any).

Of course, the United States has not and will not accept the legality of Russia's annexation of Crimea. And it is also true that no European country has accepted it.

But to say –with a straight face– that the targeted sanctions imposed on a few individuals and a couple of Russian entities will force Putin to spit Crimea out is simply ridiculous. And, I am afraid that those, (like Ms. Rice), who keep articulating this empty nonsense in national and international fora become (sadly) the object of ridicule.

Gap between declared intentions and actions

And here is the real issue. Can you just talk and assume that the rest of the world will pay attention, simply because you are speaking on behalf of the United States Government? Since when has *blah-blah* become a valid substitute for action?

Indeed, there is a point beyond which speaking strongly on matters of principle while doing almost nothing real to see that those principles are upheld makes your audience conclude that you are not serious. I am afraid, the Obama administration has gone past that point.

Desert Storm

Here is an example in which words were followed by actions, however costly. In the Summer of 1990 President George Bush Senior declared that Iraq's annexation of Kuwait was

unacceptable and that it would not stand. His administration then proceeded to send US troops to Saudi Arabia, while Secretary of State James Baker forged an international coalition composed of countries willing to help in the liberation of Kuwait.

And America did exactly what it said it would do. The US-led international coalition attacked the Iraqis in Kuwait on January 16, 1991, only a few months after the invasion, and it pursued them until they were all gone.

Sanctions will do little

The Obama administration, having clearly ruled out any use of force to compel Putin to relinquish Crimea, would like the world to believe that the largely symbolic sanctions already imposed against Russia, coupled with the threat of adding more, will force Putin to reconsider and give Crimea back to Ukraine.

As they listen to all this, I suspect that most world leaders yawn, while they conclude that America has become an innocuous former great power, now clearly in decline.

Corruption Is the Norm At The US Department Of Veterans Affairs

WASHINGTON – Predictably, retired army general Eric Shinseki, the Secretary of the US Department of Veterans Affairs, resigned, because of the huge scandal involving the VA. Sadly, it has now clearly emerged that senior staff at

several Veterans Administration medical facilities routinely falsified wait time records in order to make themselves look compliant with the rules, this way receiving performance bonuses.

False records

Very simply, it would appear that VA senior staff, (this would include several administrators in charge of more than 20 medical facilities), kept fake log books in which they recorded fake numbers regarding the wait time for medical appointments. This way their facilities appeared to be in full compliance with official VA guidelines, while veterans theoretically entitled to care waited for months and months. Allegedly some of them died as they were waiting to see a doctor.

Bonuses to everybody

But, while by itself egregious, this “cooking the books” practice aimed at hiding chronic disservice is only the proverbial tip of the iceberg. On account of their stellar (false) records they created, the same people who kept the fake log books received bonuses.

The performance bonuses were awarded by VA senior staff to other senior staff. Obviously this was part of an insiders’ game in which everybody knew the truth about the fake logs; but they kept robbing taxpayers anyway by distributing totally undeserved extra compensation to one another.

Union staff paid for not working

And there is more. Some VA Department employees who also serve as senior union representatives do not do any work whatsoever, while collecting their paycheck. They are excused from showing up, because their union responsibilities take precedence.

Bogus disability claims

And we are not finished. The same VA that in practice denies care to veterans, as it makes them wait for months before they can see a doctor, at a different level recognizes as legitimate entirely bogus disability claims. This is done on the basis of an established “presumptive disability” decision-making process.

This means that, in a most liberal fashion, VA physicians agree that if, for instance, you served in Vietnam in the 1970s and today you have a heart condition, the “presumption” is that your heart disease is somehow a consequence of your military service. On the basis of this “presumption” you are entitled to disability benefits, even though in most cases there is zero medical evidence about any “cause and effect” relationship between military services and health conditions that ensued decades later.

Isn't that nice? It is easy for VA doctors to be liberal in awarding taxpayers' money to undeserving veterans. And this helps politically, because veterans organizations are happy when their members get extra cash and therefore they will not stir political trouble on other matters.

Theft

And then there are reports of a brisk business involving stolen pain killers and other drugs at some VA medical facilities. And there are also cases of medical equipment stolen from some VA hospitals, without any serious investigation. And we could go on and on.

Shinseki is the scapegoat

Given all this mess and the uproar it caused, it is not surprising that Secretary Eric Shinseki had to go. After all, he has been in charge of this utterly dysfunctional VA Department since the very beginning of Obama's first term, (January 2009). The notion that Shinseki could not take corrective actions because he knew nothing about this gigantic

mess at the very least raises questions about his management abilities.

That said, it is obvious that this level of corruption at the VA Department cannot be explained only by Shinseki's incompetence. We are looking at a cluster of systemic problems that metastasized over many years.

In today's America, no accountability

And this simple reality opens relevant questions. How is it possible that all this happened in the United States of America? The US is supposedly a solid democracy built around the principle of accountable government. And supposedly we know how to hold people accountable. After all, America is the country that invented, or at least perfected, state of the art management systems.

We know everything about audits, third party controls and monitoring and evaluation of every possible activity. We have a public administration system in which every department has a robust Inspector General Office, while the Federal Government created powerful watchdogs, such as the General Accountability Office, (GAO).

Besides, the US Congress has its own oversight mechanisms through Committees and Sub-Committees that have jurisdiction on practically every governmental activity.

And finally we have a free media with countless investigative reporting units composed of eager journalists who can go and look for wrongdoing almost everywhere.

And yet, all these "defenses" notwithstanding, we allowed this stunning level of misconduct to breed and expand at the VA, probably for decades.

Declining ethical standards

I do not know how all this happened. But I know one thing.

If and when corruption is viewed by those who practice it as routine and normal, while those who are supposed to audit, review and check are distracted or purposely look the other way, then we have entirely lost our moral compass.

Please do remember that the Soviet Union imploded when it became obvious that a similar mixture of corruption, false records, fake statistics, lies and incompetence prevailed not in this or that agency, but throughout the entire country.

If this is the new norm, we are done

Mercifully, we are not there –yet. But the very fact that different administrations, Democrats and Republicans, until today allowed this level of corruption and disservice at the Department of Veterans Affairs is a very bad sign of declining ethical standards.

Chances are that, if we start snooping around, we shall find rot in many other places. Getting rid of hapless VA Secretary Shinseki is easy. But, while politically expedient, this is certainly not the solution to a much broader problem.

Newly Elected President Petro Poroshenko Should Recognize That Eastern Ukraine Is Lost

WASHINGTON – Now Ukraine has a legitimate, elected president: Petro Poroshenko. A self-made wealthy industrialist, (chocolate is his sector), Poroshenko is no stranger to politics and policy-making, having served as Foreign Minister

after the 2004 Orange Revolution. And (fluent in English) Poroshenko will be more at ease in international fora than all his predecessors.

A good first step

This is a good first step for Ukraine. The country needs a legitimate leadership that can credibly engage the West in the very complicated negotiations aimed at providing financial and economic support, as the nation is trying to emerge from the ugly mess of protracted political upheaval, economic mismanagement and endemic corruption.

No way to win in the East

That said, President Poroshenko, hopefully with the help of a new parliament, will have to make a bold policy choice on Eastern Ukraine. It is obvious that the Russia-inspired and Russia-funded insurrection cannot be defeated, simply because Ukraine lacks the military means and the funds to fight a protracted civil war in the East. And, even if the Kiev government did have the means, the suffering of the civilian population is likely to be immense, while the probability of eventual victory is practically zero.

No help from America or Europe

Here is the reality. Ukraine on its own cannot win, while it will not get any military help from either America or Europe. And the West, beyond the largely symbolic sanctions imposed on a few individuals in the Russian government, will not do much more.

Which is to say that Putin can continue his undeclared but obvious destabilizing effort in Eastern Ukraine almost with impunity.

Russia has all the cards

As many analysts predict, Russia may very well be a country on

a path to demographic and economic decline. But this will take a long time. Right now, when it comes to Eastern Ukraine, Putin has all the tactical and strategic advantages.

Russia can claim to have a humanitarian interest in the welfare of millions of ethnic Russians right across its borders. Moscow can easily insert into Ukraine Russian special forces and other operatives who can easily blend in with the local, mostly Russian, population and be therefore almost unidentifiable. It can supply the local militias with weapons and funds. In other words, at a relatively modest cost and without any direct, open engagement Putin's Russia can make Eastern Ukraine an ungovernable mess for as long as it wants.

Outfunded and outnumbered

And what can President Poroshenko do to put an end to all this? Quite frankly, nothing. Ukraine is outfunded and outnumbered by Russia; while the West, looking at its timid reactions thus far, will do nothing big to force Putin to stop his machinations.

Taking all this into account, for the Kiev government to keep sending east troops and helicopters that get shot down by the insurgents is madness. Ukraine is essentially broke. It is trying to negotiate IMF loans, while begging the EU to help out. Using precious resources to fight an insurrection that can count on Moscow's unlimited support is totally crazy.

Eastern Ukraine is lost

Unless the West discovers a new bold determination that will compel Putin to stop –and I cannot see a scenario leading to this– Kiev has lost. While admitting this is painful and humiliating, once you know you have lost it is better to adjust to this reality rather than continue a useless fight.

Grant independence

The only endgame I see here is for the Kiev government to grant total autonomy, amounting to *de facto* independence, to Eastern Ukraine. Whether this independence, with subsequent annexation by Russia, would in fact reflect the genuine will of the majority of the ethnic Russians or not, this is unfortunately immaterial.

There is no way to conduct a proper referendum in which the people of Eastern Ukraine, without any pressure or intimidation, would be able to freely express their will.

Focus on reconstruction

Right now the events are driven by the Moscow-armed separatists. They have won. Kiev has lost. Let Eastern Ukraine go and focus on the daunting task of reconstructing the economy in the rest of the country, while forging meaningful ties with Europe and America.

America Will End The War In Afghanistan “Because It Has Gone On Too Long”

WASHINGTON – President Obama’s announcements about a phased withdrawal of US troops from Afghanistan seems to be tailored to the American political calendar. A nice troops cut (down to 9,800) will take place before the end of this year, (mid-term elections), while all troops will be home by 2016. This will be presented, no doubt, as the final achievement of the Obama presidency.

What have we accomplished?

However, absent from these announcement about *"our boys and girls finally coming home"* any serious analysis of what was achieved in this long conflict. A conflict that, mind you, President Obama defined long ago *"A War of Necessity"*.

But may be the American public is not that interested in analyzing what we accomplished. Americans just want *"this thing"* to be over.

Indeed, probably reflecting this public mood, when talking about the end of the US military engagement in Afghanistan, many commentators, almost casually, say that: *"This has been the longest war ever fought by the American military. After so many years, it is time to go"*. Just like that.

It is time to go home

Now, let me understand this. The end of the war is necessary *"because it went on too long?"* Is this really the rationale for ending a major military effort?

This may be a good reason for going home after a long party: *"We are all very tired. Time to go home and get some sleep"*. But is this how we decide to end wars? *"It has gone on too long, time to go home?"*

This is incredibly superficial and in fact irresponsible. And yet nobody challenges the view that *"war fatigue"* is the main reason for getting out.

All wars have a political objective

Well, in the real world, we go to war to achieve a political objective, as von Clausewitz taught us centuries ago.

In Afghanistan's case, the stated objective was to defeat al Qaeda and the Taliban, so that Afghanistan could no longer be used as a training ground and base of operations for launching terror attacks against America and other countries.

Well, did we achieve that objective? Amazingly, today this is not even part of the conversation. We are told, in vague language, that we went into Afghanistan, *“because of 9/11”*. This should mean that we wanted to achieve the goals outlined above: namely destroy all of the Afghanistan-based al Qaeda’s training facilities, while driving the Taliban out of power because of their open support for al Qaeda.

That said, did we do all this? Are we going home because, at last, the job is done? Who knows, really. This critical point is not part of any public conversation about the end of the US military engagement. Most people simply feel that *“Afghanistan is a mess, and that it is time to get out of there”*.

Did we win? Did we lose?

In the real world there are only two reasons for ending a war. Either you end it because you won, (you achieved your political objective through the use of arms); or you end it because you lost, (you did not achieve your goal).

And here is a critical caveat: you cannot say “I won” until the other side concedes defeat. You cannot declare victory until the losing side says “I lost”, and stops fighting.

We did not win Afghanistan

In the case of Afghanistan, we do not have this neat “either/or” scenario. We have a much more complicated situation. However, one thing is certain. Quite clearly, after 13 years of fighting, America did not win.

There is still a Taliban-led insurgency going on, even though one might argue about its actual strength and ability to disrupt normal civilian life. But it is clear that we are not going home because we won. The Taliban is still fighting. As they have not been defeated, (see above), we did not win.

So, are we leaving because we lost? Well, here it gets

really complicated.

Transferring responsibilities

The administration says that we shall leave, mind you, following a well crafted pull out plan, (see Obama's statements mentioned above), because we are confident that the Afghan army and police we trained are now capable to carry on the fight on their own, without our direct engagement.

So, one might say that we are not terminating our engagement because we lost, but because of a successful transfer of conflict responsibilities. The war will continue, but "*under new management*".

If the Afghans cannot fight

But what if this is not true? What if this notion of transferring responsibility is just smoke, a public relations exercise created to mask what is in fact defeat? What if, contrary to our optimistic public statements, the Afghans are not really capable of successfully fighting and eventually defeating the Taliban-led insurgency?

Well, then we have in fact lost; but we are not admitting it.

For public relations reasons we say that we have full confidence in the Afghan armed forces, when in fact we do not. In truth, we believe that sooner rather than later the Afghan forces, still poorly equipped and poorly trained, (no air force, hardly any serious air-lift capabilities), will start crumbling. In fact, we really believe that the Taliban eventually will prevail.

Their fight, not ours

However, even though we have little or no confidence in the Afghan armed forces, we hope that between now and the time of eventual defeat most people in America will have lost interest. We hope that, once we are gone, the American public

will tune Afghanistan out, and so nobody will care that much about the fate of this most unfortunate country.

Basically, the idea is that, once we are gone, *“it is their fight”*. Therefore, if the Afghans will have a hard time struggling against a determined Taliban insurgency, or if they are in the end defeated, it will be their problem and not ours.

Obama’s final political achievement?

With the total withdrawal from Afghanistan by the end of his second term, Obama will have kept his promise to be the President who ended all the wars. As to the meaning of these wars, well who cares really.

Amazingly enough, this is how America’s foreign policy is articulated in the age of decline and withdrawal. *“We go home, because we are tired of all this fighting”*.

(Note: As I have written elsewhere in this Schirach Report, I do believe that the post 9/11 goals should have been pursued through a very different kind of engagement. We did not need a full-blown invasion of Afghanistan, coupled with extravagant and in the end unachievable goals of economic and institutional modernization, to achieve what we wanted. America mistakenly transformed an anti-terror effort into a counter-insurgency campaign. I shall come back to this issue in a separate article).

The European Elections Prove

That The Idea Of A European Union Lost Its Appeal – Long Ago

WASHINGTON – The results of the European Parliament elections simply reconfirm what most analysts should have already known: The European Project run out of steam –long ago. Europe is not and it is not going to be a new vibrant entity, a consciously crafted Federation fueled by the active and enthusiastic contributions of all of its components, the old nations states.

Bureaucratic Europe

Europe is at best mostly a “Super Chamber of Commerce”, a regulatory arrangement run by an unelected executive and armies of bureaucrats whose focus is to regulate everything, including prescribing, in detail, the appropriate sizes of cucumbers and other vegetables, (this is not a joke), while mandating standards on all sorts of other matters.

Germany imposed austerity

After the 2008 World Crisis, Germany and other better performing countries forced the rest of (profligate and undisciplined) Europe, (mostly Mediterranean countries), to tighten their belts. Simple recipe: *“You are in debt because you overspent. Well, time to cut spending and start saving in order to rebalance the books. And, as you are it, start working, even if you have to do it for less money”*.

Needless to say, this sound advice was not well received. This austerity policy recipe was portrayed by the worst offenders as a political *diktat*, as an imposition that forced them to cut public services, fire civil servants, diminish pensions and other entitlement spending.

We suffer because of Europe

Hence the fable that Greece was suffering not because of its policies but because of the evil plans of German Chancellor Angela Merkel. Never mind that different Greek governments had run unacceptable deficits, while cooking the books and publishing false information about debt, revenue and a lot more. Never mind that Spain had created an unsustainable real estate bubble that finally exploded creating Depression Era unemployment in excess of 25%.

Anti-European feeling now widespread

In the end, Europe did not fall apart. Brussels is no longer in a crisis management mode. Nonetheless, the crisis allowed millions of Europeans to form the opinion that their misery was the result of bad –or indeed hostile– European policies. Many politicians created and fueled the myth that things could have been a lot better if their country did not have to implement unjust spending restrictions imposed by Brussels or by the European Central Bank. In other words Europe is no longer a benign vehicle of future aspirations. It is the malevolent stepmother trying to harm us.

New favor for nationalist forces

And so, when European public opinion had an opportunity to express itself via a vote to renew a European Parliament whose purposes and functions nobody knows anything about, millions of Europeans voted for political parties that claim to represent the national interest against this unrepresentative and at the same time heavy-handed Europe.

In France it has been a disaster for the governing Socialists who have been outnumbered not just by the center right opposition but by the far right National front –an openly anti-European, nationalist and xenophobic force– that has emerged as the clear winner.

In the UK the Euroskeptics of the UK Independence Party (UKIP), carried the day. And there have strong showings of nationalist, anti-European parties almost everywhere, from Hungary to Greece.

Pro-Europe Italy?

Italy seems to be the bright exception. The centre left Democrats, the ruling party, won the elections, by a large margin, (40%). The anti-establishment 5 Stelle, (5 Stars), movement did OK, (20%); but a lot worse than in national elections in which it had received 25%.

So, Italy now run by Prime Minister Matteo Renzi, a young energetic reformer seems to be a solid pro-Europe pillar. Well, not so fast. This was mostly a pro-Renzi, as opposed to a pro-Europe vote. There is hope that his reforms will achieve something; and so the Italians wanted to show support for him and his party.

Worst offender

Beyond that, the pro-European vote expressed by the Italians is essentially meaningless. Italy is one of Europe's worst performers. Sky high debt, zero growth for the last 14 years. More than 11% unemployment. Gigantic youth unemployment. One of the most corrupt countries in the European Union and the perennial laggard, the non compliant state, constantly behind in implementing European mandates.

And, by the way, Renzi's "pro-European stance" lacks detail. Renzi's Democrats won by asserting that the party is pro-Europe, but against austerity, the most important European policy mandate. A bit like saying that: "*I am totally in favor of the military draft, as long as we agree that I am exempted*". In other words, Italy's strong pro-European showing is meaningless, because Italy is the most unserious large member of the EU.

Back to Fascism?

As for the fears that the rest of Europe is going down the path of dangerous nationalism, a dark force that makes us think of Fascism and Nazism and disastrous conflicts, I would say that these concerns are exaggerated.

With these elections the Europeans vented their emotions. Many voters declared that they do not like this Europe. But, may be with the exception of France, they lack the strategic vision and the intelligence to craft alternatives. Besides, the fact that the far right won in France is not an indication that soon enough France will go to war with Germany.

Dream of a true European Union is over

That said, one thing is clear. This Europe of complicated inter-governmental arrangements that the general public does not understand, this Europe of functionaries and mandates does not resonate with the voters.

This Europe is not a laboratory of innovation and vibrant new ideas. It is an uninspiring and overly complicated mechanism holding together nations mostly in decline.

**Instead Of Funding Green
Political Candidates,
Billionaire Tom Steyer Should
Use His Millions To Support**

More Research In Renewable Energy

WASHINGTON – TIME magazine has a lengthy portrait of Tom Steyer, (*Green Giant*, June 2, 2014), a California billionaire who decided to spend millions in order to support political candidates who pledge to fight global warming.

Global warming is the enemy

According to the TIME article, Steyer seriously believes that global warming is the defining issue of our times. It is an urgent matter that requires immediate policy changes. Hence his determination to support political candidates and major legislative or regulatory initiatives that will result in diminishing the use of carbon based energy, while favoring renewables.

On the face of it, all this is really odd. Even assuming that Mr. Steyer is totally right and that indeed man-made global warming is real, the notion that throwing his money to elect Democrat Terry McAuliffe Governor of Virginia will help stop or reverse global warming –a planetary phenomenon– is so bizarre that it looks really stupid.

Electing green candidates in the US will change nothing

Here are some simple facts. Whatever you may believe about global warming, without the active committment of China, India and many more major polluters to drastically cut their emissions, there will be no total emission reductions. (By the way, it looks as if the world is in fact moving exactly in the opposite direction. In case Mr. Steyer missed it, China just signed the carbon energy deal of the century with Russia, worth \$ 400 billion. Russia will supply natural gas to China for the next 30 years. What's Mr. Steyer going to do about that? Will he fund a political campaign to unseat Vladimir

Putin, so that he can force Russia to reverse this deal?)

And, even assuming that the worst Asian polluters were totally on board (as of today, obviously they are not), even assuming a global and enforceable commitment to reduce emissions by curbing the use of carbon based energy, the impact on global temperatures would be minimal. In other words, unless we want to outlaw carbon altogether, this way regressing to pastoral, pre-industrial societies, reducing carbon based energy consumption here and there would make little difference.

If this is so, does Mr. Steyer (and his political allies) really believe that passing this green measure in California or electing that Governor in Virginia will really move the needle on a vast problem that is by their own definition global?

Of course one might reply to this question by stating that *"Surely it is better to do something rather than stand by and do nothing, while our planet is cooked by global warming...you have to start somewhere to build an anti-global warming coalition, etc."*

OK, I get it. But I do not agree.

Futile effort

Indeed, the whole effort, even if well-intentioned, looks really impractical, in fact utterly futile. And, from a public policy stand point, the approach –forcing emission cuts through laws and regulations– looks extremely expensive and therefore ill-advised.

Even if Mr. Steyer won all his political battles and green friendly elected officials will be able to set policy for the entire United States, new mandates forcing everybody to use renewables will cost a fortune while they will produce negligible results.

This is not a way to say that greenhouse gases emissions do not exist or that global warming is just a minor issue.

Focus on developing cost-effective renewables

This is to say that we need a different approach. And this has to focus not on curbing the use of carbon based energy but on producing economically viable alternatives to carbon.

To borrow a fictitious example, word processing did not get established as the normal way to compose documents because in the 1980s policy-makers put a tax on typewriters, while granting tax breaks to Microsoft.

The market simply adopted a superior technology –but only after it was proven that the new technology was demonstrably superior.

When it became obvious that word processing run through PCs was a better tool, typewriters disappeared. This revolution did not require special laws, mandates or policy changes. A more efficient tool replaced the old one.

The simple truth is that solar panels, wind and other alternatives have not yet reached this stage. While progressing, the renewable energy revolution is still immature. As yet, we simply do not have truly cost-effective alternatives to carbon based energy sources. If the currently available solar panels, wind farms and what not were economically viable, then they would be adopted by all users, whatever they believe about global warming, simply because they would be efficient and cheaper. As of today, they are not.

And this is why well-intentioned policy-makers (some of them elected via Mr. Steyer's money) can deploy these still imperfect technologies only through mandates, subsidies and tax cuts. The simple reality is that, as of today, renewable energy solutions have to be imposed because they are not yet

mature.

Europe tried and failed

And Mr. Steyer should just look at the outcome of Europe's disastrous attempts to force an energy production revolution by deploying currently available renewable energy technologies.

Solar panels in Germany and wind power in Spain have produced some of the highest electricity prices in the world, with no appreciable environmental impact in Europe, let alone the world.

Use money to fund more R&D

Given all this, here is a practical suggestion. Mr. Steyer's precious money should be devoted to fund more research and development in renewable energy alternatives. I am confident that human ingenuity sooner rather than later will come up with economically viable alternatives to carbon. More R&D money invested in this effort hopefully will accelerate the innovation-seeking process.

When we reach that point, the new zero-emission technologies will be adopted not because they are virtuous but because they are viable. Commercially competitive renewable energy, not politically mandated regulations, will help us cut emissions.

**Does The Veterans Affairs
Scandal Prove That**

Governments Do Not Know How To Deliver Quality Services?

WASHINGTON – The unfolding scandal affecting more than 20 medical facilities run by the Department of Veterans Affairs, (false records, lies about waiting time, veterans dead because of lack of service), is great news for the Republicans.

Obama promised VA efficiency

Improved care for all US veterans was and is yet another high profile Obama issue on which the administration failed to deliver –in a most spectacular way, it seems.

Way back in 2008, candidate Obama attacked the Bush administration for its poor record on delivering necessary medical assistance to US veterans. Obama promised that his administration would do a lot better. Every veteran would get all the medical care he or she needed. As President, Obama continued to give speeches on this topic.

A disaster

Well, more than 5 years later, it turns out that the Obama administration did not improve anything at all. In fact now the picture looks a lot worse.

The biggest headlines are about the recently discovered willful manipulation of records at many VA medical facilities, so that the actual wait time for doctors visits and procedures would look much better. This by itself is egregious. VA medical and administrative directors conspired to hide poor services at their facilities by falsifying records.

Veterans died while waiting for needed appointments

But it gets worse. Actual wait time for appointments and

sometimes critical procedures in many instances is so long (several months) that it makes a mockery of any theoretical promise to deliver care.

On account of this, there are plenty of horror stories, still to be verified, of several veterans who died while on a waiting list for appointments to see doctors.

Bad service

And there is more. Mundane services like transferring medical records from one facility to another may take weeks or months. Unresponsive and uninterested VA staff react slowly or not at all to routine requests.

Furthermore, there are credible allegations that theft of expensive medications and of medical equipment happens frequently at many VA medical facilities, while internal policing is minimal.

Money not the main issue

And money is not the main issue. While it is true that the Department of Veterans Affairs is dealing now with a huge surge of demand for medical services on account of the large increase in the number of veterans who came back from Iraq and Afghanistan, budgets have also been increased substantially in recent years.

In other words, some of the dysfunctions can be attributed to the strain on the system caused by so many new customers arriving all at the same time. But it would appear that the problems run deeper. They are systemic.

Political fallout

Looking for a moment at the political consequences of this VA scandal, this is yet another black eye for Obama. Again, do keep in mind that candidate and then President Obama promised to improve upon the poor record of George W. Bush. The

President frequently talks about the supreme obligation to care for all returning soldiers.

In the light of this, ensuring appropriate medical care for all veterans should have been a high priority. Someone, starting with VA Secretary Eric Shinseki, (a retired General, therefore himself a veteran), should have been looking at all this and fix any problems way before any disservice could develop into a crisis resulting in a huge embarrassment.

Well, no wonder –say Obama’s political enemies– this is all about incompetence.

And they add that for those who would love to have a truly national, government-run health care system for all Americans, they should look at the Department of Veteran Affairs to see how well the government delivers health care.

Public policy questions

Aside from partisan politics, from a public policy analysis stand point, these are some of the questions stemming from this egregious example of public service failure:

–Is the government simply incapable of delivering quality services to the general public at a reasonable cost?

–Is it just impossible to set up proper checks and accountability systems within large, national bureaucracies?

–Is it simply out of the question that the government will be able to recruit dedicated and capable people who will work just as hard as their colleagues in the private sector?

In other words, is the VA scandal now unfolding an exceptionally bad case due to bad leadership? (By the way, for the moment VA Secretary Shinseki –the man in charge– has no intention to offer his resignation). Or is it yet another piece of evidence indicating that governments just do not know how to run complex services?

Contrary To What Many Believe, Most Indians Are Illiterate

WASHINGTON – Based on partial and therefore misleading information you think that most Indians are highly educated and English speaking. You think that a large number of them hold advanced degrees in computer science, engineering and other sophisticated subjects. You also believe that India's high-tech industries based in Bangalore, Chennai and Hyderabad now rival Silicon Valley. In other words, you tend to believe that India has made great progress and that it is now rapidly becoming a modern country.

Partial truth does not provide real picture

Well, let's say that, while some of this is true, India's real figures tell a completely different story. According to Teach India, a non-profit organization, in India 4% of all children never start school, 58% do not complete primary school, 90% don't complete secondary school, and only 10% go to college. Among these, only a small fraction get advanced degrees in high-tech. And less than 10% of all Indians speak English.

Look, in absolute numbers these small percentages still give you very high figures. India is a country with an enormous population of more than 1.2 billion. Therefore, 10% of Indians going to college means roughly 120 million people. Less than 10% fluent in English is still about 86 million, more than the entire UK population.

Well educated are only a small minority

Still, it would be a huge mistake to assume that the educated Indians we see succeeding in America or elsewhere represent an Indian average. Sadly, most Indians are poor or semi-poor and illiterate. And no, they do not speak any English.

Modernizing India?

Narendra Modi, the newly elected Indian Prime Minister, wants to launch a rapid modernization program that will trigger the creation of new business and investments. Well, good luck to him. This is hard to do anywhere. Even harder when you are dealing with a mostly illiterate or semi-literate population.

A Viable Democracy Is Premised On Shared Values – America Is Losing Its Ethos, Egypt and Thailand Never Got Theirs

WASHINGTON – What's the connection between a nasty campaign for a US Senate seat in Oregon, the failures of the Arab Spring and the recent military coup in Thailand?

A common thread

The admittedly flimsy but real common element is the inability to create and/or maintain viable and vibrant democracies on the basis of a shared consensus on the proper balance between majority and minority rights, and an agreed definition of what should be the focus of policy discourse, (i.e.: what is the

private v. the public sphere?). All this should yield a realistic definition of a “common good” that can and should be pursued via reasonable actions undertaken by elected and accountable officials.

Character assassination in an Oregon competition

In the US case, as reported by Kimberley Strassel in her WSJ “Potomac Watch” column, (*A Democratic War on One Woman*, May 23, 2014), we have yet another classic case of a political campaign almost entirely based on character assassination, and not on a debate on the issues.

While the moral integrity of any candidate should not be off-limits, a premeditated, carefully orchestrated effort to distort a few facts with the goal of painting a political opponent as an emotionally unhinged lunatic should not be allowed. And yet this is done, routinely.

Clever manipulation

In the case of this Oregon race, Dr. Monica Wehby, an accomplished pediatric specialist, has been portrayed by her clever Democratic opponent as an obsessed woman who became violent with her ex husband and who stalked her boy friend. In other words, an emotionally unstable woman who is known to act in a crazy way. Well, if this were true, people in Oregon would not want to vote for her.

The trouble is that it is not true. While there are some small pieces of evidence that may support this thesis, the portrait of the “unhinged woman” who *–can you believe it?–* wants to be Senator is the result of willful, carefully orchestrated manipulation.

Mitt Romney, the vulture capitalist

This case is not too different from the masterful ability of the Obama campaign, back in 2012, in successfully

portraying opponent Mitt Romney as a greedy, bloodthirsty “vulture capitalist” who in his previous business career as the head of Bain Capital bought companies just to strip them of assets and then tossed them out, like garbage, without even a thought for the poor people who lost their jobs and benefits.

The campaign even managed to assert that former employees of companies bought and sold by Romney died of cancer because they had lost medical insurance on account of Romney’s actions. *There you have it: the man who wanted to be President has got dead people on his conscience. Who could ever vote for him?*

These happen to be examples coming from one side. But candidates in both parties do this, all the time. Before and during the 2012 Republican primaries, all the would-be Republican nominees did pretty much the same to one another. They openly used character assassination and willful manipulation of the record to discredit one another. (Indeed, long before Obama used the “vulture capitalist” image to discredit Romney, fellow Republicans had done the same during the long campaign leading to the convention).

Shameful conduct is perfectly OK, if it gets you elected

This is shameful and sad. Instead of debating policy choices, the goal is to destroy the personal credibility of your opponent by portraying him/her as morally unfit, and therefore unelectable.

This may be clever. However, this way the political process is profoundly degraded. It becomes a bad form of entertainment where only the wily and unprincipled people prevail. Are these the kinds of people we want in public office?

A debased democracy

As a result of these bad practices, we have debased our

republican form of government, a form of government that can thrive only if it is founded on shared moral principles that together should create an agreed upon standard of conduct.

You may think that this corny, but I am convinced that a democracy in which most people think it is alright to behave with no honor, without paying any price for their bad behavior, is not going to be successful.

The cynical conclusion that *"Oh well, this is the way it is...This is how you play the game, if you want to win"* is simply unacceptable. And yet, at least implicitly, it is accepted. They all do it, because most of the time it works.

So much for our supposedly solid, established American democracy. If we look beyond our shores, the picture gets a lot worse.

The failed Arab Spring

I admit that I am among those who naively believed that something really good was going to come out of the "Arab Spring". I really thought that those spontaneous, yet peaceful grassroots movements made out of people who demanded the end of tyranny would really create the premises for modern, non sectarian, secular democracies.

Well, we know now that it did not work out this way. As soon as they had a chance to express themselves, the Egyptians voted for the sectarian, profoundly illiberal and in the end disastrously incompetent Muslim Brotherhood led by President Mohamed Morsi. This led to chaos and eventually to a military coup led by General El-Sisi. And now the Egyptians are about to elected El-Sisi, the coup leader, as president. So, after political mayhem, confusion, lots of dead people and major economic losses, the Egyptians are about to go from the authoritarian rule of Hosni Mubarak, a general, to another general. Not great progress. In Tunisia there are similar problems. Not to mention post-Gaddafi Libya, a country now in

perpetual chaos.

The military takes over in Thailand

In Thailand the military days ago intervened via a non violent coup supposedly to put an end to a never-ending political mess. Nobody reacted. May be most people feel that this is a good thing. Still, whatever the opinions on this action taken by the generals, it certainly proves that Thailand had a dysfunctional and profoundly immature democracy that in the end proved to be unworkable.

A real democracy is premised on shared values

In the final analysis, what does all this mean? Well, here is my assessment. A workable republic is premised on a lot more than a good constitution. It is premised on genuinely shared values. The American Founding Fathers, all of them children of the Enlightenment, "The Age of Light", were taught to believe that most men are reasonable. They also believed that reason, constantly reinforced by new knowledge, would allow the creation and the sustainability of their fragile self-government experiment.

They did recognize the difficulties. They did acknowledge that passions and the pursuit of personal or factional interests would work against a workable democracy. But they were guardedly optimistic on its chances to survive and thrive.

A democratic ethos

The circumstances that allowed the success of the American Revolution are quite unique. But this does not mean that other democracies cannot flourish. They can.

But you cannot have a vibrant, self-confident democracy without a shared democratic ethos. And this has to include honorable behavior on the part of all and, more broadly, an understanding of what the purpose of government

should be. Is government supposed to take care of just a few, essential tasks, or does it have a larger mandate? These are really big issues.

A constitution is not enough

It takes a long time and a judicious vetting of all plausible options to arrive at an enduring consensus on the purposes of government. The idea that we can set up a democracy today by drafting a constitution and holding elections, hoping that all the rest will be sorted out later on is crazy. By the same token, if the shared principles embraced by the founders are not nurtured by their successors, they will die.

There must be shared beliefs

The truth is that first of all we have to make sure that a society has shared beliefs. Then we can draft the rules. If the rules are not supported by values, they are worth nothing. This applies to Egypt and Thailand.

It also applies to Oregon, and to the US in general. Here in America we used to have strong shared principles. Right now I would say that they are weakly held, while in some places they are totally gone.

The 30 Year Russia-China Gas Deal Tells Us That Carbon Energy Is Here To Stay

WASHINGTON – We have been told time and again by President Obama that America has to invest in renewable energy because otherwise China will dominate the solar panels industry.

(Remember US subsidies to Solyndra and others?)

The Chinese see the future

You see, the Chinese are smart and strategic. They have seen the light. They understand that carbon based energy is a thing of the past. And this is why they are investing massively in renewables. Therefore it is imperative for America to stay in the game, regain lost ground and develop are our own world-class solar energy sector. Hence the need to subsidize the US solar energy industry.

How do we explain a \$ 400 billion gas deal?

Indeed. Well, if it were so, if China had passed the inflection point and is now totally committed to renewables, how do we explain the fact that China just signed a \$ 400 billion, 30 year contract for Russian natural gas? And do consider that, as a component of this deal, China is also obligated to spend at least \$ 22 billion to develop the infrastructure (pipelines, pumping stations and more) necessary to get all this gas to its final destinations within China.

Again, this is a \$ 400 billion deal for deliveries that will take place over the next 30 years –a very long time horizon. How does this square with China's strategic decision to go all the way with solar power?

China needs carbon based energy

Well, it does not. This "contract of the century" does not mean that China suddenly ditched renewables. But it certainly means that Beijing believes that it needs a lot more energy, and that natural gas from Russia is a good and cost competitive source.

I certainly do not fully comprehend the (mostly hidden) intricacies of how a web of soft loans, subsidises and other

political favors allow Chinese solar companies to stay in business. But the Russia gas deal tells me that China realistically believes that its renewable energy sector is not mature enough. Otherwise, it would make no sense to be locked into a 30 year natural gas contract.

Europe: the disasters of imposed renewable energy

In Europe the picture of the negative consequences of politically imposed renewable energy is more transparent. Inspired by the lofty goal of reducing harmful emissions, European policy-makers decided to tax carbon energy while subsidizing renewables. If you indeed believed that carbon is bad (and it certainly is) while we have perfectly suitable, zero emissions alternatives, then it made perfect sense to encourage their adoption through a combination of carbon taxes and incentives for wind and solar.

Wrong premise

Great idea. Except that the premise was totally wrong. Sure enough, carbon produces emissions. This is true. But as of today we do not *–repeat, we do not–* have cost-effective alternatives. At the current level of development, renewables are still inefficient and on average more expensive than carbon based energy sources.

But Europe went ahead anyway. The net result of this disastrous policy choice is that the European consumers pay for the subsidies bestowed on solar and wind through sky-high electricity rates. As a result, many European industries are penalized because their costs are much higher due to the inflated price of electricity.

Higher prices, higher emissions

And guess what, notwithstanding all this, in Germany total emissions are actually higher today than they were before this gigantic subsidy scheme was enacted.

And how is this possible? Well, very simple. Subsidized solar displaced gas-fired power generation. Therefore the only cost competitive fossil alternative is coal. And coal, compared with natural gas, produces higher emissions.

Moral choices, bad outcomes

There you have it. Talk about the unintended consequences of lofty and supposedly “moral” policies. The Europeans wanted to be good and wise by embracing renewables, while taxing carbon. What they got instead is the forced deployment of immature renewable technologies. This led to very expensive electricity and...higher emissions.

That said, the gist of this story is not that carbon energy is “good” while renewables are “bad”. The essence is that it is unwise to force the adoption of still immature technologies through policy mandates.

I do understand that some policy-makers acted in this way because of the urgency represented –in their view– by climate change and global warming. Still, whatever their good intentions, they made a mistake. In the end, their ill-advised choices do not improve the climate, while they ended up costing a lot more.

I am confident that sooner or later we shall come up with cost-effective, renewable technologies that will replace emission producing carbon energy. But we are not there yet.

If we were there, then the choice would be obvious. All economic sectors in all countries would ditch carbon based energy and embrace renewables. Consumers would not need to be prodded by mandates, tax incentives and subsidies in order to shift.

Fund research

If governments really wanted to help the development of cost-

effective replacements for carbon they should fund more research in renewable energy. They should not try to pick winners within a renewable energy sector that has a long way to go before it can be truly competitive.