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INTERNATIONAL

Worldwide Bandwidth Shortage

A report being compiled by a well-known American think tank, Nemertes Research, suggests that the **Internet** is running out of bandwidth. The report will warn that Internet users are going to face "brownouts"--tremendously decreased access speeds which make simple internet-based activities impossible--due to increased work online and the soaring popularity of sites which use tremendous amounts of bandwidth, such as YouTube. Nemertes Research predicts that demand for bandwidth, which is growing at 60 percent per year, could begin to exceed supply in 2010.

NATO: Russian Diplomats Expelled

NATO diplomats announced that NATO has expelled two **Russian** diplomats from its headquarters on suspicion of spying. The two were expelled in connection with the case of an Estonian official who was recently jailed for giving information to Russia; Russia's NATO envoy insists that the diplomats have "no link" to the spy case. The Estonian official was convicted of treason in February for giving over two thousand pages of domestic and NATO secrets to Russia.

Iraq: A New Dictator?

Three **Iraqi** intelligence officers, former members of Hussein's Mukhabarat who now work for the Iraqi National Intelligence Service, recently told a reporter for *The Guardian* that the current Iraqi Prime Minister is creating a dictatorship, and consolidating power among his supporters. The intelligence officers, now employees of an agency sometimes criticized for being too close to the US, say that Maliki is building a "state for his own party and his own people," not a country. They told the reporter that they compile reports on growing corruption, but have no one to share them with.

Zawahiri in Control of Al Qaeda

A State Department report indicates that Ayman al-Zawahiri, generally known as **al Qaeda's** second in command, is becoming the terrorist organization's "operational leader." A \$25 million bounty was placed on Zawahiri's head seven years ago; this year, he has released four audio and video messages. The State Department's report indicates that al Qaeda has now reconstructed some of the central control structure it lost after 9/11, from its new home on the Pakistan-Afghanistan border.

Yugoslav War Crimes Trial Resumes

Last Monday, the UN's **Yugoslav** war crimes tribunal ordered the resumption of the trial of Jovica Stanisic, the former Serb intelligence chief and one of the most important officials of Slobodan Milosevic's regime. The trial was interrupted due to Stanisic's poor health; Milosevic himself died in the custody of the war crimes tribunal. Stanisic has pleaded not guilty to war crimes and crimes against humanity.

DOMESTIC

Classified Files Thrown Overboard

Captain James Rands, a UK Army intelligence officer, recently told the High Court in London that he threw laptops, which some say contained pictures of tortured Iraqis, into the English Channel. Rands, who was stationed at an Iraqi base where the murders are said to have taken place during interrogations, admitted that he took pictures of the dead Iraqis for identification purposes--because a suitable Army camera was not available--and copied the pictures to his personal computer. Rands denied the laptops he threw overboard contained the pictures; he says he realized that they contained Army documents he was not supposed to have.

Cybersecurity Report to be Released

According to the official who led the Obama Administration's **cybersecurity** review, White House officials are planning to publicly release the review soon. The two-month project, which scrutinized the programs in place to protect the nation's digital infrastructure throughout the government and into the private sector, was billed as a first step toward a thorough revamping of the government's much-maligned cybersecurity apparatus. The report is expected to include recommendations for an organizational structure and an action plan to deal with cybersecurity threats.

Israeli Lobbyist Case Dropped

On May 1, the Department of Justice requested that espionage-related charges against two **pro-Israel lobbyists** be dropped. Controversy surrounding the case had intensified in recent weeks, when it became known that Representative Jane Harman had been caught on wiretaps offering to aid the lobbyists, in exchange for help obtaining a committee chairmanship. The legal battle surrounding the lobbyists has continued for over five years.

Pelosi on Torture Stance Defensive

Republicans are promising to "keep up the heat" on **Nancy Pelosi** for her criticism of interrogation techniques under the Bush administration, even though she has been aware of controversial interrogations since 2002. Pelosi, who is now demanding investigations into the conduct of Bush Administration officials, raised no legal objections when she learned of the program. An advisor to Pelosi stated that he anticipated such charges as soon as Obama decided to release interrogation-related memos. ■

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Obama of the Caribbean | Administration

How Obama's visits to Cuba and Venezuela may be less than productive than we hope.

PRESIDENT BARACK OBAMA spent much of the month of April meeting with various world leaders on two separate continents, discussing a variety of issues. His appearance at the Summit of the Americas in Port of Spain, Trinidad and Tobago, represented his first personal contact with many South American leaders and gave him an initial opportunity to begin outlining his intended policies toward nations such as Cuba and Venezuela, both of which have long shown animosity toward the American government and its influence south of the Tropic of Cancer. Were these meetings productive, and what implications do they have for the future of American policy in South American and the Caribbean?

Cuban Communism has long been a point of contention with the United States, and U.S. policy toward the island nation has remained largely unchanged since Fidel Castro's takeover of power fifty years ago. However, Obama said in a statement that America "seeks a new beginning" of association with the country. The American trade embargo instated in 1962 remains in place, but prior to the Summit, Obama made a deliberate effort to ease relations by lifting all restrictions on U.S. citizens wanting to visit relatives or send remittances to family members in Cuba. Obama took time to praise the island's medical program, which sends numbers of doctors throughout the region to provide needed care. However, in the process of thanking Cuban President Raul Castro for previously expressing willingness to discuss "everything, everything" with the United States, Obama suggested that Castro back up some of that stated willingness by releasing political prisoners or lowering remittance fees.

Obama also personally met Venezuelan President Hugo Chavez for the first time. The two exchanged what seemed to be a hearty greeting, posed for a photo-op, and Chavez ironically presented Obama with a book detailing the history of American abuses in South America. Republican members of Congress called the meeting a tremendous publicity coup for Chavez, particularly considering that he had called Obama's predecessor "the devil." However, while

recognizing the vast differences between the two countries, Obama declined to give a pointed answer on what an "Obama Doctrine" would look like, instead sticking to broad statements calling for a "more constructive relationship" that would help combat drugs, climate change, and terrorism.

A Mixed Bag of Implications

Obama's attitude towards Cuba and Venezuela offer a mixed bag of implications. Regarding Cuba, he may very well be right in recognizing the relatively small impact current and previous U.S. policy has had in bringing down the Communist regime or improving American-Cuban relations. Given the less belligerent posturing of Fidel Castro's now-President brother, interactions with Cuba have the potential to see an upswing should Obama continue to apply pressure for actual Cuban cooperation outside of mere positive rhetoric. Castro will need to give tangible evidence that he is willing to discuss "everything." Otherwise Obama should tow a tight line with respect to the revamping of the relations between the two countries.

Venezuela, on the other hand, is an entirely different story. Whether or not President Obama's meeting with Hugo Chavez ended up being a propaganda ploy for the socialist dictator, it seems preposterously naïve for Obama to suggest cooperation

with Venezuela on issues such as the drug war and terrorism. It is not as if the oil-rich nation is playing a neutral role in either of these areas—on the contrary, it has shown itself to have alliances on the polar opposite end of the spectrum. Though Chavez has officially denied all allegations of alliance, it has been reported by numerous sources that his regime has long been responsible for aiding the Columbian narco-terrorist group FARC in its rebellion against the established Columbian government.

Furthermore, other sources report the presence of Hezbollah training camps deep inside the Venezuelan border. But what may be the most obvious red flag is Venezuela's much-hyped intimacy with Iran and its President Mahmoud Ahmedinejad. It was Hugo Chavez who said, when referring to the relationship between his nation and Ahmedinejad's, that "[We are] brother countries, united by a single fist."

President Obama should realize that good talk is not the holy grail of foreign policy. He should recognize that, regardless of all the handshakes, photo-ops, and summits promising "better relations," most nations are dangerously self-interested. Hope for cooperation with such nations on important issues like the drug war and terrorism is merely a pipe dream waiting to burst. ■

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President Obama is all smiles with Venezuelan President Hugo Chavez | HUFFINGTON

Terrorism | Mexico: The Next Somalia?

Three ways Mexico is following Somalia to failed-state status.

WHAT DO KIDNAPPINGS piracy, drugs, terrorists, and Hezbollah have in common? Two words: failed states. On April 8, 2009, Somali pirates kidnapped Captain Richard Phillips of the *Maersk Alabama* as it carried food aid to Kenya. The pirates held Captain Phillips at gunpoint in a life raft for three days until U.S. Navy snipers killed three of his four captors. In retaliation, Somali pirates seized four more ships. Since 2005, Somali pirates have captured more than 50 ships from 30 countries.

Somalia is the “world’s most utterly failed state.” The Gulf of Aden, tracing Somalia’s northern border, sees some 20,000 ships pass through its waters each year. The combination of these two facts makes the waters off Somalia the most prone to piracy and terrorism. A 2002 study released by the International Crisis Group reports that for the first time since 1995, there is a considerable amount of international interest toward the African nation. Somalia’s history includes civil war and lawless banditry. Small clan-based factions and warlord militia groups cause constant friction. The Transitional Federal Government (TFG) struggles with the Al-Shabaab terrorist organization for control of the government. As this column previously reported, Al-Shabaab’s leadership is closely connected with Al-Qaeda Prime.

“Fraught with Internal Divisions”

It was hoped that the TFG would bring stability to a country that has carried the title of “failed state” for over eighteen years. However, the Council on Foreign Relations reports that the TFG is “fraught by internal divisions.” The Islamists, including Al-Shabaab, have made a strong comeback with an increasingly radicalized extremist movement holding sway over more moderate factions of the Courts. The State Department reports Somalia’s protracted state of violent instability, unguarded coastline, lack of functioning central government, and proximity to the Arabian peninsula make it a potential site for terrorist activity. And as the events of early April demonstrate, terrorists have capitalized on the government’s weaknesses.



Hezbollah operatives have reportedly entered the US through the Mexican border | FOX

So what associations exist between Somalia, Hezbollah, drugs and Mexico? Mexico shows an uncanny similarity to Somalia. The government is weakening and local drug lords are warring against themselves and the government. In a direct connection, Hezbollah is using the Mexican drug cartel routes to smuggle people and drugs into the United States, reaping money to finance its terrorist activities.

Mexico shows an uncanny similarity to Somalia. The government is weakening and local drug lords are warring against themselves and the government.

Mexico is not yet a failed state, but is well on its way. A May 2008 *Stratfor* study reports that Mexico has multiple well-armed, organized cartels that are simultaneously fighting each other and the government. They are funded by an estimated \$40 billion earned through drugs smuggled into the United States. They routinely bribe officials at all levels of Mexican government. If an official fails to cooperate, they are assassinated. Consequently, officials trade their services and statuses to the cartels in return for their lives. The government has become an arena for cartel power plays, and an instrument for crime. It has ceased to carry out its primary function of imposing peace. In effect, Mexico already features signs of some of the key ingredients for a failed state.

Terrorist organizations are exploiting the unstable situation. Sara A. Carter, National Security/Pentagon correspondent for *The Washington Times*, conducted an in-depth study into the ties between Mexican drug cartels and Hezbollah. According to her report, Hezbollah relies on the “same criminal weapons smugglers, document traffickers and transportation experts as the drug cartels. They work together. One way or another, they are all connected.” Hezbollah members and supporters are known to have entered the country using drug cartel routes. One intelligence official warned that Al-Qaeda could use trafficking routes to infiltrate operatives into the United States. The DEA believes that 60 percent of all terrorist organizations have ties with the illegal drug trade.

The cartel routes present a serious national security risk. Terrorists could smuggle radioactive material, foot soldiers, or suicide bombers into the United States. Sleeper cells could be (and possibly already are) established around the country. Ms. Carter reported that it is not known how many terrorist organizations have actually smuggled agents into the United States. The fact remains, however, that if one terrorist organization has smuggled operatives, the door is open for others as well. If something is not done soon, Mexico is well on its way to becoming the next Somalia. ■

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A Weapon for All Occasions | Weapons Profile

The rocket propelled grenade and the face of modern warfare.

SIMPLE, LOW-TECH explosive devices are the bane of modern, highly-mechanized militaries. They allow an insurgent fighter to attack an expensive target with a high probability of success—all at little monetary cost. They are, in more than one sense, the great conflict equalizers between advanced militaries and Mujahedeen, simple citizen soldiers, terrorists, and guerrilla fighters. A 'shaped charge' or High Explosive Anti-Tank (HEAT) warhead focuses the damaging effect of an RPG's explosive blast toward the target. The cone has a metal lining that is transformed into a jet of molten metal when the explosive is detonated. This jet is extremely effective at punching through armor. Because of this, HEAT charges are used in almost all portable anti-armor weapons, including RPGs.

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The first RPG was developed in WWII; by the end of the war, Germany, the United States, and the Soviet Union had all developed RPGs of some sort. Weapons like the German *faustpatrone*, *panzerfaust*, and the American bazooka were all early RPGs. From these early RPGs came the most prolific and arguably the most cost effective of the modern RPGs—the RPG-7, a Russian design first built in 1961 to combat Western tanks. Today it is the most common anti-armor weapon in the world, used by over 140 nations. The RPG-7 costs about \$500 U.S. dollars, and is constantly evolving and being adapted for uses outside its original purpose. Since recent warfare has been characterized by fighting between small, very unconventional guerrilla type forces and modern militaries, this article focuses on the unconventional uses of the RPG-7.

Anti-Helicopter Applications

Contrary to popular belief, RPG-7s were first used to down helicopters in Vietnam, rather than in Afghanistan. On August

6, 1966 a U.S. UH-1E 'Huey' gunship was downed by North Vietnamese Army RPG-7 fire. In Vietnam, there were a total of 380 attacks on helicopters that involved RPG-7s. Of these, 128 of the helicopters were shot down. In comparison to other weapons used against helicopters during this period, an attack involving an RPG was twice as likely to end with the downing of the helicopter than if the attack utilized any other weapon. RPG-7s also inflicted a higher than normal fatality rate during anti-helicopter operations when compared to other weapons. In one incident, 29 men died and 11 more were wounded after a CH-47B Chinook was shot down. Characteristic of RPG anti-helicopter attacks to this day, most attacks center around landing zones, when helicopters are most vulnerable.

During the Soviet-Afghani war, RPG-7 anti-helicopter tactics became increasingly sophisticated, since Afghani Mujahedeen found themselves disadvantaged by the Soviets' substantial use of helicopters. Accordingly, they turned to innovative techniques like ambushing Soviet helicopters with RPGs and heavy machine guns as they flew through Afghani canyons. They also developed tactics including volley fire, which consisted of using sheer numbers of RPGs to down low-flying helicopters. They were also the first to use fuse cutting, which involved the shortening of an RPG's self-detonating fuse that normally causes it to self-destruct at the end of its 900 meter flight. This turned a simple RPG-7 into the crude equivalent of a specialized anti-aircraft device designed to detonate its warhead near the aircraft, allowing a deadly airburst to destroy the target. They also developed modifications to the RPG-7 that allowed it to be fired at a vertical angle.

Al Qaeda's RPG Evangelism

The techniques developed in Afghanistan by the Mujahideen fighters are important because the innovative techniques developed in Afghanistan were spread by Al Qaeda around the world. The worst single-day loss of American special forces soldiers in Operation Enduring Freedom, and the single worst loss of U.S. Navy special



US troops train with RPGs | M & C

forces since World War II, occurred when a force of eight 160th Special Operations Aviation Regiment crew members and eight Navy SEALs aboard a CH-47 Chinook were shot down: an RPG-7 was fired into their open loading ramp as they attempted to rescue four other SEALs during Operation Red Wing. Similar incidents still occur in both Afghanistan and Iraq today.

Modernized nations' militaries that have experienced extensive combat with insurgent forces have realized the effective nature of simple weapons like the RPG-7. This has in turn fostered a renewal of training troops in the use of simple weapons in urban warfare context. Examples of this change in focus can be seen in new armor and tactics to protect helicopters from RPG attacks and the redeployment of the U.S. equivalent of the RPG-7, the M72 light anti-tank weapon (LAW). This sort of flexibility may help reverse the successes of Mujahedeen RPG tactics. Only time in the battle theatre will tell, however, how effective countermeasures will be against the RPG-7, the most effective insurgent weapon in history. ■

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Colombia | Murder in Disguise

False positives provide cover for a human rights atrocity.

EVERY MILITARY conflict brings with it inevitable civilian casualties. Whether they are used as hostages, human shields, or are simply discarded out of convenience—innocent civilians die. The brutality of insurgencies and civil wars took on a new dimension in Colombia, however, when recent reports verified that hundreds of civilians had been murdered by the Colombian Army, disguised as guerrillas, and presented as enemies killed in combat. These misidentified bodies are called *falsos positivos*, or “false positives.”

The Colombian Attorney General’s office reported that phony job offers were often used as an incentive to entice peasants, farmers, laborers and unemployed youth to follow the soldiers before they were slaughtered, often in groups. Sometimes the bodies reappear over 500 miles away from their original homes. These incidents are neither isolated nor rare. Colombia’s Prosecutor General testified that, since 2002, there have been 1,296 reports of civilians murdered in which the victim’s body was dressed in a rebel uniform, given a weapon and presented as a slain guerrilla. According to one Colombian NGO, there have been reports of false positives in 19 of the Colombian Army’s 32 regiments.

A Convenient Guerilla Quota

There are three reasons why these murders occur. First, there is a need to record consistently high enemy combat deaths in order for a regiment to receive recognition. Inflating a regiment’s body count could mean promotions, honors, and potential pay increases for the soldiers of that unit.

Second, there are financial incentives for the dead bodies. In 2005, the Colombian government passed a decree known as Directive 029. This directive offers payment to members of the Colombian Army who present the bodies of enemy combatants. Army reports state that soldiers are paid US\$540 per body. Third, those with inconvenient social or political views are often summarily executed by the soldiers, and their bodies removed and disguised to hide the incident. Similarly, arbitrary abuses of authority by soldiers and army commanders can be responsible for civilian deaths as well.



Colombia’s military is killing civilians and passing them off as guerilla executions | AP

Presenting the bodies as false positives is simply the most convenient and advantageous means of disposal. There is some evidence to support the hypothesis that several of these executions were not committed directly by the soldiers themselves. Instead, groups of organized criminals exchanged their victim’s bodies for military protection. This insures the survival of the group’s illegal network and allows the unit’s commanders to further pad casualty statistics.

Since 2002, there have been 1,296 reports of civilians murdered in which the victim’s body was dressed in a rebel uniform, given a weapon and presented as a slain guerrilla.

Containing Military Corruption

The Colombian government has taken some commendable steps to suppress the practice. Twenty-seven members of the Colombian Army, including several generals, were retired in October of last year due to their involvement in the false positive scandals. The Colombian government points to this act as proof that false posi-

tives are a thing of the past and claims that no new incidents have occurred since then. Despite the diligent documentation on the issue by both governmental and non-governmental organizations, however, very few cases are actually being prosecuted. In fact, reports reveal that only 0.1% of the cases have come to trial.

Furthermore, the government’s claim that no new cases of false positives have occurred is highly suspect. NGOs have reported at least 6 suspected instances of false positives since the beginning of 2009. It is likely that the most recent cases of false positives are yet to be discovered. It sometimes takes weeks, even months, for bodies to reappear in their disguises, and it is impossible to determine if a civilian’s disappearance can be categorized as a false positive until the body is found.

Also, the Army’s response to Colombia’s tougher policy may be simply to remove the evidence more effectively. Bodies can easily be burned or buried after the reward has been claimed in order to prevent revealing investigations. One commander confessed that hundreds of civilian bodies had been burned to erase identities and evidence. These events are never reported as false positives because the bodies never actually reappear and are instead being called “forced disappearances.”

Taking the Stage | Russia

Retaining Directive 029

Extra-judicial military executions in Colombia have increased dramatically over the last 7 years and it seems unlikely that they could be suddenly stopped without the original incentives being removed. Some have suggested that repealing Directive 029 and removing the gruesome motivation to kill would make significant progress towards resolving the problem, but the Colombian government refuses to do so—explaining that the incentive is the democratic core of the Colombian security policy.

In spite of the Colombian government's repeated assurances that the scandal will not be repeated, Western nations are skeptical. Colombia's army has, in the past, been largely funded by developed nations like the United States and Great Britain, who have an interest in maintaining a stable Colombian government and eliminating the troublesome guerrilla insurgency. In response to the reports of false positives, Britain ended military aid to Colombia last week, withholding hundreds of thousands of dollars of funding. The US also froze thousands of dollars earmarked for the Colombian military. While Canada is still poised to negotiate a free-trade deal with Colombia, many Canadians are pushing for these discussions to be postponed as well.

This foreign skepticism is not entirely unjustified. It is simply *too early* to make the absolute statements of victory that have been issued from the Colombian government. Nations would be wise to withhold funding until absolute proof can be established that funds are not being used to carry out atrocious human rights abuses. While all human rights abuses are appalling, the false positive reports are particularly horrific, because they are conducted under the guise of the fight against terrorism and *for the cause of human rights*. Murdering innocent civilians and then reporting them as guerrilla casualties damages the cause of the Colombian government far more than the rebel insurgents it faces. ■

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Medvedev and Mikhail Khodorkovsky's second trial.

RUSSIA IS NO STRANGER to shameless, politically-fueled show trials. With the likes of Josef Stalin, Nikita Khrushchev, and even Vladimir Putin running the country, the rule of law took a back seat to the whims of authoritarianism. Russian oil tycoon Mikhail Khodorkovsky's second occupation of the dock in six years, which began at the end of March, stands poised to join the ranks of the most famous of such trials.

Before his arrest in 2003, Khodorkovsky held the title of Russia's richest man, as the owner of Russia's largest oil company, the Yukos Corporation. That year, he was charged with evading taxes on 350 million tons of oil—an amount totaling over \$33 billion. His conviction earned him an eight year prison sentence set to end in 2011. Two years before his sentence expires, Khodorkovsky faces a new trial on charges of embezzlement of the same 350 million tons of oil, and of laundering revenue through offshore trading companies. These official accusations open up a huge can of worms for Russian leaders, particularly President Medvedev.

Opposing “Legal Nihilism”

Medvedev, himself a lawyer, has taken a stand for the rule of law in opposition to what he calls Russia's “legal nihilism.” Khodorkovsky's new trial therefore poses a serious problem because it covers the same legal territory as his previous trial. Both charges are fundamentally the same, though couched in different terms, and they both relate to the exact same property—a clear violation of the principle of “double jeopardy.” However, true support for the rule of law means digging deeper into the case to understand the truth and context of the original charges, making double jeopardy a moot issue.

In the first years of Vladimir Putin's presidency, Khodorkovsky was reportedly attempting to sell 25% of his company to U.S. investors. He was also building independent pipelines to bypass the state-owned Transneft network, and had criticized Putin over state-owned oil production company Rosneft's shady acquisition of producer Severnaya Neft.

A Far Too Convenient Arrest

Each occurrence was a serious issue for a president and government becoming increasingly dependent on the revenue generated by state-owned energy, making Khodorkovsky's arrest far too convenient. Even stranger was the government's dismantling and assimilation of Yukos after Khodorkovsky's imprisonment. Rosneft, headed by Putin's Deputy Chief of Staff Igor Sechin, subsumed the overwhelming majority of Yukos' assets. Yukos operators quickly pointed fingers at the government. Khodorkovsky blamed Sechin for initiating the attacks against the company and for orchestrating the charges. Yukos' Vice President Temerko tried to shed light on government corruption and control, stating after the takeover, “It was then we realized the state runs everything.” Rosneft became Russia's largest oil producer, while the former holder of that title, Yukos, ceased to exist in 2007. Temerko had hit the nail on the head.

At the time, popular support heavily favored President Putin against the oil company. Russians saw Yukos' destruction and Khodorkovsky's trial as the struggle of a new, potentially reform-minded president against the corrupt and firmly entrenched Russian oligarchy. Moreover, an economy growing at 6% of the GDP annually allowed Russians to happily turn a blind eye to Putin's authoritarian lean- ►►



Khodorkovsky to stand second trial | AP

Hungary | Failure as Success

Why the West should let Hungary's economy fail.

FOR YEARS SOCIAL ideology has festooned the governments of Europe. The promise of increased wages, universal healthcare, and labor reform has propelled this populism. With the 2002 elections in Hungary, a socialist-liberal coalition came to power, bringing a realization of the goals most minority socialist parties only promise to offer. The only way for Hungary to forge a new path is for the people and government to realize the bankruptcy of their social system. The emperor has convinced both himself and his people that his new clothes exist. If Hungary is to be an asset to the Eurozone, if it is to raise the standard of living for its people, and if it is finally to emerge from the specter of Communism as a self-sufficient state, the West will let it fail.

The foundation laid during the years of Socialist governance from 2002 to present has been marked by economic insolvency. Thirty percent of Hungary's ten million citizens are pensioners. Sixteen percent earn minimum wage and do not pay taxes. Its debt now compromises seventy-three percent of GDP. The largest victim has been Hungary's currency, which has seen double-digit drops against the dollar, the Euro,



Hungary teeters on the brink of bankruptcy... and should be left to its own devices | NYT

and the Swiss Franc. The first reason Hungary must be left to its own devices is that its problems are also political, which calls for more than economic fixes. The people and government of Hungary must provide the impetus. The economic crisis is at least partially caused by political failures.

A comparison with Poland reveals the

domestic roots of Hungary's crisis. Amidst the global economic crisis, Poland has maintained its credit rating, made modest cuts to social programs, and has qualified for – but not used – a twenty billion dollar loan from the International Monetary Fund (IMF). All this amid a positive growth forecast and continued wage increases. ▶▶

▶▶ *Russia, continued from previous page*

ings. With the economy now shrinking at the same rate, unemployment rising, and inflation hovering at 12%, Russians are less inclined to overlook shady, control-motivated moves by the government. Khodorkovsky now takes the stand as a martyr, claiming, "The world is fairly universal in recognizing the first trial as a show trial. I believe these charges are, if it can be believed, even more fraudulent than the first set." Coincidentally, Khodorkovsky's scheduled release comes right before Vladimir Putin will likely make another bid for the presidency. Some observers have already noted the possibility of Khodorkovsky running in opposition, or at least offering hefty support to opposition parties. Coupled with documented accounts of fraudulent means used to keep Khodorkovsky from early release, such

observations do not leave the government on firm ground.

As Khodorkovsky aptly noted, "President Dmitry Medvedev, having promised independent and honest courts, has taken on an extremely heavy but very important burden." On one hand, he risks alienating Putin, who is his mentor, his prime minister, the likely next president, and arguably still the most powerful man in Russia. On the other hand, he risks shattering his own image as an honest, respectable "breath of fresh air" in Russian politics, while simultaneously plunging in the ranks of Russian popular opinion. Making Medvedev's position even more precarious, former Yukos managers have brought the case before the European Court of Human Rights in Strasbourg. The Court could find that the government illegally applied tax laws retrospectively in order to level

the \$33 billion charge against Yukos. In such a scenario, Khodorkovsky's original conviction would be thrown out and the government would be charged an exorbitant amount in compensation fees.

Medvedev is the one person who can put an end to the whole debacle. Revoking the newest set of charges, pardoning Khodorkovsky, and creating some plan of compensation would win worldwide approval and call off the dogs in Strasbourg. However, Medvedev's current inaction suggests he may continue to overlook the whole affair and allow the Russian political and legal apparatus to pursue its dysfunctional tendencies. Either way, Medvedev is starring in the biggest show trial of the decade. Break a leg, Mr. President. ■

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Continued... | Hungary

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Hungary, in turn, has borrowed heavily, and has massive entitlements and corruption, with voter confidence under thirty percent. The political turbulence recently caused global credit rating companies to lower Hungary's credit rating, which means an increase in debt-servicing costs and further erosion of confidence.

Fermenting the Status Quo

So far, the socialist government has focused only on its immediate concerns; raising taxes, cutting state wages, and seeking further capital injections from the IMF. Economic change without political reform,

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however, only ferments the status quo. When socialist Prime Minister Ferenc Gyurcsány resigned earlier this month, he did it with the intention of preventing elections (which would have eroded Socialist support) and facilitating his Economic Minister's reforms. National unions, a key constituent of the Socialist Party, recently announced their opposition to much of the government's economic policy. The political state of Hungary is just as precarious as its economic state, but the latter cannot be fixed without changes to the former. Using IMF loans to loosen credit only bolsters the façade of legitimacy, which cannot solve the problem.

Hungary must fail because foreign assistance only exacerbates the status quo. Much of the blame also falls upon Western nations who irresponsibly loaned Hungary billions of dollars. The Socialist government was able to circumvent fiscal discipline by financing its generous social programs through foreign loans. Its entire economic

structure is based upon cheap foreign loans. Most Hungarians own homes and cars that were financed in Swiss currency. In 2008, ninety percent of consumer borrowing took the denomination of Swiss Francs or Euros. While this form of borrowing is rarely used in the United States, as long as domestic currencies remain strong it provides added liquidity. When the Hungarian forint lost its value, it was not only the government whose debt became unmanageable; consumer debt rose as well. The average Hungarian needs to now fund the equivalent of a forty year loan in what only two years ago would have taken thirty years. The national debt which was at twenty-six billion Euros has ballooned to twenty-nine billion due to currency inflation

An Argentinean Precedent

Once again, a case study illustrates the danger to Hungary of perpetual foreign assistance. Faced with a similar situation less than a decade ago, the IMF provided emergency loans to Argentina. Under the auspices of the IMF, Argentina collapsed and its successor governments were castrated by both the added debt burden and loan requirements imposed by the IMF. The option exists for Hungary to receive capital injections, as it is unlikely that the European Union will let a member state go bankrupt. Unlike Argentina, however, the consequences of letting Hungary fail appear

benign. It plays neither a major international nor regional role economically.

Temporarily boosting Hungary's economy by granting the IMF loan they seek risks perpetuating the cycle if the forint continues to lose its value. Before any loan is efficacious, consumer confidence must solidify the capricious currency. Before consumer confidence occurs, Hungary's political situation must be altered. Thus, the final reason Hungary should be left to its own devices is that Western powers have little choice. Fiscal stimulus, according to the IMF, must be increased at least through 2010. Foreign assistance, however, only worsens the problem absent accompanying political change. Massive Hungarian debt means the government cannot use domestic capital injections to continue. David Lynch of *USA Today* notes that the steady decline in working-age citizens will cap the amount of revenue the government can spend on capital injections and social services.

Rather than provide the revenue, the European Union and IMF must allow Hungary to achieve solvency absent artificial incentives. Its economic future is contingent upon the real political reform stifled by an international monetary authority. Poland, not Argentina, is the example. Forcing Hungary to face its nakedness is the first step. ■

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Hungarian protestors clash with riot police outside Hungarian Parliament | TELEGRAPH

Sri Lanka | The High Cost of Zero Tolerance

Why Sri Lanka's aggressive anti-guerrilla stance is counterproductive.

RECENT EFFORTS IN the Obama Administration to redefine “the war on terrorism” is causing many to ponder such commonly-used semantics. What does terrorism mean? Does it mean something different to the United States than to other nations facing similar threats? The simple problem is that terrorism is not semantics. It is not an overarching concept that applies to all conflict in all places. For United States foreign policy, terrorism is extremely specific. For Sri Lanka, a small nation off the coast of India, this is not the case. In this nation, treating terrorism as a loosely-defined

Since January, around 4,500 innocent bystanders have been killed in the wake of the Tigers' flight from Kilinochchi, and around 12,000 wounded.

term that encompasses guerrilla warfare and conflict between the state and non state actors is resulting in catastrophic death rates and a non-victorious end to a guerrilla war that has carried on for decades. Sri Lanka President Mahinda Rajapaksa cannot cast blame for high civilian death rates on their Western ally's uncompromises stance towards terrorism, and he must start to count the cost of victory at the expense of many lives.

Decades of Bloodshed

The Liberation Tigers of Tamil Eelam rebel group was founded in 1976, dividing Sri Lanka into halves: the northern and eastern rebel-occupied cities, and government armies situated in the south and west. For decades, the government has fought the Tamil Tigers and pushed for a unified Sri Lanka, ruled by legitimate authority and free from internal conflict. Recently, the conflict has finally showed signs of slowing down, as government forces drove rebels out of the city of Kilinochchi, one of their final strongholds. Because the Tigers are 18% of Sri Lanka's population, the line between



Over 100,000 refugees remain caught between Tiger and Sri Lankan forces | REUTERS

civilians and rebels has become blurred.

President Rajapaksa, has spared no expense in fighting the rebels. This, however, has not come without consequences. An article in *The Economist* stated that the Sri Lankan government army has shown a “cruel disregard for Tamil civilians crowding the battlefield”. Examine the statistics, and this appears to be an understatement. Since January, around 4,500 innocent bystanders have been killed in the wake of the Tigers' flight from Kilinochchi, and around 12,000 wounded. These numbers do not consider the countless other civilians affected by violence since the guerrilla warfare began in 1976. Many former and current allies of Sri Lanka are displeased, including the US and Great Britain, since it appears that the impending victory was bought at an unacceptable price: thousands of dead civilians. Mr. Rajapaksa's defense is that he treats the Tiger rebels with the same zeal that the US treats terrorists: no tolerance. Since the US refers to the Tigers as “terrorists”, he reasons, he should fight them as terrorists. However, for the US, terrorists are invaders that commit egregious acts, not former upstanding citizens that live next door to innocent, unaware bystanders. Guerrilla civil warfare is the ultimate night-

mare of any government attempting to maintain national security and order: one must protect one's citizens from each other. As a result, guerrilla warfare cannot be treated like terrorism, and Sri Lanka's guerilla war cannot utilize the same principles as the United States' war against Jihadist terrorism. Yet this is exactly the justification that President Rajapaksa is claiming.

Guerrilla warfare is especially brutal, because it often takes place within one country, forcing the legitimate government to fight against rebel groups formed from its own citizens, and exposing innocent civilians to violence. Terrorist attacks against a nation are equally brutal and devastating, but there is a vast difference between attacking an external force threatening violence to one's homeland, and dealing with warfare in one's homeland that threatens wholly innocent civilians. A “zero tolerance” policy does not justify egregious human rights abuses and indiscriminate warfare. Sri Lanka, as well as the United States, needs to get its semantics in order. ■

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Rock Stars in China | Counterintelligence

How hundreds of thousands of Chinese hackers are forming a new kind of non-governmental organization.

SIXTY YEARS AGO, computers were unheard of. In the last fifty years, they have evolved from being non-existent to irreplaceable. Nevertheless, their invention, as well as that of the Internet, has brought with it more than a few complications. *Dark Visitor*, a book written by a former language expert for the Army, and now a private contractor at Fort Leavenworth, Kansas, discusses one such complication. Intelligence contractor Scott Henderson attempts to analyze the Chinese hacker network—its history and ideology. A country without com-

A 2005 Shanghai Academy of Social Sciences survey equated hackers with rock stars, and one third of Chinese elementary students said they wanted to be one.

puters would not be able to survive in the modern age, but according to Henderson, hacking is becoming an increasing threat to national security. Just as many shirk away from attempting to understand computers on a deeper level, on the assumption that it will prove too confusing, so the topic of hacking is often willfully overlooked. Members of the Intelligence Community must, however, understand the growing threat of cyber-hacking.

On April 1st 2007, a U.S. reconnaissance plane carrying a crew of 24 collided with a Chinese fighter jet. The Americans escaped unharmed, but the Chinese pilot was killed. U.S. Officials worried about what the crash would do to Chinese relations. “We are at a very important and delicate point in our relationship with the People’s Republic of China and how this is handled will go a long way as to the future of that relationship,” Sen. Chuck Hagel, R-Nebraska, said in an interview with CNN. However, the most immediate repercussions came not from the Chinese government, but from thousands of Chinese people. A month after the crash, on May 4th, anyone trying to access whitehouse.gov got an error message. According to Henderson, hackers were pinging White House servers with

thousands of page requests per second, clogging the site. Other government websites were attacked as well. Defacements such as, “Beat down Imperialism of American! Attack anti-Chinese arrogance!” “I AM CHINESE,” and “CHINA HACK!” could be found on the U.S. Navy page, the Department of Labor page, and the Interior Department’s National Business Center website. Such defacements left little doubt that the attacks were from China, and it was Scott Henderson who first noticed the clues that the attacks were not government led.

A Cultural Phenomenon

Henderson lived in China for four years, and so was already aware of the fact that local hackers were pervasive. A 2005 Shanghai Academy of Social Sciences survey equated hackers with rock stars, and one third of Chinese elementary students said they wanted to be one. What Henderson learned from his open-source work coincided with this previous knowledge. When monitoring a cross-section of sites over several days, Henderson estimated that at any given time, 380,000 hackers were online. He found that Chinese hackers take credit for their work very openly. They crave attention. Just like a school displays their trophies in a trophy case, when posting images of their successes, Chinese hackers tag themselves with an e-mail address, a URL or sometimes even a phone number.

Henderson also reported on command and execution structure. Chinese hackers work in small, competing groups. During times of crisis, like the plane collision incident, they band together into coalitions called “Chinese emergency conference centers.” The Red Hackers Alliance is the largest of such informal groups, having at one time over 80,000 members. Henderson believes it is nationalism that unifies so many people. Nationalism is hot, and hackers—who spearhead nationalist campaigns with just a laptop and the Internet—are revered. Henderson reported finding nothing to show any direct connection between these hackers and the government, but considers the government’s lack of interference as tacit approval. James Mulvenon, Director of the Center for Intelligence Research and Analysis, says he is more worried about civilian-led “patriotic hacking” than government run hacking.

Henderson’s work has exposed key hackers such as Peng Yinan, a celebrity hacker who is responsible for several high-quality hacks, including that of the U.S. Navy website. It was this probing which forced Peng Yinan and others out of the public light and into hiding. They are learning to become more secretive and private, Henderson believes, and catching them will only get harder as they learn to sacrifice popularity for privacy. Soon this open-source resource may be gone, and then America’s only option will be to actively defend itself. ■

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Chinese hackers love the limelight, and need no prompting from the government | ABC

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CT Calendar | Today In History

- 1774 | USA: Yellow Creek massacre, British settlers (soon to be American settlers) massacre family members of Chief Logan and spark off Lord Dunmore's War.
- 1943 | Spain: Operation Mincemeat - The submarine HMS Seraph surfaces in the Mediterranean Sea off the coast of Spain to deposit a dead man planted with false invasion plans and dressed as a British military intelligence officer.
- 1945 | Germany: Adolf Hitler and Eva Braun commit suicide after Soviet soldiers raise the Victory Banner over the Reichstag building.
- 1998 | West Bank: Hamas master bomber Muhi al-Din Sharif is killed in Ramallah.
- 2002 | Israel: Suicide bombing kills one and injures 30 in Tel Aviv; al-Aqsa Martyrs Brigade claims responsibility.
- 2002 | Israel: Israel: Suicide bomber strikes restaurant, killing 15 people and injuring more than 40; Hamas claims responsibility.
- 2004 | Iraq: U.S. media release graphic photos of American soldiers abusing and sexually humiliating Iraqi prisoners at Abu Ghraib prison.

NCTC 2009 COUNTERTERRORISM CALENDAR

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