

MARCH TO THE SOUNDS OF THE GUNS, BOYS !

Regardless of any economic news, good or bad, emanating from any number of sources of the US Government, or from private enterprise, the overriding considerations, this week, will be Iraq and the prospects of the US, going it alone, or with the assistance of the United Kingdom, in a pre-emptive military attack on the Regime of President Saddam Hussein of Iraq.

This may sound as though TARGET is stating the obvious, but there are serious financial implications for the US and for the UK in the event that the trigger is squeezed and bullets start to be fired in the general direction of Baghdad.

Any economic data about the US economy will take a back seat, as far as investors are concerned, because the looming prospects of war will, without question, change the economic landscape, almost completely.

As TARGET wrote, just last week, a protracted war with Iraq, one that lasts, say, 6 months, could easily cost the US taxpayer about \$US700 billion. (Please see TARGET Intelligence Report, Volume V, Number 15, published on Wednesday, January 22, 2003, Second Report: ['WHERE WILL PRESIDENT GEORGE W. BUSH GO FOR HONEY?'](#))

But that will not be the end of the story because, accompanying a war against Iraq, oil prices will rise, spectacularly, stock markets, round the world, will see their respective indices start to collapse, trillions of US dollars will be wiped off the value of investors' investment portfolios, from the antipodes to Wall Street to Europe, and widespread gyrations in the cost of essential raw materials are bound to follow, with the price of gold, shooting closer to the \$US400 per ounce level.

Meanwhile, in Washington, D.C., the US Federal Reserve Board will meet in order to convene The Open Market Committee, at which time, determinations will be made as to the future direction of US interest rates.

An increase in interest rates in the US is unlikely, but The Fed will have to make some kind of a statement, tonight (Wednesday, in Washington), as to the state of the US economy, which is known to be limping along, in any event.

Last Friday, the US Government's Department of Labour announced that, for the week, ended January 18, Initial Claims, seasonally adjusted, for Unemployment Insurance rose to 381,000 Claims, an increase of about 18,000 Claims, Week-on-Week.

That put the Insured Unemployment Rate at about 2.70 percent, up from 2.60 percent for the week, ended January 11.

Of course, it is well accepted that unemployment in the US will continue to rise in the coming months because industry has announced, what must be, a near record number layoffs, having already been booked – with, without question, more layoffs to come.

US industry is not doing very well in selling its goods and services, internationally, or even domestically, with US consumers, holding onto their cash.

The United Nations Security Council met on Monday, New York time, to receive the much-awaited, Preliminary Report of the findings (or the lack of any findings) of its weapons inspectors, led by Mr Hans Blix, with regard

to searches of Iraq for weapons of mass destruction or of banned armaments/materials.

While there have been vague indications that Iraq has breached its international covenant in respect of the importation or manufacture of certain weapons and materials, those that could be used to create weapons of mass destruction, Mr Hans Blix and his 200-plus inspectors have come up with very little that could be considered very devastating or damning of the Saddam Hussein Regime, and which could be said to be Iraqi violations of this agreement or that determination.

The best that Mr Hans Blix could say in his criticisms of the Iraqi Government was to claim:

'Iraq appears not to have come to a genuine acceptance – not even today – of the disarmament which was demanded of it.'

In his report to the 15-member Security Council of the UN, Mr Blix said there were, still, outstanding concerns:

Iraq has not produced proof that it destroyed stocks of anthrax;

Baghdad has failed to account for up to 300 rocket engines;

There was evidence that Baghdad had not destroyed its VX nerve gas; and, Iraq's weapons' declaration of December included no new material.

It is, also, well accepted that the UN's weapons inspectors were very unlikely to find very much from the outset of their UN mandate, however, for the sake of objectivity and impartiality, the UN had to go through the motions of trying to find, what Mr Hans Blix calls, *'the smoking gun'*.

UN member nations will have to debate – which could take a week or more – as to the correct response to the Preliminary Report of Mr Hans Blix; and, the US will, most likely, be vociferous in its condemnation of the Regime of Saddam Hussein.

What the world does not yet know is what intelligence the US has in hand, which may prove, conclusively, that Iraq has been lying to the UN, and that it has, and is willing to use, weapons of mass destruction at the first signs of belligerence by foreign invaders of its sovereign soil.

In last Monday's TARGET Intelligence Report (Volume V, Number 18) at Page 17, this medium wrote:

'The latest piece of news to suggest that the US was correct in its assessment of the situation in respect of Iraq, having banned weapons in its possession, was confirmation that Baghdad was equipping key army units with uniforms to protect soldiers from the use of chemical weapons.

'Iraqi documents, hand-written and smuggled out of Iraq by opposition to the Regime of Saddam Hussein, refer to new chemical warfare suits, designed to protect soldiers, and the distribution of the drug, atropine, a drug that is used to counter the effect of nerve gas.'

'The documents were, also, said to include details of attacks on ships in The (Persian) Gulf.'

The Iraqi documents contained far too much detail to be shrugged off as being anything but genuine in their content, in part if not in whole.

It is unlikely, however, that the US/UK will be able to hang their respective hats on this one peg and unleash their dogs of war, but it is another ingredient to be added to the war 'stew', which is on the boil.

At the same time, it is unlikely that the UN's Security Council will authorise the use of force in Iraq in view of the opposition to such a move from the powerhouses of Germany, France and the People's Republic of China (PRC).

The US is either playing a very risky game of bluff, with about 150,000 army, navy and air force personnel, waiting for their jumping-off orders in The Gulf, or, alternatively, President George W. Bush is, regardless of international pressure, about to push the button, leading to a declaration of war against Iraq.

TARGET is of the opinion that the Texan President is not bluffing and that he will finish the job that his father – the former President of the US, Mr George Bush, Senior – started in January 1991 and stopped February 1991, but who never finished the job, completely, or comprehensively.

What President George Bush, Senior failed to do was to unseat President Saddam Hussein from power, permanently, an unseating that should have been brought about by the endemic population of Iraq, itself, not by any foreign invasion force.

No doubt, President George W. Bush will put matters right, this time around.

That the US is willing to go it alone or with limited support from its friends, sending in its Iraqi invasion force – Great Britain will, without question, stand shoulder to shoulder with the US – is not questioned, now, because the US maintains that it is on the side of righteousness and that will not wait for another attack on its soil by the *'forces of the axis of evil'* or by friends of Osama bin Laden, those known to be hiding in Iraq, or financed, directly or indirectly, by Iraq.

However, such a scenario has its ups and downs.

That the US will win the good fight against Iraq is unquestioned, but the problem is that President George W. Bush risks losing the friendship of some of his European allies.

Chancellor Gerhard Schröder of Germany came out, just last week, saying that Germany wants a peaceful solution to the Iraqi problem, and that about 70 percent of all Germans stand beside the Chancellor.

President Jacques Chirac of France faces a similar situation in his Republic where the country has seen one peaceful protest after another, aimed at sending a message to the French President to avoid an armed conflict with Iraq.

At the end of the day, political pressures may force France to use its veto powers in the UN against a US-led invasion of Iraq.

However, of interest to observers is the fact that, though Russia, the PRC, France and Germany have, all, come out against an invasion of Iraq, at least, not without a clear mandate from the UN, not one country has denied that the US is in the right.

Also, not one of the dissenting countries has denied that, to put weapons of mass destruction into the hands of President Saddam Hussein, or to allow him time to obtain or to manufacture such weapons, is tantamount to madness.

If Saddam Hussein obtains, or is able to manufacture, such weapons, it must lead to their use by Iraqi forces, considering the history of this Middle Eastern leader.

Understanding the pain that America has suffered, following the attack on New York City and Washington on September 11, 2001, it is more than likely that the US will not hesitate to call for an invasion of Iraq, with or without the blessings of the UN, and with or without limited allied support.

If the US is denied access by some or all Persian nations of its ports and airfields, etc, for the launch of an attack on Baghdad, it will complicate matters, somewhat, but it is unlikely to mean that the attack will not proceed, with General Tommy Franks, driving the lead attack tank.

After the successful outcome of a US/UK invasion of Iraq, President George W. Bush will receive the thanks of the world for his brave decision to kill the Middle Eastern *'snake'* – because, to the victor, go the spoils.

In the words of Samuel Langhorne Clemens (1838-1910): *'Human nature is the same everywhere; it deifies success, it has nothing but scorn for defeat.'*

It will be left to the US to shoulder the financial costs of the invasion and to shoulder part, or all, of the costs of rebuilding Iraq – while its army guards the important oil refineries of the country.

And, such a rebuilding could take the best part of 2 years to complete, according to present estimates.

Meanwhile, back on Wall Street, investor consternation will mount because somebody will have to front up with the money for the war effort and, in the meantime, pressure will continue to be brought to bear on the domestic economy – which is, already, on the ropes.

A war with Iraq is unlikely to be avoided: The dogs are straining at their leashes.

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