

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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THEY SAID IT

“You people are some of the most disgusting examples of a waste of protoplasm I’ve ever had the displeasure to hear about.”

Country music singer Charlie Daniels in a letter addressed to fellow celebrities who are opposed to the war in Iraq.

THE FONT OF THEIR RESISTANCE. There has been much debate over the last several months on the question of why Americans and Brits see Saddam as a grave threat, and much of the rest of the world refuses to acknowledge the same. Indeed, President Bush was asked again just the other night why America’s erstwhile allies, all of whom reportedly have access to much of the same intelligence information about Saddam as the Bush administration has, refuse to support a policy of regime change. Specifically, Bush was asked:

Mr. President, you have, and your top advisors – notably, Secretary of State Powell – have repeatedly said that we have shared with our allies all the current, up-to-date intelligence information that proves the imminence of the threat we face from Saddam Hussein, and that they have been sharing their intelligence with us, as well. If all these nations, all of them our normal allies, have access to the same intelligence information, why is it that they are reluctant to think that the threat is so real, so imminent that we need to move to the brink of war now?

Bush avoided answering the question, refusing to speculate publicly on the motives of other nations, though he may well be the only one to have chosen such a tack in recent months. Nearly every pundit, news anchor, and talking head has offered his or her pet theory as to why some of our allies, most notably the French, Germans, and Russians, have proven to be such royal pains where Saddam and Iraq are concerned. In my opinion, all such theories I’ve seen to date fail to account for the most obvious of explanations: what if, in their opposition to the United States and their support of Saddam, the French, German, and Russian leaders are simply behaving as we should have expected? What if they’re simply being true to form?

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Some theorists have speculated rather unimaginatively that the French are cowards and the Germans and Russians are simply accustomed to placating murderous dictators. Others have suggested that this is about commercial ties; Total-Fina-Elf and LUKoil, for starters, have signed exceptionally lucrative oil contracts with Saddam and his cronies, while German companies have reportedly carried on a brisk trade with Iraq, despite the existence of U.N. sanctions.

Indeed, last fall, I (Steve) wrote a long piece for Lehman Brothers detailing the extensive oil and other commercial ties between the Saddam-ites and the French and Russians (and Chinese as well). I wrote: “Of the five permanent members of the United Nations Security Council, three (France, Russia, and The Peoples’ Republic of China) object to the current proposal for U.S. action in Iraq. All have significant Iraqi oil interests to protect.” I substantiated my point with a few lines from a recent report on Iraq from the Department of Energy’s Energy Information Administration. To wit:

As of October 2002, Iraq reportedly had signed several multi-billion dollar deals with foreign oil companies mainly from *China, France, and Russia*. [emphasis added] . . . Following the lifting of U.N. sanctions, Iraq hopes to increase its oil production capacity to over 6 million bbl/d or higher.

Now, related to this last argument is one that suggests that not only have many of these countries traded heavily with Iraq, but that they have undoubtedly done so in knowing violation of U.N. sanctions, often trafficking in dual-use technologies. And they know that a war will eventually expose their treachery. To this end, *The Washington Times*’ indefatigable Bill Gertz reported last Friday that, “A French company has been selling spare parts to Iraq for its fighter jets and military helicopters during the past several months, according to U.S. intelligence officials.” One suspects that once Saddam is toppled, we’ll find out just how extensive the trade in arms (or “weapons parts” as they are politely called) between Iraq and our “friends” has been.

A few other observers have noted that the French, Germans, and Russians all have substantial Arab and/or Muslim populations within their midst and that these populations are far less assimilated into their adopted cultures than are Arab-Americans or even Arab-Britons. Should, the theory goes, any of these nations support an American-led effort against Saddam, then the streets of Paris (or Berlin, or Moscow) would become the next battleground in the terrorists’ campaign.

And while all of these theories have merit and answer part of the question, in my opinion, they overlook an additional obvious answer. Why are the leaders of France, Russia, and Germany making decisions that appear anti-American and supportive of the Islamo-fascists in Baghdad, you ask? Because *they are* anti-American and supportive of Islamo-fascism. Moreover, they always have been, and they always will be. As former Vice President Al Gore might say, “A zebra can’t change his spots.” Consider:

France:

The long-standing relationship between Saddam and French President Jacques Chirac is well known, or at least used to be well known. Chirac and Saddam have known each other for nearly 30 years, dating to 1974, when Chirac, then serving his first tenure as Premier, visited Vice

President Saddam in Baghdad. What is less well known is that Saddam and Chirac were more than just a couple of second-bananas who met to take care of a little state business. They became (and perhaps still are) good friends. The two reportedly hit it off rather well in 1974, and their relationship, both personal and professional, flourished in the years subsequent.

According to Stratfor, the Austin, Texas-based strategic forecasting firm, during the 1974 visit, “Chirac and Hussein conducted negotiations on a range of issues, the most important of these being Iraq’s purchase of nuclear reactors.” Stratfor continues:

In September 1975, Hussein traveled to Paris, where Chirac personally gave him a tour of a French nuclear plant. During that visit, Chirac said, “Iraq is in the process of beginning a coherent nuclear program and France wants to associate herself with that effort in the field of reactors.” France sold two reactors to Iraq, with the agreement signed during Hussein’s visit. The Iraqis purchased a 70-megawatt reactor, along with six charges of 26 points of uranium enriched to 93 percent -- in other words, enough weapons-grade uranium to produce three to four nuclear devices. Baghdad also purchased a one-megawatt research reactor, and France agreed to train 600 Iraqi nuclear technicians and scientists -- the core of Iraq’s nuclear capability today.

Other dimensions of the relationship were decided on during this visit and implemented in the months afterward. France agreed to sell Iraq \$1.5 billion worth of weapons -- including the integrated air defense system that was destroyed by the United States in 1991, about 60 Mirage F1 fighter planes, surface-to-air missiles and advanced electronics. The Iraqis, for their part, agreed to sell France \$70 million worth of oil.

During this period, Chirac and Hussein formed what Chirac called a close personal relationship. As the *New York Times* put it in a 1986 report about Chirac’s attempt to return to the premiership, the French official “has said many times that he is a personal friend of Saddam Hussein of Iraq.” In 1987, the *Manchester Guardian Weekly* quoted Chirac as saying that he was “truly fascinated by Saddam Hussein since 1974.” Whatever personal chemistry there might have been between the two leaders obviously remained in place a decade later, and clearly was not simply linked to the deals of 1974-75. Politicians and businessmen move on; they don’t linger the way Chirac did.

Stratfor also cites the existence of a 1987 letter from Chirac to Saddam (originally published in a “satirical and muckraking magazine,” but later confirmed as genuine by Chirac) in which the French Premier refers to Saddam affectionately as “my dear friend.” He also, in a rather cryptic construction, makes reference to some unspecified but previously discussed important business. According to Stratfor, in the letter, “Chirac hopes for an agreement ‘on the negotiation which you know about,’ and it speaks of the ‘cooperation launched more than 12 years ago under our personal joint initiative, in this capital district for the sovereignty, independence and security of your country.’” Now, Stratfor admits that the letter contains no concrete evidence as to what mysterious “negotiations” Chirac was referring, but it also notes that circumstances and speculation suggest he may have been offering French help in rebuilding the nuclear reactors at Osirak that were destroyed by Israel in 1981. (It is no mere coincidence, by the way, that the Israelis dubbed the Osirak plant “O-Chirac” in honor of its patron.)

Russia:

Now, as long and friendly as is the relationship between Saddam and Chirac, it actually pales in comparison to that which exists between Saddam and former Russian Prime Minister Yevgeny Primakov. Primakov has known Saddam since the early 1960s, when he was posted to the Middle East as a “foreign correspondent” and deputy editor for *Pravda*. The two are considered to be extremely close friends, and there has long been speculation about payoffs and anti-Western, anti-Zionist ties between them. In 1990, on the eve of the first Gulf War, Primakov was the man handpicked by Soviet Premier Mikhail Gorbachev to try to talk some sense into his old friend in an 11th-hour attempt to avert war. And he was recently described by Alexander Pikayev, an analyst at the Carnegie Endowment’s Moscow office, as “the person Saddam knows better than anyone else from the outside world.”

But why, you ask, does Primakov, who no longer holds any official role in the government, matter? Well, he matters for several reasons.

First, there is the matter of Primakov’s meddling in Iraq – his attempts to muck up American efforts to effect regime change. Primakov was, after all, sent as an official envoy of his government to Baghdad to discuss ways for Saddam to avoid war with the Americans and Brits. (Yes, Steve. We know that. You just wrote that three lines ago.) But I’m not talking about 1990 here. I’m talking about *the weekend before last*. That’s right; two weeks ago, at the behest of Russian President Vladimir Putin, Primakov retraced the steps he’d taken in 1990 in yet another last-ditch attempt to save Saddam’s hide. And while there have been no official reports of the negotiations held between the two, it is, I believe, a fairly safe guess that they didn’t discuss their mutual love and admiration for guys named George Bush.

A second reason that Primakov matters is that he was, during the 1970s, the deputy director of the Institute for World Economy and International Relations, where he met, befriended, and became something of a mentor to a young researcher name Igor Ivanov. If that name sounds familiar to you, that’s because he’s the Russian Foreign Minister, one of the three men jumping up and down hollering and screaming about American insolence at the U.N. several times over the last few weeks. Primakov appointed his old friend and protégé to his old spot when he was named Prime Minister in 1998. Since then, Ivanov has led the public relations charge against American action in Kosovo and now Iraq.

Finally, Primakov matters because he is not only a former KGB agent but is, in fact, the former director of the KGB. Moreover, he spent a great deal of his career stationed in the Middle East, is considered an expert in Middle Eastern affairs, and is a fluent speaker of Arabic. And, as a KGB officer, he also reportedly supported and financed anti-American and anti-Israel causes throughout the Middle East, including those of radical Marxist Palestinian groups.

Now, stop and think for a minute just what all of that means. It means that when push came to shove, Vladimir Putin, the Russian President, our purported new friend and the man into whose soul our own President spent considerable time peering, called on the former head of the most brutal, anti-American spy agency in history and the man undoubtedly responsible for decades of sabotaging American interests in the Middle East, to do his bidding.

Of course, when you do think about it, that only makes sense, as Putin himself was, prior to becoming Prime Minister (succeeding Primakov, by the way), the director of one of the KGB's successor agencies. Before that, he himself spent fifteen years as a KGB operative in East Germany.

And that, naturally, brings us to...

Germany

Of all the leaders of erstwhile allies who have taken anti-American positions on Iraq, the one that has done so most openly is Germany's Gerhardt Schroeder. Trailing badly in the polls last summer, Schroeder turned his campaign around, eventually winning a second term as chancellor, by adopting an openly anti-American stance. The question is, "Was Schroeder simply capitalizing on political sentiment or did his position reflect an anti-American, pro-Saddam attitude similar to that found among French and Russian leaders?"

Given his biography, chances are Schroeder was merely exploiting popular sentiment (but can no longer close the flood gates he opened). Yes, he is a "reformed" Marxist. And yes, he once served as a defense attorney for Red Army Faction (a.k.a. the Baader-Meinhof Gang) terrorist Horst Mahler. But most reports indicate that Schroeder has always been a party guy (he was a leader of the SPD's youth wing during the latter half of the 1970s) and, despite his mild rebelliousness, has consciously avoided actions that would compromise his "political viability" within the system.

That is not, however, to say that the German government is free of high-ranking radical anti-Americans. No, the real radical in the Schroeder government is Foreign Minister Joschka Fischer, who, like the aforementioned Ivanov, has led his country's opposition to American action at the U.N. over the last several weeks. Several weeks ago, Mark forwarded to all of you an excellent piece by the *Atlantic's* Michael Kelly, which was written in the form of a letter to Mr. Fischer. It would be tough to improve on what Kelly wrote, so I'll give you just a reminder of what was in that important and damning piece:

Mr. Fischer, you rose in public life as an important figure in the anti-American, anti-liberal, neo-Marxist, revolution-minded German radical left of the generation of 1968....

In 1976, to protest the death in prison of Baader-Meinhof founder Ulrike Meinhof, you planned and participated in a Frankfurt demonstration in which, [New Left historian Paul] Berman wrote, "somebody tossed a Molotov cocktail at a policeman and burned him nearly to death." You were arrested but not charged. In 2001, Meinhof's daughter, Bettina Rohl told the press that you were responsible for the throwing of that firebomb. Other contemporary witnesses, Berman reported, said that you "had never ruled out the use of Molotovs and may even have favored it." You denied it, for the record.

In 2001 the German government put on trial your old friend Hans-Joachim Klein, who had been an underground "soldier" in the Revolutionary Cells, an ally of the Red Army Faction and the Popular Front for the Liberation of Palestine. The Revolutionary Cells

helped in the murder of the Israeli Olympic athletes in Munich in 1972, and Klein himself took part in a 1975 joint assassination operation with Carlos the Jackal in which three were killed....

In 1969, you attended the meeting of the Palestine Liberation Organization in which the PLO resolved that its ultimate aim was the extinction of Israel – that is to say, the extinction or expulsion of the Jews of Israel. Seven years later, Revolutionary Cells terrorists led by your Frankfurt colleague, Wilfried Boese, hijacked an Air France plane to Entebbe, Uganda. The hijackers intended to murder all the Jewish passengers on that flight but were killed by Israeli commandos.

Now, as nice a job as Kelly did in laying out Fischer’s history of thuggery, anti-Americanism, and anti-Semitism, his was not the most damning piece published about the German foreign minister in the last several weeks. On February 14, *National Review Online* ran an article by a man named Ion Mihai Pacepa, who declared that “on February 10, 2003, the government of Germany began building a new, anti-American Berlin-Moscow-Paris Axis,” and noted ruefully that he “had been waiting for something like that to happen ever since October 1998, when Joschka Fischer became Germany’s foreign minister.”

Who is Ion Mihai Pacepa that he would say such things about the foreign minister of a respected American ally? And who is he that we should care at all what he expected of Fischer?

Well, *General* Pacepa was deputy director of Romanian foreign intelligence until 1978, when he became the highest-ranking Soviet-bloc intelligence officer ever to defect. He had also been a “Soviet bloc expert on German matters” and “chief of a bloc intelligence station in West Germany.” If anyone would know about anti-American activities in West Germany in the 1970s, it’s Pacepa. And it should surprise no one that he’s no fan of the German foreign minister.

“Fischer,” Pacepa charged in his *NRO* piece, “is an indirect product of the old anti-American intelligence community to which I once belonged.” Much of the rest of Pacepa’s piece contains circumstantial evidence making this case and adding some unsettling detail to a number of the events cited above by Kelly. Pacepa wrote:

In 1975 Libya’s dictator, Colonel Muammar Qaddafi, informed Romania’s tyrant, Nicolae Ceausescu — through me — that he was preparing a terrorist attack against the Organization of Petroleum Exporting Countries (OPEC), and asked my boss to provide him with blueprints of OPEC’s temporary headquarters in Vienna. Ceausescu agreed, and the Romanian espionage service (the DIE) complied. The December 1975 takeover of OPEC’s headquarters in Vienna resulted in the seizure of 60 OPEC officials and staff members as hostages. The kidnapping was organized by Qaddafi and the infamous Ilich Ramírez Sánchez — “Carlos” or “the Jackal.”

Twenty-two years later, Carlos was arrested in Khartoum, Sudan, by the French counterintelligence service (DST), with whose director, Yves Bonnet, I had earlier cooperated after leaving Romania. Carlos was immediately taken to Paris, where he was charged with killing two French police officers in 1979; he was sentenced to life in prison. During interrogation, Carlos asserted that his deputy for the OPEC operation

had been German terrorist Hans Joachim Klein, codenamed “Angie,” who had killed an OPEC security man and an Austrian policeman during that attack. Carlos also testified that the weapons used for the OPEC operation had been kept in an apartment in Frankfurt/Main, where Klein was then living with two other “red revolutionaries” of those days, Daniel Cohn-Bendit and Joschka Fischer.

And while Fischer has repeatedly denied the charge that the OPEC operation weapons were stored at his apartment, Pacepa, wrote that he has “reason to question Fischer’s” denial. You see, according to Pacepa, in January 1976, Qaddafi sent a “thank-you message,” through him, to Ceausescu. In that message, Qaddafi, one of the godfathers of radical Islamist terrorism, thanked the Romanian dictator, telling him that the operation would have been impossible without the “manpower and arms” provided to Carlos the Jackal by the “West German revolutionary group in Frankfurt/Main.” Furthermore, Qaddafi, knowing that Pacepa was the top Romanian intelligence officer in West Germany, expressed his gratitude to the general for the help provided by “your” Frankfurt.

Pacepa concluded his piece implying that he believes Fischer had some connection to Soviet bloc intelligence services in the 1970’s, though he conceded that it would be difficult to corroborate such a connection conclusively. He put it thusly:

It may never be possible to prove “beyond the shadow of a doubt” Joschka Fischer’s connection with the Soviet KGB, but I do know that the KGB — and my DIE — was financing West Germany’s anti-American terrorist movements in the 1970s, while I was still in Romania.

One other thing that Pacepa apparently feels comfortable saying, beyond a shadow of a doubt, is that Fischer’s anti-Americanism was hardly but a passing fancy and is “evidently ingrained.” And that, gentle readers, is the theme of this entire piece (and the theme of the dispute in the Security Council, and the theme of this war...): ingrained anti-Americanism (or if you prefer, pro-Saddamism).

The countries that are most adamant about keeping the United States and Great Britain from toppling Saddam – France, Russia, and Germany – are all, coincidentally enough, led by men who are long time supporters and allies of Saddam Hussein and/or longtime active participants in a campaign of anti-Americanism. Why do the leaders of these countries appear anti-American? Because they are. They are not on our side.

NORTH KOREA? WHOSE PROBLEM IS IT ANYWAY? In the January 13 issue of this newsletter, I (Mark) wrote a piece entitled “Whither the Mess in North Korea?” It dealt with my view that the little dude who runs that God forsaken land did not have “President Bush by the short hairs” as many pundits seemed to feel. I put it this way:

I don’t pretend to know how President Bush will handle North Korea, but I don’t think he is without good options. My guess is that the option he will choose is to do nothing for a while. Or to put this option another, way, ‘let the United Nations handle it.’

This would allow South Korea time to think about how to reconcile the recent anti-Americanism that is sweeping that nation with the realization that it, not the United States, would be a primary target of North Korea's nuclear blackmail, should America decide to sit on its hands.

It would also allow China to consider what it might do when Japan announces that it has no choice but to develop its own nuclear weapons as a counter to North Korea's, and when China's access to global capital begins to suffer due to investor fears about China's commitment to world peace and about massive regional uncertainty.

In the meantime, a short period of silence on Bush's part would allow the Pentagon to begin the process of developing contingency plans for dealing with North Korea under Bush's previously announced policy of preemption should it come to that.

This week, I thought I would expand on this theme, in light of two recent events.

✍ The first was Bush's press conference last week in which, when asked whether he was resigned to North Korea becoming a nuclear power, he responded that North Korea "is a regional issue." Other nations, he said, "have a stake" in what is happening there, and then he specifically mentioned China, Japan, South Korea, and Russia. Then he added that he thought that the "best way to deal with this is in multilateral fashion," which I interpret to mean, as I said last January, "let the United Nations handle it."

✍ The second was the wave of criticism launched against the President last week by Democrats for, as I put it last January, "doing nothing for a while" about North Korea. Tom and Teddy led the attack at a news conference specially called for the occasion, charging that "the White House continues to sit back and watch, playing down the threat and apparently playing for time." They were joined by such foreign policy heavyweights as Madeleine Albright, "Sandy" Berger, and William Perry (remember him?), who breathlessly proclaimed, "We cannot wait this out."

Now, as I said last January, I don't pretend to know how President Bush will handle North Korea in the future. But I think it is fair to say that the President believes that direct talks with Kim What's-His-Name are a waste of time, given the fact, as he mentioned in his press conference last week, that Bill Clinton, "in a good faith effort" entered into a framework that the United States honored and which North Korea didn't.

I think it would also be fair to say that he believes that military action against North Korea would be opposed by every Democratic politician in America, most especially those who were most vocal last week in criticizing him for doing nothing. And finally, I think he assumes that all of the nations that are more threatened by North Korean nuclear missiles than the United States, including China, Russia, South Korea and Japan, would also be against U.S. military action.

So, I would suppose that, as I said last January, he has decided to follow the old adage, which traces its origins to *Don Quixote*, and which advises that sometimes the best thing to do is "have patience and shuffle the cards." This course has several advantages besides those that I listed above from the January article.

For starters, as we saw last week, it sends the Democrats into paroxysms of frenzy. Like a great horde of little Rumpelstilskins, they scream and stamp their feet and tear themselves in two, all of which is not just entertaining but potentially useful when election time rolls around.

It also allows Bush to make the case, sometime in the not too distant future, that by taking up this issue, the U.N. Security Council could regain some degree of respectability after the callow way it handled its responsibilities relative to the disarmament of Iraq.

Indeed, it would give France, Germany, Russia, China and a host of other nations an excellent opportunity to demonstrate the efficacy of the kind of multilateral action that they so admire. Perhaps, Bush might say, they could, through their joint efforts, convince Little Kim to allow the U.N. weapons inspectors back in. After all, everyone knows that a dictator would not dare do anything nasty while the inspectors are on the job. Right? More importantly, from President Bush's standpoint, turning full responsibility for managing this threat over to the United Nations would allow him to counter charges that he is an inveterate "nation builder," who can't keep from meddling in "regional issues" that are none of America's business.

My guess is that President Bush will let it be known to the little Korean putz that if he wants a bi-lateral agreement with the United States, Bush would be willing to negotiate a deal along the lines of the one that worked so well between the United States and the U.S.S.R. during the Cold War, the one that was called "mutually assured destruction."

The terms would be that if North Korea used nuclear weapons against the United States, it would be vaporized; that each nation should be careful as to how it treats the other for fear that an accident could happen; and that he (Kimmy) might want to build a sophisticated early warning radar system that would give him three or four minutes of response time, should a misunderstanding lead to a launch by the United States.

Then, my guess is that Bush will inform Kimmy that should there be any evidence that North Korea is engaged in selling nuclear technology to other nations, he would consider that a serious threat to the security of the United States and intervene to stop it. And judging from Kimmy's threat that he would "go nuclear" early, the United States will be forced to "arm and aim" our nukes immediately if there is any sign of hostilities.

I believe that President Bush is reasonably comfortable that North Korea's neighbors will step in and do the heavy lifting if the United States makes it clear that it will not take the lead in an effort that can only end in humiliating concessions or war. If they don't, Bush can change his mind. And in the meantime, he can begin considering alternatives to American troop deployments in South Korea, a move that Secretary of Defense Rumsfeld hinted last week might already be in the works.

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