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FROM THE WILDERNESS

A Nonpartisan, Non-sectarian, MAP from the Here That Is, Into the Tomorrow of Our Own Making

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U.S. BALKS AT IRAQI INVASION

GLOBAL ECONOMIC OPPOSITION SUCCEEDING

Risks of A Massive Global Conflict Increase with Each New Successful Economic Effort to Slow the Empire's Expansion

Dec. 19 2002, 14:00 PST, (FTW) - Over the last three months the world has successfully demonstrated that it can delay and obstruct U.S. plans to occupy the oil fields of Iraq and Saudi Arabia. This is both good news and bad news. Today's U.N. developments regarding Iraq's statement on weapons of mass destruction have served to increase the stakes over U.S. plans to occupy that country. The Empire's feet of clay are rooted in monumental budget deficits, trade deficits, fraudulent financial markets, cheap oil and rigged gold prices. It is on these fronts that the battle for Iraq is now being fought.

The fact that the planned invasion of Iraq did not occur as was originally planned in late--September in no way diminishes the accuracy of *FTW*'s prediction that it was planned for that time. In our lead essay for the November issue of *FTW* --"Wheels Come Off U.S. War Plans for Iraq" -- we explained very clearly that resistance on a number of economic and political fronts around the world was having an impact on the Empire's agenda. This is a gratifying and positive development and a sign that there are tactics that are being successfully used to delay United States imperial aggression in violation of international law, basic American values, human rights and common sense.

We believe that a clear example of the backstage economic "negotiations" has been a recent bust-out of world gold prices coupled with near panic buying on some Asian markets as reported today by Reuters. And with gold threatening \$350 an ounce (a more than 25 percent increase this year) U.S. financial powerhouses like J.P. Morgan Chase and Citigroup, which have for decades engaged in manipulation of gold prices, are seriously threatened. Their derivatives bubbles (\$40 trillion in the case of Morgan alone) could pop as a result of demands for physical gold reconciliation with paper gold accounts, and the U.S. economy could be devastated as a result.

Another case in point is the ongoing Venezuelan crisis, artificially manipulated by the U.S. government which has resulted in what may be unjustified fears of oil price spikes as we enter what may be the worst winter in a decade. As we (continued on page 16)

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- Fighting Back
- A New Special *FTW* Offer for Those Willing to Fight

VOTING WITH YOUR MONEY

Invariably throughout this last year, I and *FTW*, when asked what people can do to fight back, have always made our first answer, "Vote with your money!"

Now we begin what will be a continuing effort to show people ways in which their financial decisions can have an effect in the boardrooms and financial centers that are driving the Empire's policies. One of the first priorities we have said was that people should stop giving their money to organizations that lie to them. Some of the chief offenders in this arena have been AOL-Time Warner, which owns and operates AOL, CompuServe, CNN and Time Magazine, and Microsoft which is the owner of MSN, Hotmail and MS-NBC along with General Electric.

We have noticed that many of our online subscribers are using email addresses ending in @aol.com or @msn.com or @hotmail.com or at @compuserve.com or @cs.com and we wonder why.

Not only have these organizations been guilty of providing the world with censored, pro-government and deceptive news, each of these Internet Service Providers are also entities that offer programming, news and information which creates an obvious conflict of interest. In addition, all of them have been extremely cooperative with the government insofar as the Patriot Act and the invasion of your personal privacy is concerned. Every penny you pay to them strengthens the power of the organizations that are eating away at your freedom.

THERE IS A SOLUTION

FTW's service provider, Earthlink, is a large, efficient and fiercely independent ISP that has both resisted government intrusion and consistently refused to compromise its ethics by offering news or any other programming. Their battle cry is that those who own the pipeline should not also own the product that passes through it. In the wake of 9-11 they have taken a strong stand in support of the First Amendment privileges that other ISPs seemingly want to see disappear.

Beginning immediately *FTW* is offering a \$5 discount for any new subscriber who switches away from AOL, MSN, Hotmail or CompuServe and signs up with Earthlink. For our current online subscribers we are offering the same \$5 discount on your next annual renewal. We have made arrangements with Earthlink so that we will be notified of each switchover.

(continued on page 13)

Venezuela: Interventions 'r' US

by Dale Allen Pfeiffer, FTW Contributing Editor for Energy

[Ed. Note: Remember the cardinal rule: Since the Second World War oil prices spikes have invariably led to recession. Recessions are a way of curbing demand for oil. Unemployed people buy less gasoline. And recessions never hurt the rich; only the middle classes and the poor. — MCR]

Dec. 30, 2002, 15:00 PST (FTW) -- Who is the United States' number one opponent in its quest for imperialism? Forget about Osama Bin Laden, George Dubya certainly has. And don't fret about Saddam Hussein, he is simply an excuse for intervention. Never mind looking down the road to see when Russia or China will step into the fray. Our no. 1 opposition is a business cartel with the power to strangle the U.S. economically. As global oil production begins to decline, OPEC could become the most powerful organization on the planet, providing that George Dubya Bush does not smash it first.

Taking over Iraq and placing the Saudi oil fields under U.S. protection would break OPEC and establish the U.S. as the premier energy broker in the declining days of oil. And the Bush Administration has been very eager to do just this, though it is attempting to keep the international community appearsed while making this power play. Now, however, the Iraq invasion is likely to be delayed until we have reined in another OPEC member much closer to home.

The oil industry in Venezuela has been idled by its upper management, as part of a supposed general strike intended to topple the Chavez government. This is a strike of the rich, and the vast majority of Venezuelans are not supporting it. (1) The strike is a failure in every other respect but for the critical shutting down of oil exports. In this crucial industry, which provides most of Venezuela's wealth, the lockout has cut oil exports to a trickle.

Venezuela is the fifth biggest oil producer in the world, and is the third largest supplier to the U.S., exporting oil to this country at the rate of 1.5 million bpd. (2) Venezuela's oil production has dropped from just under 3 million bpd to barely more than 825,000 bpd. Little more than one month ago Venezuela was supplying one out of every ten barrels of oil that the U.S. consumed. (3) Now the country is having troubles just meeting its own oil demands. In fact, Venezuela has resorted to the short term importation of refined gasoline to keep its economy moving.

Venezuelan President Hugo Chavez has called for the military to intervene in the oil lock out, echoing President Reagan's actions in the air traffic controllers' strike. And the military has acted to take control of a few of the idled tankers. But production and shipping are still down to a trickle of what they once were. The Supreme Court issued a temporary ruling ordering the striking employees back to work, but production remains stifled as oil executives continue their defiance. (4)

President Chavez will have to end this strike soon and bring production back to normal levels, and do so without giving the U.S. cause to intervene. The longer this strike goes on, the longer it will take to get production back in order once the strike has ended.

THE U.S.

The Venezuelan strike has already sent up oil prices. In the U.S., oil has already gone to over \$32 per barrel, with prices rising at the pump as a result. (5) If the strike continues, oil prices will continue to climb.

Look for the price climb to be led by Citgo Petroleum Corporation, which is owned by a subsidiary of Venezuelan PDVSA. Citgo is buying crude on the open market, but their refineries are geared for the heavy Venezuelan crude, and their production is being affected by the strike. Many other Gulf Coast refiners are also feeling the loss. (6)

Already faced with possible natural gas price spikes if this is a cold winter, we are also going to see the price of gasoline rise. Either one could be fatal for our ailing economy.

While Dubya doesn't seem too concerned about the U.S. economy, the oil strike in Venezuela could upset his plans for Iraq. Former Venezuelan energy minister Calderon Berti said that if both the Venezuelan and Iraqi oil supplies were cut off, oil prices would soar to over \$40 per barrel. (7) Before Dubya can attack Iraq, he needs to secure the Venezuelan oil supply.

COUP

For this reason, the U.S. may sponsor a coup in Venezuela within the next month or so. And this is what the strikers want. Their goal is to disrupt Venezuela's economy until the military has to intervene against President Chavez. This strike was choreographed by experienced coup plotters in the U.S. The unions behind the strike, and the corporate media who have lied about it are financially tied to the National Endowment for Democracy, which is a cover for CIA financing. (8)

Otto Reich of the State Department and Elliott Abrams of the National Security Council are overseeing the efforts to install a more compliant regime in Caracas. Both men are veterans of the contra war against Nicaragua. It is their plan to destabilize

the country and then aid a military coup. They had hoped to pull off this coup months ago, but had not reckoned on Chavez's popularity with the vast majority of the population. Since then, they have been trying to erode that popularity while attempting to turn the military against Chavez.

Now that their plans have come to impede the invasion of Iraq and threaten the U.S. economy, Abrams and Reich will be urged to either bring their plans to fruition or allow somebody else to broker a settlement with Chavez. And there are other urgent deadlines in imposing a diplomatic junta on Venezuela. Jan. 1, Brazil will inaugurate Lula da Silva as president, and ten days later Ecuador will inaugurate Colonel Lucio Gutiérrez. These men will provide a left-leaning block that could act in opposition to Washington's plans for the region. And perhaps most importantly, the Hydrogen Law will take effect on Jan. 1, giving Chavez the tools he needs to reform the state-owned oil industry. (9) The Hydrogen Law is a piece of Venezuelan legislation which will socialize more of the profits of the oil business and keep them in Venezuela for the benefit of the Venezuelan people. This is perhaps the single most important issue for Chavez's opponents both at home and abroad.

For all of these reasons, for the U.S. economy, and for the invasion of Iraq, Washington is going to seek a quick resolution to the Venezuelan situation.

OPEC

OPEC may actually step in to help lower oil prices, should the current situation go on for too long. To extract the maximum profit without putting too much stress upon the world economy, OPEC has a target range for oil prices of between \$22 and \$28 a barrel. Below that price, OPEC members lose their profits, and above that price, the market begins to dry up. Within OPEC there is an agreement to step up production if the price of oil stays above \$28 per barrel for 20 consecutive days. (10) Let us not forget, however, that while it only takes five days for a shipment of Venezuelan crude to reach the U.S., it takes five weeks for a shipment of Middle East crude to reach the U.S. Any relief from the Middle East will be delayed by over a month.

And there are those who wonder if OPEC has the spare capacity to cover Venezuela's 3 million bpd. Virtually all OPEC countries are currently pumping in excess of their quotas. However, the current oil production is barely enough to stabilize the market. (11) This question of spare capacity will become increasingly important in the years ahead. The amount of oil in the ground does not matter if you are pumping as much as you possibly can through all of the wells in operation.

Beyond the question of production capacity, is it in OPEC's best interest to aid the U.S. in the military domination of OPEC member states? It must be obvious to members of the cartel that the U.S. seeks to undermine their power and take over control of the planets remaining hydrocarbon deposits.

How can OPEC stand aside and do nothing while the U.S. stages coups in Venezuela, prepares to invade Iraq, and vilifies Saudi Arabia while eyeing that country's oil deposits? Certainly, the economic weapon which OPEC wields is a two-edged sword, but if you are fighting a war, then you must expect to make sacrifices. However, before OPEC will become a fighting machine, it needs a leader who can bring all of the member nations to see that they are in fact at war with the United States. And that will be a tough chore.

Perhaps OPEC will wake up in time. But it is just possible that the U.S. could be in control of a major portion of the world's remaining oil supplies when OPEC finally does wake up.

OUTLOOK

If the U.S. can back a successful coup in Venezuela and take Iraq quickly, Washington will be in a very powerful position and will rule a global empire for some time to come. And this prospect seems quite imminent to those who are calling the shots in Washington.

On the other hand, if operations become bogged down in either Venezuela or Iraq, the result could very well be the ruination of U.S. dreams of global imperialism. In Venezuela, if Chavez retains the backing of a major segment of the population and the military, then we could see a bloody civil war, which could disrupt oil supplies for some time to come. The situation could become quite ugly if U.S. intervention led to collaboration between Pro-Chavez forces and Colombian rebels. We could easily find ourselves in a regional conflict that could make Vietnam look like a Sunday picnic.

Likewise, if Saddam Hussein prepares his nation for urban guerrilla fighting, then we could find ourselves fighting a war of attrition in the Middle East. In this case, the extended warfare in oil producing regions could precipitate a global economic meltdown, for which the U.S. would be entirely responsible.

For the moment, keep your eye on Venezuela. The situation there must be resolved before Bush invades Iraq. President Chavez is an amazing man, and with the full support of the people, he has thwarted several attempts to unseat him, just in this past year alone. He has also won six elections in the last four years. Hugo Chavez may retain his presidency long enough to see George W. Bush lose his.

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COLUMN

Much Ado about Nothing -- Whither the Caspian Riches?

Over the Last 24 Months Hoped For Caspian Oil Bonanza Has Vanished With Each New Well Drilled -- Global Implications Are Frightening

by Dale Allen Pfeiffer, FTW Contributing Editor for Energy

[Ed. Note: The unfolding drama since 9-11 has been closely paralleled by another, perhaps more threatening one. Evolving more quietly, unmentioned and ignored by the major media, is a coming hydrocarbon energy crisis of civilization-threatening significance. Peak oil production is a reality, and it is happening now. What was once heralded as an oil bonanza in Central Asia -- and given life by ludicrous economic and political assertions insisting that demand always creates supply -- has proven itself to be an enormous bust. As Caspian reserve estimates have been continually revised lower -- from 200 billion barrels, to 100 billion barrels, to around 20 billion barrels -- the world has witnessed a dramatic shift in U.S. foreign policy toward belligerent and unilateral doctrines aimed at Iraq and Saudi Arabia. In the meantime, both politicians and economists perpetuate a dangerous fallacy which says that if you lock scientists up in a bank vault and give them enough money and enough demand, they can produce a hot dog with mustard and relish.

And conversion to hydrogen energy, as promoted by the Department of Energy, is an impractical myth; a palliative meant to calm fears rather than solve problems. Not until technolgies are made available which manufacture hydrogen at the point of use will hydrogen technolgies present even a viable partial solution for the critical challenges posed by peak oil.

As **FTW** has said for more than a year, the "war which will not end in our lifetimes" is proving itself to be a sequential war to control the last remaining oil reserves on the planet, especially those which have not yet peaked. - MCR]

Dec. 5, 2002, 16:00 PST (FTW) -- What ever happened to all the talk of a new oil utopia in the Caspian Sea and Central Asia? Word was that Caspian-Central Asian oil reserves would dwarf the Middle East.

Yet, in the year since the Afghan War began, it seems that all the rumors of Caspian riches have died out and the center of oil interest has returned once again to Saudi Arabia and Iraq. In his exclusive *FTW* interview (http://www.fromthewilderness.com/free/ww3/102302_campbell.html), noted petroleum geologist Colin Campbell states that exploration in the Caspian region has been very disappointing, with the discoveries being much smaller than predicted and much of the oil discovered being of poor quality.

But the Energy Information Agency (EIA) predicted that the Caspian region would contain in excess of 200 billion barrels of oil. So what is being said elsewhere about the results of Caspian oil exploration?

At a recent event hosted by the Associated Press and the Harriman Institute, Steven Mann, the director of the State Department's Caspian Basin Energy Policy Office stated that the Caspian Sea contains only 50 billion barrels of proven reserves, a far cry from the EIA's projections. "Caspian Oil represents 4 percent of the world's reserves. It will never dominate the world's markets..."1

Likewise, a study published in PetroStrategies last July stated that the Caspian Sea contains only 39.4 billion barrels of proven oil reserves. The study, conducted by consultants from Wood MacKenzie, criticized IEA figures for the region as being severely inflated and unrealistic. 2

The study states that oil production from the Caspian region should peak at 3.8 million barrels per day (bpd) by 2015, but be considerably less if the region remains politically unstable. Future discoveries might result in a production plateau extending beyond 2020.3

Only four fields are expected to make up 57 percent of production by 2010. Of these four fields, three are located in Kazakhstan: Tengiz, Karachaganak and Kashagan. The fourth field is the Azeri-Chirac-Guneshli complex in Azerbaijan.

Total Azerbaijan reserves are estimated at 6.6 billion barrels. However, drilling activity in the area has been disappointing, indicating that oil reserves are likely dispersed in small pockets.

The Tengiz field is estimated to contain between 6 and 9 billion barrels of recoverable reserves. In 1993, Chevron paid \$20 billion to Kazakhstan for the right to develop this field, resulting in the TengizChevrOil joint venture. Chevron expects production at Tengiz to peak at 750,000 bpd by 2010. Azeri-Chirac-Guneshli proven reserves are estimated at between 3 and 5 billion barrels.

They are being developed by the Azerbaijan International Operating Company, and are expected to peak at 800,000 bpd by the end of the decade. With reserves estimated at 10 billion barrels, the Kashagan field accounts for 25 percent of the regional total. This area is being developed by the Agip Kazakhstan North Caspian Operating Company (Agip KCO, formerly OKIOC), lead by the Italian oil major Agip.

Though Agip has been disappointed by exploration, in June of 2002 they stated there might be as much as 38 billion in probable reserves yet to be found in the Kashagan region. 7

This author has been unable to locate data on the proven Karachaganak reserves, but the literature would seem to indicate that they are probably a little smaller than the Tengiz reserves.

Even the EIA has revised its report on the Caspian region, stating that although it is not another Middle East, it is... "comparable to the North Sea in its hydrocarbon potential." 8

Additional discoveries have been reported in recent months, most notably by ExxonMobil<u>9</u> and Nelson Resources.<u>10</u> However, none of these discoveries are of sufficient size to alter the picture presented here.

In contrast, ExxonMobil does seem to be growing more cautious about the region. ExxonMobil announced in June that it was closing one of its Caspian offshore projects, the Oguz oil field, due to the poor results of exploratory drilling.11

ABANDON SHIP

As this article went to press, there are several new reports about oil investments in the Caspian region. ChevronTexaco is withdrawing from the Tengizchevroil venture. Corporate representitives and Kazakh government officials have offered contradicting explanations for the failure of this enterprise.

The nominal reasons for the move involve financial disagreements between ChevronTexaco and the Kazakh government. Disputes seem to center around distribution and reinvestment of profits and taxation.

Obviously, there are some hard feelings between Chevron and the Kazakh government. But the contradictory explanations offered by both sides may indicate that -- beneath all the disputes -- the venture simply isn't profitable enough. 12

The Tengiz field has proven very expensive to pump and deliver to market. Aside from the engineering problems of extraction and transport, Tengiz oil has a high sulfur content (as much as 16 percent). Disposal of the waste sulfur has proven to be a major headache. 13

Furthermore, following on the announcement that Chevron was shelving any further development of Tengiz, Kerr McGee has announced its intention to sell off all of its interest in various Caspian region projects, including mineral rights in the Kazakh sector of the Caspian Sea shelf and its interest in the Caspian Pipeline Consortium (1.56 percent). The company explained that it is seeking to rid itself of inactive profiles and leave projects where it only holds a minority investment. 14

Finally, Agip KCO is also reported to be considering a delay in developing the Kashagan oil field. 15 BP-Statoil has already withdrawn from the project, leaving Italian Agip to soldier on in the lead role. The Kashagan oil deposits also have a high sulfur content, and the geology of the deposits indicates that the oil may very well be contained in many small deposits as opposed to one large platform. 16

When all of this is added to ExxonMobil's withdrawal from Azerbaijan and Russian Lukoil's recent announcement that it intends to sell its interest in the Azeri-Chirac-Guneshli complex, one has to wonder why all the major oil companies are leaving the Caspian region.

WHAT ABOUT THE PIPELINES?

There has been very little talk lately about the trans-Afghanistan pipeline. This project seems to be floundering due to continuing instability in Afghanistan, and diminishing interest in the region's oil prospects. It has also been reported that the Caspian Pipeline from the Tengiz fields to the Russian port of Novorossiisk has been hit by a number of high costs, including port charges, taxes, and tariffs.17

The one pipeline which has remained in the news is the Baku-Ceyhan pipeline. Estimated to cost about \$2.9 billion, this 1,090-mile pipeline network will link an existing pipeline from Azerbaijan to the Turkish Mediterranean Port of Ceyhan. To reach its destination, this pipeline will have to cross high mountain ranges and traverse



territory occupied by disaffected Kurds, who may prove hostile to the project.

Critics have questioned whether there are sufficient oil reserves in the Caspian Sea to support the pipeline. It is also possible that heavy tariffs will render the oil transported along this pipeline uneconomical. ExxonMobil, ChevronTexaco and Russia's Lukoil have all declined offers to join the Baku-Tbilisi-Ceyhan (BTC) construction consortium.18

The project did receive a boost when BP announced that the Azeri fields held more oil than previously believed and would be sufficient to fill the link. Following this announcement, ConocoPhillip's and French TotalFinaElf both bought into the project. 19 However, even with the increased reserves in the Azari, the BTC pipeline would have to rely on exports from Kazakhstan in order to be viable over the long-term.

Kazakhstan has vacillated in its support for the pipeline. Kazakh President Nursultan Nazarbayev has stated that he believes the best way to transfer Kazakh oil and gas to market is via Turkmenistan and Iran. 20 President Nazarbayev has at various times indicated that Kazakhstan would pledge oil to the BTC pipeline, but has backpedaled afterwards.

During a speech at the James A. Baker III Institute for Public Policy at Rice University in Houston in late-December 2001, the Kazakh president stated that the efficiency of the BTC pipeline was not proven and that oil companies would choose the export route for Kashagan oil. This speech reflects the opinions of the Agip KCO consortium, which believes that the Iran route is the most cost-efficient way to transport Kashagan oil to market. 21

The Kazakh President finds himself in a very difficult position due to U.S. opposition to a pipeline route through Iran. Kazakh statements in favor of the BTC pipeline would properly be viewed as attempts to placate the U.S.

Critics believe that political factors are blinding the U.S. to financial risks in the pipeline deal. Not only would the pipeline deny Iran a lucrative role as energy exporter, it would also reduce dependence of Central Asian states on Russian pipelines. Furthermore, the pipeline would bolster regional economies in Azerbaijan, Georgia and Turkey. The pipeline would help alleviate Turkey's current financial depression.

A U.S. government source has stated, "The BTC has been politically motivated, more than any other oil project in the world." 22

In light of recent reports of industry majors pulling out of the region mentioned above, it is possible that Kazakhstan will push for the Iranian route. Presently, Agip is the only major left in the country, and they certainly prefer the Iranian route.

Troubles with the Tengiz and Kashagan consortiums could leave the BTC pipeline without enough oil to even make the project worth completing. If plans are announced to transport Kazakh oil through Iran, it will be very interesting to see how the U.S. responds. There are already influential voices urging Bush to go on to Iran as soon as he is finished with Iraq.

Whether or not the project will prove viable, on Sept. 8 construction of the BTC pipeline began. 23 On hand for the start of construction was U.S. Secretary of Energy Spencer Abraham, who touted the project as "one of the most important energy undertakings." 24

One has to wonder whether part of the reason for U.S. interest in the pipeline is an effort to destabilize OPEC. The Lebanese Daily Star recently ran an editorial by Middle East Analyst Patrick Seale which stated that Arab oil is currently worried about the triple threat of U.S. imperialism, Russian and Caspian imports, and hydrogen fuel cells. 25 It is to be wondered if Arab oil knows that the only portion of this triple threat which really has teeth to it is U.S. imperialism.

SPENCER ABRAHAM'S HYDROGEN DREAM

The media was all aglow recently with Spencer Abraham's announcement that the U.S. now has a roadmap for making the transition to a hydrogen economy. Secretary of Energy Abraham announced the plan at the Global Forum on Personal Transportation held in Dearborn, Mich. In his presentation, he touted the line that hydrogen produced from renewable resources can provide unlimited energy with no impact on the environment. Secretary Abraham noted that the transition to hydrogen would be a long-term process, which will require the participation of both industry and government.

As a first step, in January 2002 Secretary Abraham, along with officials from the automotive industry and Congress, unveiled a FreedomCAR partnership to develop hydrogen fuel cell vehicles. 26

The National Hydrogen Energy Roadmap is available on the internet in pdf form (http://www.eren.doe.gov/hydrogen/pdfs/national_h2_roadmap.pdf). This roadmap glows with positive energy. In all areas of production, delivery, storage, conversion and applications, the document beams about what we can achieve if we put our minds to it, but inevitably winds up by saying that we have a long way to go in order to make it a reality.

The document does mention the various challenges to each area of fuel cell development, but makes little of the obstacles and instead comes off sounding like a pep talk. Buried in the text, they admit "The transition to a hydrogen economy... could take several decades to achieve." 27

The document speaks of wind, solar and geothermal production, biomass, nuclear-thermo-chemical water splitting, photoelectrochemical electrolysis, and bioengineering. But they admit that all of these processes will require a great deal more research.

The intention is to bootstrap the move by first developing small "reformers" that will run on natural gas, propane, methanol or diesel. But the authors admit that even this technology requires further refinement for improved reliability, longer catalyst life, and integration with storage systems and fuel cells.

The document also includes a short list of people who are in charge of various areas of development and transition. The list includes: Frank Balog of Ford Motor Company, Gene Nemanich of ChevronTexaco Technology Ventures, Mike Davis of

Avista Labs Energy, Art Katsaros of Air Products and Chemicals Incorporated, Alan Niedzwiecki of Quantum Technologies, Joan Ogden of Princeton University Systems, and Jeff Serfass of The National Hydrogen Association. 28 This team will ensure that the new technology remains firmly in the hands of the top corporations.

The document is at least 80 percent public relations. While admitting that in all areas there are serious problems to be overcome before we will be able to make a transition to hydrogen fuel cells, nowhere does this document take a serious look at the obstacles. Instead, this paper paints a pretty picture of our hydrogen future and leaves the details to future research and investment. So let us look at a few of the difficulties of developing a hydrogen fuel cell economy.

First off, because hydrogen is the simplest element, it will leak from any container, no mater how strong and no matter how well insulated. For this reason, hydrogen in storage tanks will always evaporate, at a rate of at least 1.7 percent per day. 29 Hydrogen is very reactive. When hydrogen gas comes into contact with metal surfaces it decomposes into hydrogen atoms, which are so very small that they can penetrate metal. This causes structural changes that make the metal brittle. 30

Perhaps the largest problem for hydrogen fuel cell transportation is the size of the fuel tanks. In gaseous form, a volume of 238,000 litres of hydrogen gas is necessary to replace the energy capacity of 20 gallons of gasoline. 31

So far, demonstrations of hydrogen-powered cars have depended upon compressed hydrogen. Because of its low density, compressed hydrogen will not give a car as useful a range as gasoline. 32 Moreover, a compressed hydrogen fuel tank would be at risk of developing pressure leaks either through accidents or through normal wear, and such leaks could result in explosions.

If the hydrogen is liquefied, this will give it a density of 0.07 grams per cubic centimeter. At this density, it will require four times the volume of gasoline for a given amount of energy. Thus, a 15-gallon gas tank would equate to a 60-gallon tank of liquefied hydrogen. Beyond this, there are the difficulties of storing liquid hydrogen. Liquid hydrogen is cold enough to freeze air. In test vehicles, accidents have occurred from pressure build-ups resulting from plugged valves.33

Beyond this, there are the energy costs of liquefying the hydrogen and refrigerating it so that it remains in a liquid state. No studies have been done on the energy costs here, but they are sure to further decrease the Energy Return on Energy Invested (EROEI) of hydrogen fuel.

A third option is the use of powdered metals to store the hydrogen in the form of metal hydrides. In this case, the storage volume would be little more than the volume of the metals themselves. 34 Moreover, stored in this form, hydrogen would be far less reactive. However, as you can imagine, the weight of the metals will make the storage tank very heavy.

Now we come to the production of hydrogen. Hydrogen does not freely occur in nature in useful quantities, therefore hydrogen must be split from molecules, either molecules of methane derived from fossil fuels or from water.

Currently, most hydrogen is produced by the treatment of methane with steam, following the formula: CH4 (g) + H2O + e > 3H2(g) + CO(g). The CO(g) in this equation is carbon monoxide gas, which is a byproduct of the reaction.35

Not entered into this formula is the energy required to produce the steam, which usually comes from the burning of fossil fuels.

For this reason, we do not escape the production of carbon dioxide and other greenhouse gases. We simply transfer the generation of this pollution to the hydrogen production plants. This procedure of hydrogen production also results in a severe energy loss. First we have the production of the feedstock methanol from natural gas or coal at a 32 percent to 44 percent net energy loss. Then the steam treatment process to procure the hydrogen will result in a further 35 percent energy loss. 36

It has often been pointed out that we have an inexhaustible supply of water from which to derive hydrogen. However, this reaction, 2H2O + e = 2H2(g) + O2(g), requires a substantial energy investment per unit of water (286kJ per mole).37 This energy investment is required by elementary principles of chemistry and can never be reduced.

Several processes are being explored to derive hydrogen from water, most notably electrolysis of water and thermal decomposition of water. But the basic chemistry mentioned above requires major energy investments from all of these processes, rendering them unprofitable in terms of EROEI.

Much thought has been given to harnessing sunlight through photovoltaic cells and using the resulting energy to split water in order to derive hydrogen. The energy required to produce 1 billion kWh (kilowatt hours) of hydrogen is 1.3 billion kWh of electricity. 38 Even with recent advances in photovoltaic technology, the solar cell arrays would be enormous, and would have to be placed in areas with adequate sunlight.

Likewise, the amount of water required to generate this hydrogen would be equivalent to 5 percent of the flow of the Mississippi River. 39 As an example of a solar-to-hydrogen set up, were Europe to consider such a transition, their best hope would lie in erecting massive solar collectors in the Saharan desert of nearby Africa. Using present technology, only 5 percent of the energy collected at the Sahara solar plants would be delivered to Europe. Such a solar plant would probably cost 50 times as much as a coal fired plant, and would deliver an equal amount of energy. 40 On top of this, the production of photovoltaic cells has a very poor EROEI.

The basic problem of hydrogen fuel cells is that the second law of thermodynamics dictates that we will always have to expend more energy deriving the hydrogen than we will receive from the usage of that hydrogen. The common misconception is that hydrogen fuel cells are an alternative energy source when they are not.

In reality, hydrogen fuel cells are a storage battery for energy derived from other sources. In a fuel cell, hydrogen and oxygen are fed to the anode and cathode, respectively, of each cell. Electrons stripped from the hydrogen produce direct current electricity which can be used in a DC electric motor or converted to alternating current.41

Because of the second law of thermodynamics, hydrogen fuel cells will always have a bad EROEI. If fossil fuels are used to generate the hydrogen, either through the Methane-Steam method or through Electrolysis of Water, there will be no advantage over using the fossil fuels directly. The use of hydrogen as an intermediate form of energy storage is justified only when there is some reason for not using the primary source directly. 42 For this reason, a hydrogen-based economy must depend on large-scale development of nuclear power or solar electricity.

Therefore, the development of a hydrogen economy will require major investments in fuel cell technology research and nuclear or solar power plant construction. On top of this, there is the cost of converting all of our existing technology and machinery to hydrogen fuel cells. And all of this will have to be accomplished under the economic and energy conditions of post-peak fossil fuel production.

Based on all of this, I submit that Secretary of Energy Abraham does indeed have ulterior motives for his Hydrogen Energy Roadmap. First, I suggest that this distant goal will help to pacify the public once they begin to suffer from the effects of fossil fuel withdrawal. Secondly, this project will allow the elite to transfer more money from the general public to the pockets of the rich. Third, in the words of Karl Davies, this proposal will deflect a stock market collapse once news of declining oil production becomes generally recognized.

Tied to this, it will brace stock prices of the auto corporations and oil majors to help them survive well into the era of oil depletion. And finally, the idea that we are working on a transition from fossil fuels to a hydrogen-based economy will help to destabilize OPEC, hopefully making it easier to deal with that organization and the Arab oil states.

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MOVING ON GOLD

by Michael C. Ruppert

Dec. 31, 2002, 12:00 PST (FTW) -- Not only is gold set for a long-term bull market, it is becoming a weapon in the global war to curb blatant U.S. aggression. And while this premise is supported by recent developments in Asia and Australia, there is also a surprising indication from the Federal Reserve that a controlled burn philosophy will actually support the trend.

Facing a major U.S. economic crash as a result of oil price spikes and deflationary pressures that might destroy dollar hegemony, there are signs that the Fed might reintroduce gold in one way or another into the U.S. monetary system. Either way, the gold "cat" is out of the bag.

With gold prices having broken the \$350 barrier -- an increase of more than 25 percent this year -- two other developments are signaling a global rush to gold. I stress again that when I say gold I mean physical, in-your-possession gold, not gold derivatives or paper.

First, as reported by Reuters on Oct. 28, China, via the newly opened Shanghai Gold Exchange, has allowed investment and private purchases of gold by its population. Being one of only two worldwide trading exchanges that trade in physical gold, this move is certain to increase demand as deflationary pressures indicative of a global depression start to become visible.

This upward pressure on gold, compounded by war fears, oil price spikes and a teetering U.S. economy made itself visible on gold markets just this month.

On Dec. 19 Reuters reported panic buying of gold in Tokyo and Australia. I agree with observers who say that this has less to do with Iraq than with a global effort -- unacknowledged by the major media -- to exert pressures on the U.S. economy. The world might not find it possible to stop the U.S. military from doing anything it wants. But it is possible to pull the plug on the financial engine that feeds the military, and this is where the Empire's feet of clay begin to show.

Just recently, speaking at the Economic Club of New York, even Alan Greenspan, mentioned gold, choosing to open his remarks with subtle hints that deflationary pressures might foretell the reintroduction of gold into the U.S. monetary system to prevent the dollar from going into free fall. Recent cuts in interest rates have not sparked economic growth. That's a surefire deflationary warning, especially with rates near the basement.

For too long the likes of J.P. Morgan, world central banks, Goldman Sachs and others have sat on the price of gold, and that cartel is getting ready to try to do a "controlled burn" on the bust out.

Either way, physical gold prices are going up -- way up. There might be peaks that show small declines at around \$380 and \$450 an ounce but I agree with analysts who say that \$500-to-600 gold is not only possible, but likely, within the next 18 months. After that, depending on how soon the impacts of peak oil begin to be felt, gold at between \$800 and \$1,000 an ounce is not out of the question at all.

Biowarfare Update

Bush Approves Smallpox Vaccination Plan; News Leaks Attempt to Link Virulent Russian Strain to Iraq

MEHPA Now Law in 20 States; Homeland Security Act Shields Vaccine Makers from Potential Litigation

by Joe Taglieri, FTW Staff

[With media pre-conditioning of the population for biowarfare attacks reaching new levels, a number of inconsistencies are appearing in U.S. government positions. While the CIA web site's analysis of possible Iraqi threats makes no references to smallpox, other recent stories in the major media are sounding dire warnings about it. On Sunday December 15, 2002 HHS Secretary Tommy Thompson appeared on CNN to agree that smallpox vaccines are inherently dangerous and that cabinet members would not be receiving vaccinations even as President Bush promised to be vaccinated with U.S. troops. Thus far,

the U.S. military is the only group subject to mandatory vaccinations. And while Thompson and other federal officials insist that there will be no federal order directing mass vaccinations of the American public, MEHPA, a federally sponsored law that could do just that is quietly making inroads in many state legislatures.

Recently, Congressman Ron Paul of Texas, a heroic and outspoken protector of civil liberties - himself a medical doctor - has indicated that several portions of the recently enacted Homeland Security bill do, in fact, make it possible for the federal government to order compulsory vaccination of the American public. FTW is currently engaged in a detailed analysis of the 484-page bill and will have a complete report soon. - MCR]

Dec. 16, 2002, 16:00 PST (FTW) - The Bush Administration announced Friday its plan to begin vaccinating Americans against smallpox in advance of a possible biological terrorist attack.

The announcement came 10 days after a New York Times story headlined, "C.I.A. Hunts Iraq Tie to Soviet Smallpox" and three weeks after President Bush signed into law the Homeland Security Act of 2002, which contains a provision that gives a legal shield to vaccine makers.

Also, the Model State Emergency Health Powers Act (MEHPA) has now become law in 20 states.

BUSH'S SMALLPOX VACCINE PLAN

About 500,000 military personnel stationed overseas or likely to be deployed abroad were scheduled to receive the vaccine beginning Friday, followed in the coming months by between 450,000 and 500,000 emergency healthcare workers who would be the first-responders to a smallpox attack.

The vaccine is a requirement for the military and voluntary for healthcare workers.

Despite the fact that the World Health Organization (WHO) declared smallpox eradicated worldwide in 1980, the president Friday told a news conference, "We, however, know that the smallpox virus still exists in laboratories, and we believe regimes hostile to the United States may possess this dangerous virus.

"To protect our citizens in the aftermath of September 11th, we are evaluating old threats in new light," said Bush.

Though the administration has no knowledge of an imminent smallpox attack, Bush said, "At present the responsible course is to make thorough and careful preparations should a broader vaccination program become necessary in the future."

Federal health and security officials have been working on a bioterror defense plan for a year now, according to Bush. Through coordination with state and local governments, procedures are in place to inoculate every American in the event of an attack.

TIMING: THE NEW YORK TIMES

Bush's announcement came just after a Dec. 3 New York Times Story by Judith Miller, which reported an alleged link between Iraq and a weaponized Russian strain of smallpox. *(continued on page 15)*

Narco News on Venezuela: 'The Strike that Wasn't'

Opposition's Attempted General Strike Fails; Strong Political, Public Support Remains with Chavez

by Joe Taglieri, FTW Staff

[Ed. Note: As the American people begin to take baby steps to combat repressive government and tyranny at home they continually ask, "What can we do?" Take a lesson from the people of Venezuela who understand the maxim, "in a ham and egg breakfast the chicken is involved but the pig is committed." The resiliency of Hugo Chavez is based upon two things: Chavez's well-honed political sense that knows how to turn, judo-like, the actions and energy of the U.S. corporate empire into his own weapons; and the willingness of the Venezuelan people to take risks in defiantly defending themselves against neo-colonial pressures.

At the heart of the U.S. government's desire to overthrow Chavez is the Empire's recognition that a successful, non-aligned leader who can actually improve conditions for his people is the ultimate threat to Wall Street and globalized financial interests. And the symbolic heart of Chavez's program is the new "Hydrogen Law" that will socialize part of the oil industry and mandate that more of the profits from Venezuelan oil production remain in the country for the benefit of the people who live there, rather than being exported to New York.

By surrounding local TV stations and newspapers that have been lying to them, by placing themselves in harm's way to express their support for Chavez, by engaging in non-violent civil disobedience, by focusing their protests wisely against the institutions and interests that cause them harm, the Venezuelan people are writing a textbook for actions the American people

may soon have to take for themselves. - MCR]

Dec. 31, 2002, 17:00 PST (FTW) -- The aristocrats and corporate mangers of Venezuela failed once again this month to politically destabilize the nation. The organizers of April's aborted military coup against President Hugo Chavez this time attempted to give the impression of a general strike, which for the most part managed only to temporarily disrupt the nation's oil exports.

The result of this latest revolutionary escapade by Venezuela's wealthy elites, observers say, is in fact the opposite of what strike organizers intended. President Hugo Chavez, widely supported by Venezuela's poor majority, now has a firmer grip on the state-owned oil industry.

"There is no 'strike,'" said Al Giordano, editor of Narco News (<u>www.narconews.com</u>), a website that covers Latin American politics. "What there has been is a lockout of employees by management, and some tankers hijacked by captains. Also some private subcontractors, such as tug boat companies, have participated in the lockout."

RANDOM VIOLENCE?

Violence was also relatively minimal, except on Dec. 6. Three people were killed and 28 were wounded in Caracas when, as in a similar incident in April, civilians were arbitrarily fired on by an unseen gunman or gunmen.

Venezuelan TV news reports purported to show a pro-Chavez, Portuguese suspect held in connection to the shootings. But a Narco News report has found that the timeframe reported by the anti-Chavez media of this suspect's whereabouts in Caracas Dec. 6 do not hold mathematical water. He simply could not have made it in time to be the man responsible for the shootings.[http://www.narconews.com/lssue26/article571.html]

In-depth coverage of Venezuela can be found at Giordano's site, http://www.narconews.com/, and VHeadline, http://www.narconews.com/, http://www.narconews.com/,

NARCO NEWS

Giordano and the journalists of Narco News have dug quite deep into what's been happening in Venezuela, and all over Central and South America, frequently reporting from Caracas and other affected areas.

Narco News has kept a close eye on the mainstream U.S. and British media, as well as their Venezuelan counterparts in the corporate, anti-government TV stations and wealthy suburban dailies.

Recent reports on Narco News reveal the pro-work stoppage spin in action at the highest bastions of mainstream journal-ism. Associate Publisher Dan Feder's Dec. 12 and Dec. 18 stories expose "AP's One-Sided Venezuela Coverage: On 'Desk Reporters' Who Phone-in the Spin" and "NY Times and LA Times run identical stories on Venezuelan 'strike.'"

[http://www.narconews.com/lssue26/article567.html] [http://www.narconews.com/lssue26/article560.html]

Giordano published this scathing piece Dec. 23: "A Brit Reporter's Undisclosed Venezuela Conflicts, Phil Gunson and Eric Ekvall Are Upset with Narco News." Find out why by clicking here: http://www.narconews.com/lssue26/article572.html

'STRIKE' OR LOCKOUT?

Despite anti-Chavez coverage from stations like RCTV, Globovision, TVS, Meridiano TV, and Venevision, thousands of Venezuelans took to the streets -- not to protest the Chavez government, but to voice their disgust for the commercial media. Venezuelan civilians nonviolently surrounded those Caracas-based stations and media outlets in other parts of the country.

According to Reuters on Dec. 2, the day when Chavez opposition groups began scheduled demonstrations, the streets of Caracas "were free of the usual heavy traffic in the opposition's eastern stronghold, where many businesses closed their doors. But the center and west of city were bustling with street sellers and open restaurants though many businesses kept their metal shutters down.

"The nation's major industries -- the vital oil sector and state steel, aluminum and mining operations -- were mostly unaffected, the government said. Airports stayed open with some delays and public transport operated at near-normal levels.

"The government countered Monday's shutdown by organizing a huge street market in central Caracas, selling cheap food and services. Thousands of residents flocked around the stalls."

Even members of the upper classes, who comprise the majority of anti-Chavez Venezuelans, don't seem convinced that the opposition will attain it's goal of removing the president from power.

"On the [anti-Chavez] national daily El Nacional website, they have a readers' poll today [Dec. 17] asking if readers think the government will succeed in fully taking back the Venezuelan national oil company PdVSA from the rogues," said Giordano via e-mail. "Even among this newspaper's upper class readership, 67 percent of the respondents believe that, yes, the government will succeed. The 'opposition' overplayed its hand and has just lost its strongest card: oil. It's power to ever do this again is now over and done."

He pointed out that "when the coup plotters in the military all revealed themselves in April, 400 have since been removed from duty. Now "the coup plotters in the oil industry are fired and hung out to dry."

The Chavez government is now reorganizing the state-owned oil company, PdVSA. "This means that by early next year, PdVSA will no longer be vulnerable to this kind of stoppage," Giordano said. "The military is a good comparison because look at the military this month: no threat of military coup, having been cleaned up."

CHAVEZ'S OPPOSITION

The names and faces of the Venezuelans behind April's coup attempt remained the same for this latest episode of political tumult in the nation's recent history. Despite attempts by the opposition -- with Washington's tacit blessing -- to destabilize the nation. Chavez has decisively won six elections since 1998.

Chavez's anti-poverty platform, inspired by Latin American revolutionary Simon Bolivar, has galvanized loyal support from the 80 percent of Venezuelans who live below the poverty line.

Since Chavez has been in power, Washington has consistently positioned itself against the former paratrooper. "Following the [one-day] ouster of Chavez last April, U.S. officials welcomed the coup," the World Socialist Web Site reported Dec. 11. Press reports "revealed at the time that senior Bush administration aides, including Assistant Secretary of State Otto Reich and White House advisor Elliott Abrams -- both key players in the Reagan administration's covert network for supporting the contra terrorist war on Nicaragua in the 1980s -- had met repeatedly in Washington with the coup's organizers."

[http://www.wsws.org/articles/2002/dec2002/vene-d11.shtml] [http://www.fromthewilderness.com/free/ww3/050702_miracle.html]

During December's attempted general strike organizers such as CTV union chief Carlos Ortega and national chamber of commerce president Pedro Carmona, who Narco News refers to as Venezuela's "dictator-for-a-day... also known as 'The Brief One,'" were once again at the forefront of biased media coverage. Carmona held the office of president for three days in April while Chavez was detained by rebellious military officers.

Venezuelan oil executives and union officials friendly to management's interests had the most impact of any sector of the economy, still the effects from this month's economic slow-down have been minimal, according to Giordano.

A notable dynamic in the 'oligarchy vs. populist' dynamic that seems to be in play right now in Venezuela is the glaring economic contrast between pro- and anti-Chavez Venezuelans.

"Keep in mind that the per capita income in Venezuela is \$4,760 dollars per year," said Giordano. "So these guys are making an average of what 100 citizens make combined! If there ever was a case for Robin Hood, it's Venezuela. And the 'phony strikers' are the modern-day Sheriffs of Nottingham."

Venezuela exports about a third of its oil to the U.S., and there is some debate about how soon a restructured PdVSA can get back to full production. Government sources say oil output will be back to normal in a few weeks, though members of the opposition say it will take much longer to optimize production.

The White House's initial public response to the opposition's attempted general strike and anti-Chavez rallies came on Dec. 13, when the administration called for early -- and thus, unconstitutional -- presidential elections.

But on Dec. 16, however, the official line was softened, seeking only a referendum on Chavez's presidential tenure. This followed a 32-0 vote of confidence for Chavez from the Organization of American States (OAS). For latin America, Giordano referred to this day as, "December 16, 2002: the day the empire died."

(continued from page 2, Vote With Your Money)

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(continued from page 11, Bush Approves Smallpox Vaccination Plan)

U.S. government sources told the veteran Middle East correspondent Miller that the CIA is investigating whether Nelja N. Maltseva, a now-deceased Russian virologist who worked on a WHO smallpox eradication project in the early-1970s, delivered a vaccine-resistant strain of the disease to Iraqi scientists in 1990.

According to the story, "the information came to the American government from an informant whose identity has not been disclosed. The C.I.A. considered the information reliable enough that President Bush was briefed about its implications. The attempt to verify the information is continuing."

Miller's sourcing rides heavily on information attributed to unnamed "senior American officials" and "administration officials," who seem to hinge their information on what has been provided by the confidential informant. A distinction is drawn in the piece between these sources and "intelligence officials," indicating CIA sources were not behind the bulk of this report.

Five paragraphs into the story that appeared on page A18, Miller wrote, "The possibility that Iraq possesses this strain is one of several factors that has complicated Mr. Bush's decision, expected this week, about how many Americans should be vaccinated against smallpox..."

Despite this story's supposed relevance to Bush's vaccination announcement Friday, the link between Maltseva and Iraq is presently unsubstantiated and under investigation. According to wire service Agence France-Presse, the Russian daily Izvestia reported Thursday that colleagues and Maltseva's daughter have denied the virologist went to Iraq in 1990. They also denied that she had access to the specific lab at the Moscow viral research institute where Russia's 120 smallpox strains are stored.

Colleagues said Maltseva last visited Iraq from 1971 to 1972 and last traveled abroad in 1982 for a trip to Finland.

Izvestia reported Maltseva's daughter Natalia was "shocked" by the accusations against her mother and planned to sue the New York Times, she said, for tarnishing her mother's memory.

MEHPA

Georgetown and Johns Hopkins' Center for Law and the Public Health, the think tank where this state legislation model was created, reports MEHPA-like laws have been passed in 20 states, and 16 state legislatures have introduced measures dealing with public health emergencies caused by a terrorist attack.

States where MEHPA laws have been enacted include: Arizona, Delaware, Florida, Georgia, Hawaii, Maine, Maryland, Minnesota, Missouri, New Hampshire, New Mexico, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, and Wisconsin. Washington, D.C. has also enacted an emergency health powers law.

State legislatures where MEHPA has been introduced include: California, Connecticut, Idaho, Illinois, Kansas, Kentucky, Massachusetts, Mississippi, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Washington, and Wyoming.

In Alabama an executive order establishing the Office of Homeland Security for Alabama and the Alabama Defense Security Council was introduced Nov. 1, 2001. "One component of their mission is to coordinate state efforts to ensure public health preparedness for a terrorist attack," according to the Center for Law and the Public Health, "including reviewing vaccination policies as well as the adequacy of vaccine and pharmaceutical stockpiles and hospital capacity.

The Center also reports that state health officials in Alaska "have circulated the model act widely for review and consideration. The legislature has been asked by Gov. [Tony] Knowles to appropriate additional funds for anti-terrorism activities in January 2002. Additional legislative activity concerning the model act may soon follow.

Montana's Department of Public Health and Human Services requested a bill to revise the emergency health powers act, which is currently in progress of being drafted and is planned for introduction in the next session.

And on Oct. 25, 2001 Nevada Senator Ray Rawson introduced a Bill Draft Request that would make various changes to emergency public health laws. On Sept. 25, 2002, the Legislative Committee on Health Care introduced an additional Bill Draft Request that proposes several changes to the emergency public health laws.

Center for Law and the Public's Health -- MEHPA Updates:

http://www.publichealthlaw.net/MSEHPA/MSEHPA Leg Activity 050102.pdf



(continued from page 1, U.S. Balks At Iraqi Invasion)

have previously reported, since World War II, oil price spikes invariably lead to recession and the U.S. economy is teetering at that point now. Recession may, in fact, be too mild a word. The market fundamentals leading to the economic warning we issued last July, just before the Dow Jones fell off a cliff, remain unchanged and the savviest world leaders understand the basic vulnerabilities in the U.S. economy.

Just today, December 19, 2002, as U.N. Chief Weapons Inspector Hans Blix reported negatively to the U.N. Security Council on Iraqi compliance, we see continued evidence that behind--the--scenes diplomatic and economic pressures are continuing to slow down U.S. efforts to control the second largest oil reserves on the planet. *FTW* agrees strongly with former U.N. weapons inspector Scott Ritter who spoke recently in San Francisco and with U.C. Berkeley professor and author Peter Dale Scott that a U.S. invasion of Iraq will -- in addition to Iraq's 11 percent -- see a near--simultaneous occupation of key oil fields in Saudi Arabia holding another 25 percent of all the oil reserves on the planet. Recent revelations that anticipated Caspian Basin reserves have been wildly overestimated only intensify Peak Oil issues for every nation and increase the tensions over what happens in Iraq. Each industrialized nation knows that unless it secures a piece of the Middle East oil pie its survivability in coming oil crises is in question. There are no more significant oil deposits left to find, especially where the Empire has not already marked them with its scent.

Today, White House spokesman Ari Fleischer indicated that there would be no immediate move to invade Iraq or toward unilateral action on the part of the U.S. in spite of statements by U.S. Ambassador to the U.N. John Negroponte that Iraq was in material breach of U.N. resolution 1441. It now appears that no additional action will be taken in the Security Council until late January. That would indicate that the soonest that a U.S. invasion could occur would be sometime in February. That would also come perilously close to making it a certainty that U.S. military operations in the region could be continuing as temperatures rise to near--summer levels in the late spring.

These delays are a mixed blessing. While providing evidence that there are strategies that can derail the unilateral plans of the American "hyperpower" and giving hope to those who are looking for performance and result--oriented strategies, the inherent dangers involved in an Iraqi invasion increase with each new delay. Throughout the region -- as oil supply issues emerge dominant -- smaller coalitions are forming to resist U.S. military plans and political and economic alliances shift as the rest of the world looks for alternatives to abject surrender to Imperial occupation. Just today Reuters announced that the U.S. intends to send an additional 50,000 troops to the region. Each additional delay only increases the likelihood that when it does move the U.S. will employ massive force -- possibly even tactical nuclear weapons -- resulting in large numbers of civilian casualties.

Had the invasion occurred last September, as originally planned, it would likely have resulted in a quick occupation of Iraq because the rest of the world and various interests in the Middle East had not had time to organize military, economic and political resistance. Each new delay, while not preventing the invasion, only increases the certainty that the conflict will be bloody, prolonged, and will likely spread throughout the region -- if not the entire planet. Sadly, it appears as though the Bush War Cabinet has anticipated these developments and is spoiling for a fight that it recognizes might unleash the Horsemen of the Apocalypse. This is destructive madness of the highest order.

At home, both popular and institutional resistance to mass smallpox vaccinations and the administration's heavy handedness with Homeland Security, Total Information Awareness and a glacially powerful erosion of civil liberties is also not going unnoticed by the global community. As I have predicted since January of 2001, this administration is reacting to each new challenge with the only set of coping tools it possesses: intimidation, deception, coercion and brutality. And these responses are provoking real resistance leaders to find ways to fight the Empire in ways that hurt it, by voting with their pocketbooks and withdrawing the consumer support that keeps the Imperial engine running. I wonder how long it will be before significant portions of the population start refusing to pay their taxes. That will be a key signal that the American people are finally psychologically prepared to do something that will make a difference.

At that point, perhaps, the American people will have matured beyond the infantile belief that these problems can be solved from the comfort of an armchair or a pleasant weekend demonstration that goes totally ignored by the mainstream press. There is nothing at stake except tomorrow.

Avec nous, le déluge.

Michael C. Ruppert

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