

David L. Smith's Cassandra Chronicles

“Study the present in light of the past for purposes of the future”

An invitation **to think** outside the box

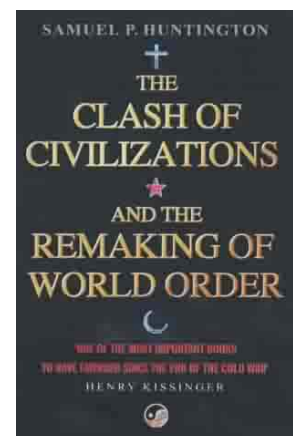
April 2004 – Fourth Issue

I had originally planned to explore three important recurring themes in this issue of the *Cassandra Chronicles*: The escalating confrontation between the U.S. and Islamic extremists, U.S. monetary policy (assessing Mr. Greenspan's well-burnished legacy) and U.S. fiscal policy, now sinking ever-more-deeply into a sea of red ink. However, recent events, particularly the bombings in Madrid and events in the Middle East have made discussion of the first of these overwhelmingly compelling, so I will focus on what some have called the “clash of civilizations,” and pick up the threads of U.S. monetary and fiscal policy later on.

THE CLASH OF CIVILIZATIONS REVISITED Christianity vs. Islam Redux

In his controversial 1993 essay “The Clash of Civilizations,” (and subsequent book) political scientist Samuel P. Huntington helped to reframe the geopolitical discourse following the end of the Cold War. Whereas ideological polarization - capitalism vs. communism - fueled the predominant geopolitical confrontation and conflict in the Cold War era, according to Huntington, conflict in the post-Cold War era will be driven by cultural polarization in the clash of civilizations (a term previously in use, notably by Bernard Lewis (“The Roots of Muslim Rage,” *The Atlantic Monthly*, September 1990)). To put recent developments in Madrid and the Middle East in context, it is helpful to understand the notion of “the clash of civilizations” as put forth by Huntington:

“It is my hypothesis that the fundamental source of conflict in this new world will not be primarily ideological or primarily economic. The great divisions among humankind and the dominating source of conflict will be cultural. Nation states will remain the most powerful actors in world affairs, but the principal conflicts of global politics will occur between nations and groups of different civilizations. The clash of civilizations will dominate global politics. The fault lines between civilizations will be the battle lines of the future. . . . The world will be shaped in large measure by the interactions among seven or eight major civilizations. These include Western, Confucian, Japanese, Islamic, Hindu, Slavic-Orthodox, Latin American and possibly African civilization. The most important conflicts of the future will occur along the cultural fault lines separating these civilizations from one another.”



(See: *Foreign Affairs*, Summer 1993 <http://www.alamut.com/subj/economics/misc/clash.html> and subsequent book *The Clash of Civilizations and the Remaking of World Order*, 1997 Simon & Schuster, NY.)

Huntington defines civilization as follows:

A civilization is a cultural entity. . . . the highest cultural grouping of people and the broadest level of cultural identity people have short of that which distinguishes humans from other species. It is defined both by common objective elements, such as language, history, religion, customs, institutions, and by the subjective self-identification of people.

Huntington then proceeds to identify the geographical and cultural "fault lines" where the clashes between rival civilizations will take place:

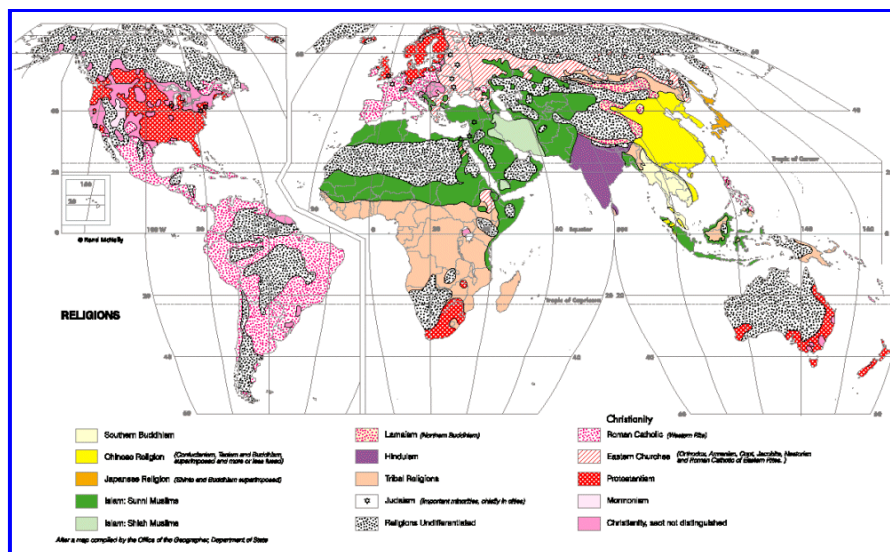
- **Europe:** The cultures of Western Christianity clashing with an amalgam of Orthodox Christianity and Islam across a line extending southeastward from the Finnish/Russian border to the historic boundary between the Hapsburg and Ottoman empires in the Balkans. The conflicts in Yugoslavia and elsewhere in the Balkans in the 1990s confirm Huntington's vision of confrontation across this line.
- **West vs. Islam:** two cultures, religiously defined in varying degrees, which have been mortal antagonists through most of their 13 centuries of combined existence -- the Arab empire; the Crusades; the Ottoman Empire; Arab-Israeli and Persian Gulf wars; lesser confrontations in places like Lebanon, Libya, Somalia, the Balkans; and now the War on Terrorism. Huntington correctly predicts (in 1993): "This centuries-old military interaction between the West and Islam is unlikely to decline. It could become more virulent." - a conclusion widely agreed upon by informed observers on both sides of the divide.
- **Hindu vs. Muslim** - not only between nuclear rivals India and Pakistan (with Kashmir as the tinderbox) but also between Hindus and Muslims within India.
- **China vs. its neighbors and, on a separate front, the U.S..**
- **The West and the Rest:** Huntington agrees with Singapore's Kishore Mahbubani in predicting the central axis of world politics in the future is likely to be the conflict between "the West and the Rest." Huntington states:

The West in effect is using international institutions, military power and economic resources to run the world in ways that will maintain Western predominance, protect Western interests and promote Western political and economic values. That at least is the way in which non-Westerners see the new world, and there is a significant element of truth in their view. Differences in power and struggles for military, economic and institutional power are thus one source of conflict between the West and other civilizations. Differences in culture, that is basic values and beliefs, are a second source of conflict. V. S. Naipaul has argued that Western civilization is the "universal civilization" that "fits all men." At a superficial level much of Western culture has indeed permeated the rest of the world. At a more basic level, however, Western concepts differ fundamentally from those prevalent in other civilizations. Western ideas of individualism, liberalism, constitutionalism, human rights, equality, liberty, the rule of law, democracy, free markets, the separation of church and state, often have little resonance in Islamic, Confucian, Japanese, Hindu, Buddhist or Orthodox cultures. Western efforts to propagate such ideas produce instead a reaction against "human rights

imperialism" and a reaffirmation of indigenous values, as can be seen in the support for religious fundamentalism by the younger generation in non-Western cultures. The very notion that there could be a "universal civilization" is a Western idea, directly at odds with the particularism of most Asian societies and their emphasis on what distinguishes one people from another. Indeed, the author of a review of 100 comparative studies of values in different societies concluded that "the values that are most important in the West are least important worldwide." In the political realm, of course, these differences are most manifest in the efforts of the United States and other Western powers to induce other peoples to adopt Western ideas concerning democracy and human rights. Modern democratic government originated in the West. When it has developed in non-Western societies it has usually been the product of Western colonialism or imposition.

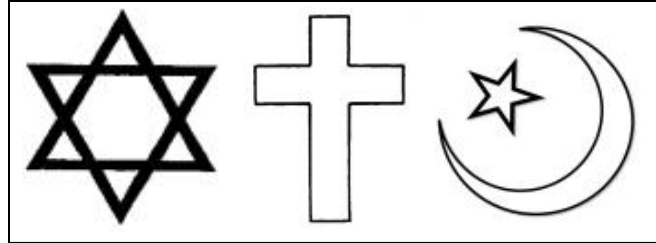
Huntington's article elicited a torrent of response, some of which I will include below. My own feeling is that he made a valuable contribution, highlighting the new dynamic of world conflict in the post-Cold War age - a theme upon which I will expand at some length.

In my view, of the various cultural fault lines likely to produce a catastrophic clash of civilizations, the divide between the West and Islam poses the greatest danger. The occupation of Iraq and corresponding insurgency; the War on Terrorism and its Islamic counterpart, *jihad*, and the conflict between Israelis and Palestinians are the most visible flashpoints of lethal confrontation between these two cultures today. Presently, war is being waged asymmetrically on the part of the West by the governments of the United States, its coalition allies and Israel and on the part of Islam by extremists - al-Qaida, Hamas, Iraqi insurgents and others employing terrorist tactics. The Bush administration clearly states that, in attempting to "bring [Islamic] terrorists to justice," it is not waging war on Islam. However, the choice of enemies rests not with the administration, but rather with the number of Muslims who choose to join the *jihad*. Therefore, while the present level of conflict has engaged only a small fraction of the affected populations, escalation to all-out war between the two cultures has the potential of engulfing at least half the world's population: around 2 billion Christians and Jews, and 1.26 billion Muslims - one-third and one-fifth, respectively of the earth's 6.3 billion people - plus hundreds of millions of non-Christian Westerners.



If you were looking for the polarizing factors likely to produce the perfect storm of cultural warfare, you could not find a more combustible mixture than those present in the West and Islam (see also "The Perfect Storm" in the *Cassandra Chronicles*, November 2003, pp.6-10):

RELIGION: Ironically, the Abrahamic Jewish, Christian and Muslim religions ostensibly seek to nurture the "better angels of human nature" to promote peace and elevate standards of human behavior. In practice, they have frequently educated the most barbaric and murderous instincts of the faithful in the



conduct of war and mayhem. Not only have these violent instincts been directed against those outside their respective faiths, but also against heretics and schismatics within their faiths. Jews, Christians and Muslims have taken more lives invoking the name of the common Supreme Being they worship than for any other cause in history. Paradoxically, fighting for God is seen as bestowing divine approval on diabolical behavior, granting otherwise moral men license to suppress their human kinship and kill their fellow human beings without mercy or remorse. "Holy war" is the ultimate oxymoron. Compounding the irony, the three antagonistic religions are spiritual brothers, sharing a common ancestor in Abraham, and many tenets of monotheistic faith and religious practice. (Admittedly, Christians do muddy the monotheistic waters considerably with the "mystery" of the Trinity, provoking the following retort in the Quran: "Because the unbelievers are those who say: 'Allah is one of three.' There is but One God. If they do not desist in what they say, a painful punishment will afflict those of them that disbelieve." (Quran Ch.5 v73).)

Yet each claims to be the "one true faith." Consequently, members of the other faiths ("goyim," "unbelievers," "heathens," "infidels") are regarded with condescension at best, contempt and hatred at worst, thereby heightening antagonistic polarization among their populations. Princeton professor and author, Elaine Pagels puts it succinctly: "There is no kind of conflict that becomes more intractable than when people are convinced that they alone have access to God's truth and the other side are the people of Satan." (The N.Y. Times 4/4/04 "Wrath and Mercy, The Return of the Warrior Jesus" <http://www.nytimes.com/2004/04/04/weekinreview/04kirk.html?8hpbib>)

These antagonisms have been further exacerbated by the Christian and Muslim religious imperatives to convert or dominate all non-believers. For Christians, the "Great Commission" to "go and make disciples of all nations," (Matt. 28:19) has often served as a pretext for military conquest and political domination. For Muslims, according to Bernard Lewis "One of the basic tasks bequeathed . . . by the Prophet was *jihad*. This word, which literally means "striving," was usually cited in the Koranic phrase "striving in the path of God" and was interpreted to mean armed struggle for the defence or advancement of Muslim power. In principle, the world was divided into two houses: the House of Islam, in which a Muslim government ruled and Muslim law prevailed, and the House of War, the rest of the world, still inhabited and, more important, ruled by infidels. Between the two, there was to be a perpetual state of war until the entire world either embraced Islam or submitted to the rule of the Muslim state. ("The Revolt of Islam" The New Yorker, November 19, 2001. http://www.newyorker.com/fact/content/?011119fa_FACT2)

Increasingly, conflict today is seen as religious war: Jews against Muslims in Israel, Hindus against Muslims in the Indian subcontinent, Christians against Muslims in the Balkans, Chechnya, Iraq and elsewhere. From the Muslim perspective, Islam is everywhere under attack. Correspondingly, much of the rest of the world sees Islam as the common foe. The battle lines have been drawn along the religious divide and each side is summoning the warlike imagery and rhetoric of their founders and creeds to gird the faithful for battle. Islam invokes the ready-made image of the warrior Prophet in Muhammad, who led his followers in battle and charged them with the duty to wage holy war in *jihad*. Christians have a harder time converting the pacific (“turn the other cheek,” “love thine enemy”) Jesus into a warrior. Nevertheless, according to The New York Times, today’s evangelical Christians seem predisposed for “the gentle, pacifist Jesus of the Crucifixion [to share] the spotlight with a more muscular warrior Jesus of the Second Coming, the Lamb making way for the Lion,” complete with a preposterous visual, depicting Jesus as a beefy Teutonic blond boxer in an ambiguous, sword-wielding pose, leaving one to wonder about the third commandment forbidding “any graven image, or any likeness of any thing that is in heaven above . . .” Exodus 20:4)



Art for God
 “Undeclared” 2004 painting
 By Stephen W. Sawyer

(The N.Y. Times 4/4/04 <http://www.nytimes.com/2004/04/04/weekinreview/04kirk.html?8hpib>)

HISTORY: Antagonisms provoked by religious polarization and confrontation have permeated the long history linking the Jewish, Christian and Muslim populations. Muslims promptly answered the Prophet’s call to *jihad*, and within a generation after his death in 632 c.e., went on to defeat the armies of the Byzantine and Persian empires and create an Islamic empire lasting over 8 centuries extending from what is now

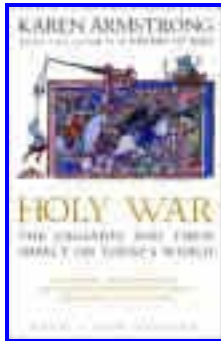


Afghanistan, and Iran in the East, westward through the Levant, Arabian Peninsula, Northern Africa and southern half of Spain. To Muslims the glories of the Arab empire, the barbarism of the Crusades, the conquests of the Ottoman empire and the humiliation of post-World War I European colonialism in the Middle East, inflame and inspire not only the terrorist extremists but also the “Arab street” and leadership throughout



Islam. Accordingly, history can readily evoke a warlike state of mind in Islam. Europeans also recall their participation in these historical events -- the Crusades, in particular -- which may explain their reluctance to rekindle ancient animosities by confronting Islam. Most Americans have only a hazy notion of history, and no involvement in these events, and so are inclined to charge pell-mell into the region with very little conception of what awaits them. (Hence the Bush administration’s fantasy that the American Army invading Iraq would be greeted as “liberators” with cheers and flowers.)

The history of conflict between the Jews and Muslims is also long and bloody, and for that matter, so is that between the Jews and Christians. Karen Armstrong, in her excellent book, “Holy War, The Crusades and Their



Impact on Today's World," also reminds us that "There would be an outbreak of anti-Semitic violence in Europe every time a major Crusade to the Holy Land was preached. (p.212)" A residuum of this historical phenomenon today could further strain relations between the United States and its European allies over events in the Middle East.

RACE AND CULTURE: The stark racial differences in appearance, language and culture between the majority of both Westerners and Muslims provide a ready psychological basis not only for the polarization that is a prerequisite for war, but also the "monsterization of the enemy" which desensitizes combatants to the inhumanity of their actions in wartime. Racial differences, therefore, greatly facilitate the war ethos afflicting the West and Islam.

ECONOMIC INTERESTS Rare is the war lacking opposing economic interests at its core. In the clash between the West and Islam, God exhibited an odd sense of humor, placing some two thirds of world's known remaining oil reserves under the soil of Islam. Consequently, the contest over the price and availability of what has become the West's most essential commodity and Islam's most critical resource provides a ready economic *casus belli*, as has been demonstrated twice in the Persian Gulf in the past fourteen years. (See April 2003 *Cassandra Chronicles* for an exposition of this argument.) Moreover, the critical need for oil in the modern economy will keep the two adversaries engaged, like two knife fighters handcuffed to each other, as long as oil remains the West's prime mover.



POLITICAL IDEOLOGY: The Western impulse to remake the world in its own image and the corresponding "reaction against 'human rights imperialism' and reaffirmation of indigenous values" cited by Bernard Lewis, is at the heart of the present clash between the West and Islamic extremists. Western principles of individualism, liberalism, constitutionalism, human rights, equality, liberty, the rule of law, democracy, free markets, the separation of church and state, have worked well in the view of most Westerners, and it is tempting for them to think everyone should adopt their principles.



Signing the Declaration of Independence

However, there are many drawbacks to such thinking when viewed through non-Western eyes: For starters, such liberal Western principles have been applied over the course of only a couple of centuries. Not surprisingly, civilizations that have been in existence for five thousand years, or in their Islamic incarnation, about 13 centuries, tend to regard modern Western civilization as unproven and/or unsuitable. Huntington's critics cite recent surveys to argue that "At this point in history, societies throughout the world (Muslim and Judeo-Christian alike) see democracy as the best form of government." (Ronald Inglehart and Pippa Norris,

Foreign Affairs March/April 2003) However, there isn't much evidence in practice to support that statement in most of the Islamic Middle East where monarchies, dictatorships, tribal governments and theocracies continue to dominate. Even in Iran, where presumably democratic elections were recently held, the theocratic rulers maintained power through the simple expedient of disqualifying hundreds of opposition candidates. No surprise that the recent summit meeting of Arab leaders, billed as the first serious effort to make a collective commitment to democratic reforms, ended before it began. The host nation, Tunisia, postponed it indefinitely because it felt that the commitment of Arab states toward reforms – from human rights to a greater role for women – was insufficient for the 22 foreign ministers gathered here to fashion an agreement on common goals acceptable to their heads of state. Needless to say, representatives of the kingdom of Saudi Arabia were pointedly absent. Tunisia, it should be noted, is a one-party state ruled since 1987 by President Ben Ali, known by Tunisians as “Ben for life.” Finally, the notion of the separation of church and state, in particular, is anathema to a traditionally theocratic society and Western ideas of gender equality and sexual liberation are also alien to Islamic culture.

There is also ample reason to question whether all populations are ready for liberal democracy. The attempts to infuse democracy into the political vacuum left by withdrawing colonial powers in places like Africa and Southeast Asia, not to mention the Middle East, have generally failed, resulting in bloody civil wars, genocide, and repressive dictatorships. While it may be politically incorrect to say so, many of these former colonies



Winston Churchill

would have been better served by an extension of colonialism than by democratic sovereignty. The sad post-colonial histories of many former colonies tend to vindicate crusty old Tories, like Winston Churchill, who asserted that the colonies were incapable of governing themselves democratically. In some societies, centrifugal political forces including a history of past antagonisms; lack of education and free press; conflicting customs, traditions, religions and interests may require the application of the strong centripetal force of authoritarian rule to maintain order and unity. Therefore, when we witness the massacres of innocent civilians by Iraqi

insurgents bent on igniting civil war, we have to wonder if Iraq is ready for democracy. It may be that the best Iraq can hope for is the strong arm of an Islamic theocracy or dictatorship.

Nor is it clear to non-Westerners that liberal democracy and its corollaries have lived up to the Western claims of success. Consider the millions of casualties of the two world wars and numerous others waged by the great

democracies of the twentieth century, the bloodiest century in history. Lest we forget, Hitler and Mussolini were products of democracy. While free markets and the casino mentality of Western capitalism have produced unparalleled prosperity, they have also produced great depressions, stock market crashes and inequality of wealth rivaling the most avaricious of feudal monarchies. Economic determinists, myself included, believe these economic instabilities are the primary cause of the great wars. Muslims are also understandably repelled by the culture of materialism, hedonism, casual sex, gratuitous violence, rampant drug and alcohol abuse, disrespect for elders, discrimination and other moral evils they regard as the product of liberal Western values.



Adolf Hitler and Holy Ghost

Accordingly, the three main factors that have been the universal causes of war throughout history - fear and opposing ideologies and interests -- are not only fully engaged today, but are also exacerbated by racial differentiation, cultural differences, political incompatibilities, and longstanding historical antagonisms in an atmosphere supercharged by religious animosity. "The trend," as the graffiti used to say "is obvious."

The question then becomes, how far will it escalate? As I stated in the April 2003 *Cassandra Chronicles*: "In a region where deep religious fervor inflames political passions, where longstanding historical antagonisms and grievances are remembered, where retribution is a matter of honor, where offended pride readily provokes anger and violence, where martyrdom is revered, where grinding poverty creates resentments and where misguided principle often inspires self-destructive behavior, we should watch for signs of dangerous political upheaval and confrontation." This is a lesson the American-led coalition is learning from the insurgency in Iraq. America's Islamic opponents, in turn, may learn the same lesson Japan did in World War II about the resolve, resourcefulness and intensity of violence of which Americans are capable when provoked by surprise attack against its civilian population. Given the intractability and viciousness of which the protagonists are capable, and the presence of so many polarizing factors, the regrettable, but inescapable conclusion to which one is forced, is that the escalation of violence between the United States and Islam is likely to continue with calamitous results.

It may be true, as Huntington's critics claim, that all but a few fundamentalists in each civilization would prefer to coexist amicably. The same was true in Europe in May of 1914. But all that

changed after June 28, 1914, when Archduke Ferdinand was assassinated by Gavrilo Princip in Sarajevo, triggering irreversible escalation to an all-out war of unprecedented brutality that claimed over 9 million lives.



Gavrilo Princip

Therefore, where fear, economic and ideological polarization, historical antagonism, racial and cultural differences exist, we should not underestimate the potential for escalation sparked by terrorist outrages perpetrated by determined, well-funded fanatics with a keen grasp of symbolism and geopolitical strategy. If ever there was a time to recognize the truth of Santayana's admonition to remember the past, this is it.



Archduke Ferdinand

While the clash between the West and Islam seems destined to get worse, nobody knows just how bad it will get or what the eventual outcome will be. We are all out of our depth when attempting to divine the global future (since no one has ever been there and returned to tell the tale), and any so-called "expert" that fails to acknowledge this limitation doesn't understand the problem and should not be trusted. Sure, it is possible to predict an outcome and be proven correct, just as it is possible to correctly call the toss of a coin. But in neither case can the forecaster legitimately claim to have had certain foreknowledge of the outcome. Nevertheless, even though out of our depth, we must look through the glass darkly or risk walking off a cliff. The best we can do is expand our minds to embrace the full spectrum of possible outcomes, monitor the progress of events and attempt to discern the probable outcome, with due regard for surprises along the way. The optimists among us also hope that in visualizing the possible outcomes, we may collectively make sound choices to prevent the worst outcomes from materializing.



The West and Islam are traveling into *terra incognita*, driven by cultural, economic and genetic imperatives that history suggests will eventually lead to the abandonment of restraint on both sides. One cannot help but wonder if Francis Ford Coppola was prophetic when in *Apocalypse Now* he had a dying Colonel Kurtz (Marlon Brando) whisper “the horror, the horror,” after concluding that America’s only option against “men who are moral and at the same time who are able to utilize their primordial instincts to kill without feeling, without passion, without judgment” was to “Drop the bomb. Exterminate them all.” On September 11, 2001 in New York and Washington, DC, on March 11, 2004 in Madrid, and for the past year in Iraq we have witnessed the malevolent genius of such men.

Last November I asked the question: **Are we heading toward escalation or resolution of the conflict?** Events in Iraq, Madrid and Israel clearly point in the direction of further escalation.

IRAQ: The attacks by insurgents against U.S. military forces, Iraqi security forces and civilians continue unabated with deadly effect and apparently expanding purpose, with the ultimate strategic purpose of foiling the coalition’s aims in Iraq. The recent capture of Saddam Hussein has not diminished the insurgents’ resolve.

The death toll of American soldiers in March 2004 was the second highest since the invasion began. The attacks against American and coalition troops and support personnel seek to demoralize the occupation forces and heighten U.S. and worldwide opposition to the continued coalition presence in Iraq. The attacks against Iraqi security forces, Iraqi civilians and others viewed as collaborators, seek to discourage them from contributing to the coalition’s efforts in Iraq. The bombings of Shiite crowds, notably in the holy city of Karbala on March 2, 2004, seem intended to provoke civil war in Iraq. The attackers displayed a keen sense of history and symbolism. The multiple explosions in Karbala occurred on the day when Shiites publicly gather to commemorate the martyrdom in 680 of their leader, al-Husayn, grandson of the Prophet Muhammad - an event some Muslims have likened in significance to the crucifixion of Jesus Christ to Christians. Al-Husayn had claimed the right to rule the Muslim world but his tiny army was surrounded in the desert and massacred by a rival claimant, Yazid. The dispute cemented the greatest schism in Islamic history between Shia and Sunni Muslims. There was no mistaking the bombers’ message or intent.



Joy in Fallujah after attack Agence France-Presse

Civil war between Sunnis and Shias in Iraq would not only derail American aims in the region, but would also heighten world outrage against the occupation, while coalition armed forces, caught in the crossfire, would become bogged down in a Vietnam-style quagmire or be forced to pull out ignominiously, leaving the country in ruin and subject to the dictatorship of the victors. An Iraqi civil war along religious lines might also spread to other parts of the Middle East, toppling governments friendly to the U.S., thereby jeopardizing the continuing flow of oil from the region, with catastrophic economic effects in the West.

By maintaining a relentless tempo of bombings, the insurgents are doubtlessly attempting to turn U.S. and world public opinion more strongly against the continued coalition presence in Iraq before the forthcoming U.S. and U.K. elections. In effect, the insurgents are using the democratic process to defeat the installation of democracy in the region.

SPAIN: The Madrid bombings on March 11, 2004 once again demonstrated the malevolent genius of the terrorists. Just as 19 men were able to convert box cutters into missiles with which alter to the course of history on 9/11, so too were a few men with explosives able to tip the geopolitical scales in their favor on 4/11. The timing of the Madrid attack was flawless - three days before the Spanish elections - just enough time for the Aznar government to dig itself into a hole by accusing ETA, the Basque terrorist organization, of the deed, yet time enough to unearth contradictory evidence of Muslim and, perhaps, al-Qaida involvement. The Spanish electorate became incensed at the apparent attempt to cover up Muslim terrorists' responsibility for the attack, in what was seen as an attempt by the government to prevent criticism of its support of the war in Iraq. The attack was also close enough to the elections to be the determining factor in its outcome. The attackers correctly assessed the response of the Spanish voters, who rather than direct the brunt of their anger at the perpetrators, vented it against the Aznar government for having provoked the attack by supporting the Bush administration's war policies, which are unpopular in Spain. The replacement of the Aznar government by the Zapatero Socialists not only resulted in further isolation of the Bush administration from the European community, but also the likely withdrawal of Spanish troops from Iraq. (Although, in an effort to appease the U.S. government, Mr. Zapatero is now talking about sending more Spanish troops to Afghanistan, so the rift is not as wide as it appeared initially.) Following the Spanish elections, the Polish government, doubtlessly concerned about a similar electoral backlash, announced it was reconsidering its troop deployment in Iraq, adding to the Bush administration's isolation.

The Madrid attack once again demonstrated the effectiveness of the asymmetrical war being waged by the terrorists, producing huge effects with relatively scant resources. It takes no great stretch of imagination to surmise that al-Qaida will seek to repeat this strategy in the U.K. just before the next General Election. Al-Qaida is simply adopting the strategy Palestinian terrorists perfected many years ago to influence the outcome of elections in Israel.

ISRAEL/PALESTINE: Israel's recent "targeted assassination" of Hamas' spiritual leader, Sheik Ahmed Yassin sparked not only massive Palestinian demonstrations in Gaza, but also demonstrations elsewhere in the Middle East, widespread condemnation from governments around the world and a U.N. Security Council resolution condemning Israel for the killing - which the U.S. promptly vetoed. The U.S. veto, cast because the resolution failed to mention the killing of Israelis by Hamas, served to further illustrate the isolation of the American government from world opinion. The Security Council vote reiterated the divide between the U.S. and its European allies that could widen further if the historical pattern of European anti-Semitism mentioned by Karen Armstrong were to recur. In the meantime, it is hard to see any benefit from martyring Yassin that outweighs the negative consequences to Israel from the act.

Bombings in Turkey, Saudi Arabia, Spain and Iraq shed further light on the coherent master strategy being fashioned and executed by Islamic extremists. The unstated objectives of the faceless insurgents in Iraq seem

simply to thwart American aims in Iraq and take control when they leave. These ends dovetail with Al-Qaida's stated strategic objective of forcing the withdrawal of the American military presence from "holy ground" in the Middle East. In addition al-Qaida is committed to "no Jews on Muslim soil" (including Palestine), thwarting the establishment of democracy and promoting the establishment of Islamic theocracies throughout Islam. Given the Prophet's ultimate task of *jihad*, to wage war until the entire world either embraces Islam or submits to the rule of the Muslim state, it seems also fair to conclude that they plan to bring down the American Empire. With a little "reverse engineering" of the events of recent years we can come to reasonable conclusions about how they propose to go about it:

1. Force the U.S. and its allies not only to engage, but also to escalate the conflict
2. Unite Islam in *jihad* behind the extremists' objectives
3. Isolate the United States from the rest of the world politically and militarily
4. Foil American aims in the Middle East to
 - a. Secure affordable, reliable oil
 - b. Install democracy and Western principles
5. Defeat American armed forces in the field
6. Bankrupt the U.S.

Let's examine how the Islamic extremists' actions have supported each element of their strategy:

1. Force the U.S. and its allies not only to engage, but also to escalate the conflict:

The primary purpose of the 9/11 attack was not to inflict casualties or material damage on the United States, but rather to commit an act so heinous as to provoke certain disproportionate retaliation by the U.S., signaling to the world, and to Islam, in particular, that the battle had been joined. (You cannot fight an enemy who will not engage.) In George "Bring-It-On" Bush they had a man they could count on not only to engage and stay engaged, but also to retaliate massively so as to escalate the conflict. Moreover they could count on the Bush administration to use the main tools at their disposal - conventional military forces - to wage a broader war on Muslims in Afghanistan and, with a little luck, Iraq, rather than be content with a narrowly defined mission to track down, kill or capture members of al-Qaida. (U.S. intelligence manpower in the field had been largely decimated by previous administrations, severely limiting the Bush administration's ability to hunt al-Qaida through police-type methods.) The use of conventional military forces on such a scale would mean extensive "collateral damage" and Islamic humiliation of defeat at the hands of superior U.S. military forces, which would serve the second element of the extremists' strategy.

2. Unite Islam in *jihad* behind the extremists' objectives:

For the plan to work, al-Qaida would have to build a geometric progression of recruitment whereby the Islamic outrage at the American retaliation would yield significantly more recruits to *jihad* than were lost to the retaliation. The more massive the retaliation, the greater the likely collateral damage and humiliation in defeat, the greater the Islamic outrage and therefore, the more recruits to unite behind the cause of *jihad*, directly as operatives and bombers, or indirectly as sympathizers. It's impossible to say how this aspect of the plan is going. The Bush administration claims to have captured or killed significant numbers of al-Qaida operatives and Iraqi insurgents, but hasn't said much about the numbers of new recruits or

sympathizers to the cause. Meanwhile al-Qaida's attacks in Europe, Turkey, Saudi Arabia continue, as do those of the Iraqi insurgents, with significant political repercussions.

Success or failure for both sides depends on this key element of the plan. If the Bush administration and its allies can kill or capture significantly more *jihadists* than are added in new recruits, the *jihad* could be emasculated. On the other hand, if new recruits significantly exceed al-Qaida's losses, then the *jihad* will gather momentum and power with the ultimate goal of uniting all of Islam against the U.S. and its allies. Keep in mind, also, that it doesn't take much manpower to keep the *jihad* going, given the tremendous operating leverage inherent in terrorism.

There are encouraging signs that the Bush administration recognizes that the conflict will be won by dogged, unspectacular police work and Special Forces missions in collaboration with local forces to hunt down, capture or kill al-Qaida and Iraqi insurgent leadership and operatives. Efforts to find bin Laden in Afghanistan and Pakistan have been stepped up, both by U.S. Special Forces and by the Pakistani military, as have been the counter insurgency efforts in Iraq. The administration also seems to be acting on the need for diligent rebuilding of Afghanistan and Iraq so as to convince their populations that they have more to gain by collaboration than by confrontation.

3. Isolate the United States from the rest of the world politically and militarily:

The November 2003 bombings of the British Consulate and a British Bank in Istanbul (just before Tony Blair and George Bush met to discuss strategy), served the dual purpose of driving a wedge between the U.K. and the U.S. (by heightening British opposition to Mr. Blair's support of the war), and distancing Turkey from U.S. policy in the Middle East.

The Madrid bombings demonstrated how political and military isolation could be accomplished with a single stroke. The bombings sent the message to America's allies that they will be targeted for terrorist attacks if they actively collaborate with the American-led military operation in Iraq. The Spanish electorate, overwhelmingly opposed to the war in the first place, replied by replacing the Spanish government with leaders who distanced themselves from U.S. policy in Iraq and promised to withdraw Spanish troops deployed there. Repetition of such strategically timed bombings in the capitals of other members of the coalition would probably produce the same result, effectively isolating the U.S. in Iraq.

The insurgency in Iraq obviously is intended to accomplish the same ends by thwarting American efforts to rebuild Iraq and install democracy there, and marshalling world public opinion against the U.S. occupation -- which dovetails with the fourth element of the extremists' strategy.

4. Foil American aims in the Middle East

As previously mentioned, by attacking American forces, killing civilian "collaborators" and attempting to ignite civil war, the Iraqi insurgency seems bent on forcing the coalition out of Iraq. This objective is served by fomenting U.S. and world public opinion against continued occupation so as to force an American withdrawal through the democratic process, perhaps as early as the November 2004 U.S. Presidential Elections. A forced American withdrawal would doubtlessly mean the end of the attempt to transform Iraq

into a “beacon of democracy,” jeopardizing any American hopes of ensuring “reliable, affordable oil” from the region.

Al-Qaida probably has a more ambitious agenda, and would prefer to see America get bogged down in a Vietnam-like quagmire in Iraq for a long time so as to drain American blood and treasure and foment political discord in the U.S. while simultaneously building support in Islam for *jihad*. To ensure continued U.S. engagement in the conflict, I suspect al-Qaida desperately wants to see Mr. Bush re-elected and, to that end, will refrain from any terrorist outrages on U.S. soil prior to the November 2004 elections.

5. Defeat American armed forces in the field

The lessons of Vietnam are probably not lost on al-Qaida and the Iraqi insurgents, particularly the fact that “a technologically sophisticated army can be defeated by a primitive, adequately armed, numerically superior adversary if the former can be drawn into man-to-man combat in terrain that negates its technical advantage and concedes the advantage of numbers and tactical surprise to the enemy.” Vietnam also revealed the American tendency to overestimate its military capabilities and underestimate the resolve and resourcefulness of its adversary, a weakness the extremists will doubtlessly seek to exploit. (See: Fall 2003 *Cassandra Chronicles*, pp 6-8).

Accordingly, a Vietnam-style defeat of American Armed forces could only be accomplished if and when the extremists succeed in increasing their popular support within Islam to provide numerical superiority while simultaneously drawing American armed forces into an ever-wider, inhospitable theater of operations, diluting its concentration of forces. If the conflict is routinely reduced to a lone platoon of U.S. infantry fending off swarms of attacking *mujahadeen* in some back alley of a remote desert village at night, you can forget about your Tomahawk missiles, your M1/A2 Abrams Tanks and F-18 Tomcats - the party's over.

By attacking civilians over a wide expanse of Iraqi territory, the insurgents are, in effect, forcing the coalition to spread its forces over a wide area of inhospitable terrain. What remains to be seen is whether the numbers of insurgents will swell to the point of reducing the conflict to a series of back alley fights. Also keep in mind that American armed forces are being spread thin by commitments to hotspots like Afghanistan, Haiti, Liberia, the Balkans, South Korea. These commitments, added to the huge commitment of forces to Iraq, are putting a widely publicized strain on the Reserves, military morale and ultimately on the American public's acceptance of the Bush administration's war aims. Al-Qaida and the insurgents are probably counting on another lesson of Vietnam, namely that time often works against a democracy's resolve to wage war.

6. Bankrupt the United States

By drawing the U.S. into wars in Afghanistan and Iraq and threatening America's homeland security al-Qaida has tacked on something in excess of \$100 billion to the U.S. Government's annual expenses. This during the watch of an administration presiding over annual budget deficits approaching \$500 billion and whose solution to a wartime budget crisis is to advise Americans to go shopping while it promises to send a man to Mars, spend \$1.2 billion to promote marriage, billions more on prescription drugs for seniors, and cut taxes for those with more

money than they know what to do with. This also during the watch of a Federal Reserve Board which flooded the economy with money for nearly a decade, fueling asset bubbles in stocks and housing, record corporate and personal debt burdens and an overvalued dollar, thereby undermining the foundation of American solvency and continued prosperity. Al-Qaida really doesn't have to do much to bankrupt the United States. U.S. policymakers are taking care of that little chore all by themselves.

If by some misfortune, Islamic extremists succeed in points 1 through 4 or even 5 of their strategy, it is likely they will have sufficient power to topple governments friendly to the U.S., thereby gaining control over Middle Eastern oil. At that point, it would be a simple matter to tip America into bankruptcy by cutting off the flow of oil for 6 months. The resulting skyrocketing inflation, soaring interest rates, crashing stock markets, massive defaults, countless business failures, huge layoffs, mounting government expenses and shriveling revenues would cast the debt-ridden country into bankruptcy.

With the U.S. economically crippled and unable to project military power in the Middle East, and with Islam united behind the aims of the extremists, the *ihadists* would be in a position to exert something approaching world domination by controlling the flow of oil. It is not inconceivable that triumphant Muslim extremists could seize power in Pakistan, thereby converting Islam into a nuclear power. That, at least, seems to be the extremists' plan, as best it can be logically deduced from their actions in recent years. It is a possible, though by no means a certain outcome, depending in large measure on the imponderables of public opinion in both the West and Islam and the opposing actions of the U.S. Government and its allies - in particular whether the Bush policy of 'preemption' applied under such circumstances takes us back to Colonel Kurtz.

To foil such a plan, the United States and its allies must effectively counter each of its elements and introduce new strategic elements of its own. Events will be moving in favor of the United States to the extent that the following strategic countermeasures succeed:

- 1. Limit the escalation of the conflict and seek to de-escalate as soon as practicable and**
- 2. Prevent Islam from uniting in jihad behind the extremists' objectives.**

(Elements 1 and 2 are mutually reinforcing, so I will discuss them jointly.)

There are many reasons for the U.S. to limit and, indeed, reverse the escalation of the conflict, particularly to reduce the human suffering on both sides, the strain on government finances, the toll on military morale, the polarization of the American electorate, the alienation of American allies. However, an overriding reason to de-escalate is to undermine the extremists' recruiting mechanism based on Muslim outrage and humiliation stemming from American military action against their coreligionists.

The conflict began as an asymmetrical war, waged between Western nations and Islamic extremists, rather than nation to nation. By invading Afghanistan and Iraq, rightly or wrongly, the U.S. Government chose to escalate it into the more familiar arena of war between nations. Defeat of the Taliban and Saddam Hussein's Baathist regime restored the asymmetry of the conflict. It is in the interests of the U.S. to keep it there, focusing resources directly on the elimination of extremist organizations, killing or capturing al-Qaida, Iraqi dissidents and other terrorist organizations, undermining their recruiting efforts, and cutting off their sources of funding.

Necessarily these objectives must be accomplished in cooperation with Western intelligence community and Islamic governments, like Afghanistan, Pakistan and Saudi Arabia, who regard the extremists as a threat as well. A substantial shift will be required in priorities and resources toward the more pedestrian law enforcement, intelligence and Special Forces operations combined with a Marshall-Plan approach to win the hearts and minds of the population, rather than flashy large-scale military operations. This approach will also require the U.S. Government to rethink the policies of previous administrations de-emphasizing human intelligence-gathering and covert operations in favor of high-tech methods. It will also be necessary to provide strong incentives to Iraqis, Afghans and Pakistanis, at the official and individual levels, to assist in rounding up the extremists. It would be worth every penny, for example, to make the job of Iraqi policeman one of the highest paid in the country and to supply them with the best equipment available. The U.S. is penny-wise and pound-foolish to scrimp on underwriting the security forces in Iraq. They are critical front-line troops essential to coalition success in and expeditious U.S. troop withdrawal from Iraq and should be paid and equipped accordingly. It was also a mistake to fail to provide employment to former members of the Iraqi armed forces, who now have the time and motivation to join the insurgency. For a relatively small amount of money, in the greater scheme of things, virtually the entire Iraqi army could have been employed in something akin to the Civilian Conservation Corps during the Great Depression. In so doing the U.S. would have deprived the insurgency of recruits; provided a measure of financial relief to stressed Iraqis, reduced hostility toward the occupation and provided disciplined, hierarchically organized manpower to rebuild the Iraqi infrastructure. And finally, the failure to provide adequate manpower to secure and destroy the many Iraqi ammunition dumps now being looted by insurgents strikes me as an ongoing colossal example of misguided priorities.

A March 30, 2004 New York Times article (“GI’s in Afghanistan on Hunt, Now for Hearts and Minds”) reveals a promising change of tactics: “As the effort to find Osama bin Laden and uproot the Taliban intensifies, the United States military is shifting tactics. A mission once limited to sweeps, raids and searches has in recent months yielded to an exercise in nation building. The hope is that a better relationship with local residents and a stronger Afghan state will produce better intelligence and a speedier American departure. . . a budget of \$40 million [is] earmarked for projects like village schools and wells. American soldiers are offering major reconstruction and relief aid in an area parched for it. . . . The Americans hope their new approach will pry information about militants from reluctant Afghans. The battle, said [a] company commander, centers on winning the allegiance of the population, which he called Al Qaeda’s ‘center of gravity.’”

De-escalation implies, among other things, seeking to improve relations with Syria, Iran and other Gulf states and redoubling efforts to increase the U.N.’s participation in the process of restoring order to Iraq and Afghanistan.

- 3. Counter the extremists’ attempts to isolate the U.S. politically and militarily from its allies.** Bringing the occupation of Afghanistan and Iraq under the aegis of the United Nations would go a long way toward mending tattered fences with U.S. allies. Whether or not the U.N can be persuaded to assume the responsibility is not clear, but the U.S. will have to eat some serious humble pie and make major concessions on power sharing, debt repayment, contract letting and other contentious issues to accomplish these ends.

Since terrorist bombings in allied capitals, like the ones in Madrid, are a devastatingly effective way of isolating the U.S., the Bush administration will have to redouble its intelligence and law enforcement efforts to foil the terrorists' aims. However, this area remains one of the great imponderables in the equation.

4. Accomplish American aims in the Middle East insofar as they are achievable.

The Bush administration's primary reason for occupying Iraq was, in my opinion, to secure "reliable, affordable oil." (See April 2004 *Cassandra Chronicles*.) Practically speaking, it is the only legitimate reason for being there and, ironically, the one reason the Bush administration cannot explicitly admit. (Unlike Secretary James Baker, who, in a moment of exasperation during the runup to the Gulf War in 1991, blurted out that the war was about jobs (i.e., less oil, fewer jobs).) Accordingly, a sensible strategy to achieve this aim would be to do whatever it takes to turn over the job of policing the streets of Iraq to the Iraqis, possibly in conjunction with U.N. peacekeepers, and withdraw American and allied forces to the relative isolation and safety of the oil fields. By providing security for oil field operations, the U.S. will make it possible for Iraq to increase production perhaps, to double pre-war levels, and thereby promote the primary goal of the occupation as well as underwrite the rebuilding of Iraq.

As for converting Iraq into a "beacon of democracy," don't hold your breath. It would be nice if it happens, but the U.S. should be willing to settle for whatever form of Iraqi self-rule will avoid civil war and promote order and tranquility in Iraq. It is not inconceivable that to achieve these ends, Iraq may have to be partitioned among the three major political groups, the Shias in the south, the Sunnis in the middle and the Kurds in the north.

5. Avoid an American military defeat in the field.

The previously mentioned strategic redeployment to the isolation and safety of the Iraqi oil fields would represent a major step in avoiding a Vietnam-style quagmire. The complementary component of this strategy both in Iraq and Afghanistan requires the allocation of substantial resources to underwrite the local security forces and rebuild the war-torn infrastructures of both countries.

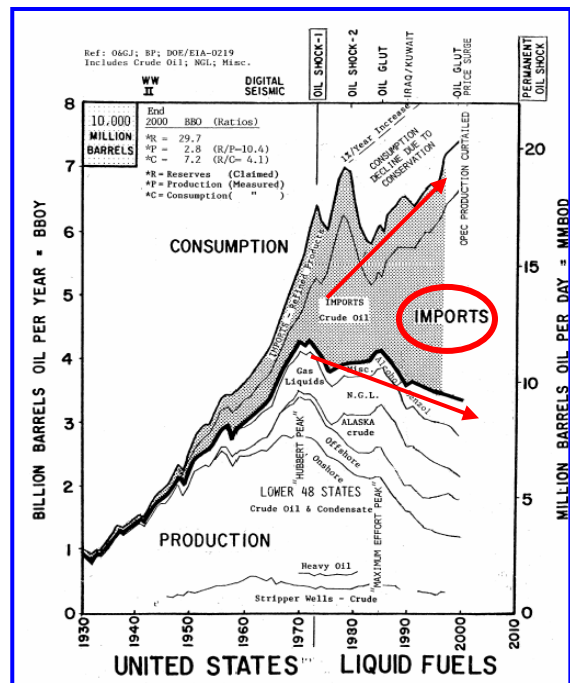
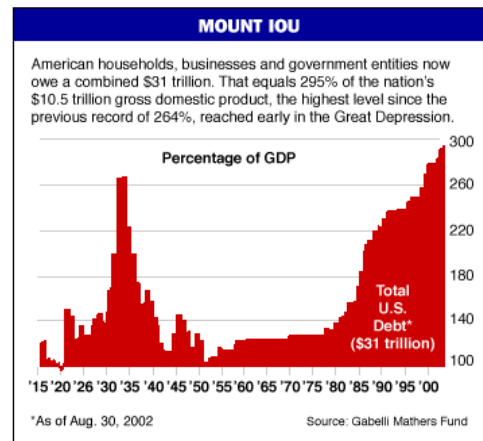
6. Avoid U.S. bankruptcy

As I have stated at length in previous *Chronicles* and *Cyclical Investing Quarterly Reports*, for the sake of American economic stability and prosperity, it is essential to promptly restore a balanced budget and to adopt a free-market approach to monetary policy, rather than having the Fed flood the economy with new money every time a crisis surfaces. I won't repeat myself here.

However, I think it is vitally important to reframe the discourse about monetary and fiscal policy within the context of national security. Given the determination of America's enemies to topple the American Empire, the issues of monetary and fiscal policy are not just relevant to American prosperity but are also critical to the survival of the American way of life, values and prominence. U.S. economic weakness will be exploited with devastating effect by America's enemies. Therefore, the budget deficits of the Bush administration must be assessed not just in terms of their impact on rich or poor, young or old, Republican or Democrat, WASP or not, but most critically in terms of their potential impact on national security, an issue near and dear to the hearts of Mr. Bush's political base (and all Americans, for that matter). Without getting into the issue in depth, suffice it to say, the Bush policies are placing American national security at risk and he should be called to account for so doing.

Additional measures essential to the process of restoring America's fiscal health include:

- Returning to sound fiscal policies, notably a balanced budget -- or better yet a budget surplus in good times that would underwrite deficit spending in hard times, resulting in a net balanced budget over time. Effective campaign financing reform is essential to this process.
- Rebalancing the distribution of income and wealth so as to ameliorate generational, class and ethnic polarization and their accompanying political and financial instabilities. Such a process would involve, among other measures, the replacement of the income and FICA taxes on all incomes below, say \$500,000, with a graduated national sales tax, exempting essentials, and surtaxing luxuries. The income tax would thereby be restored to its original conception as a progressive "class tax" on very large incomes, rather than a regressive "mass tax" on all incomes.
- Correcting the imbalances -- too much debt, an overvalued dollar and overpriced stocks -- now undermining the foundation of the American economy. The reduction of debt ties in with the preceding paragraph about the distribution of wealth and would include the imposition of a national law against usury and other predatory lending practices. Taking measures to reduce American personal, corporate and government debt levels would contribute immeasurably to U.S. financial stability. Allowing the overvalued dollar to continue to fall would revitalize the U.S. export sector, thereby providing a sound basis for continuing economic growth. Allowing the marketplace to value stocks without the friendly hand of the Fed fueling stock market bubbles and then attempting to prop up the stock market every time it swoons would also contribute to America's long-term financial stability.
- Decreasing American dependence on foreign oil. This will not be accomplished, as Mr. Bush would have us believe, by passing the administration's proposed Energy Bill "a tired compendium of tax breaks and subsidies for energy producers leavened by a few gestures toward energy efficiency . . . [The bill is] antithetical to long-term, national interests . . . [serving] only to preserve a status quo, creating ever-greater dependence on fossil fuels from unreliable, intermittently antagonistic foreign suppliers and increased pollution and health hazards, while ignoring the urgent tasks of conserving energy and developing alternatives to finite, diminishing oil and gas reserves. The failure to develop such alternative energy sources exposes the U.S. and world



Source: M. King Hubbert Center

economies to 1970s-style economic trauma when oil production peaks and begins to decline irreversibly - by some calculations within 7-10 years. Tick, tick, tick. . ." [CIQR Summer 2003] What will be required is an aggressive national commitment to energy conservation and the replacement of oil as the economy's prime mover, thereby enabling the U.S. and the West to disengage from the convoluted tar baby of Middle Eastern intrigue and machination. A stiff European-style tax on gasoline funneled into alternative energy sources would go a long way toward achieving this objective, and would probably render unnecessary the imposition of tougher government auto fuel efficiency standards. The market would do the job.

- Educating and retraining the U.S. workforce as a means of preparing the American population to participate productively in the complex, highly competitive, technologically sophisticated rapidly changing global economy.
- Guaranteeing full employment through a government-funded, privately operated "Job Bank" offering employment or education/retraining to anyone unable to find work. This "Job Bank" program would replace the current unemployment insurance program and would provide appropriate incentives for participants to improve job skills and re-integrate into the private sector workforce while performing useful work in rebuilding the decaying U.S. infrastructure.

All of the financial and economic measures touched upon briefly here deserve more ink than I presently have available in this issue of the *Chronicles*. Rest assured that I will expand and elaborate in future *Chronicles*. In fact the same is true of all matters pertaining to the "clash of civilizations," which is really what the *Chronicles* are all about.

I hope this exercise in scenario-building has stretched your minds with the outlines of best- and worse-case scenarios, perhaps enabling you to "think outside the box" and "see the world a little differently." My purpose is to show you the width of the perilous road on which we are traveling by describing the precipices on either side, and to shed some light on the pavement in between, so you can see where we are now and where we seem to be headed. If, as the optimists hope, such an understanding enables us collectively to make constructive decisions, our journey may take us toward the universal aspirations for peace, prosperity, order, human rights, and the survival of the human species. So stay tuned, and spread the word.



Kind regards,



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