

Author of the *New York Times* Bestseller *The Best Democracy Money Can Buy*

Greg Palast

ARMED MADHOUSE



Who's Afraid of Osama Wolf?,

China Floats, Bush S...

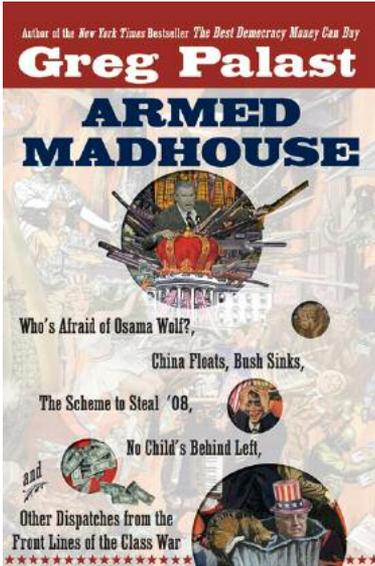
The Scheme to Steal 400...

EXCERPT
ONE

THE FEAR

WHO'S AFRAID OF OSAMA WOLF?

The first of two excerpts from Greg Palast's
new book, **ARMED MADHOUSE**



AN EXCERPT FROM

ARMED MADHOUSE

**Who's Afraid of Osama Wolf?, China Floats, Bush Sinks,
The Scheme to Steal '08, No Child's Behind Left
& Other Dispatches from the Front Lines of the Class War**

(US\$ 25.95)

Published by Dutton, a member of the Penguin Group
www.gregpalast.com

ISBN 0-525-949-68

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WRITING WORTH READING FROM AROUND THE WORLD
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ABOUT THE AUTHOR

"A cross between Sam Spade and Sherlock Holmes" (Jim Hightower), Greg Palast turned his skills to journalism after two decades as a top investigator of corporate fraud and racketeering. A persona non-grata in the United States, Palast's reports have been exiled to BBC's top current affairs show, *Newsnight*, and Britain's *Guardian* newspaper. He is a Patron of the Trinity College Philosophical Society, an honour previously held by Jonathan Swift and Oscar Wilde.

He is also the author of **The Best Democracy Money Can Buy: The Truth About Corporate Cons, Globalization, and High-Finance Fraudsters** (Pluto, 2004), and **Democracy and Regulation: How The Public Can Govern Essential Services** (with Jerrold Oppenheim and Theo MacGregor – United Nations-ILO-Pluto Press, 2003)

His most recent film is **Bush Family Fortunes** (BBC, 2003); and his spoken word CD, **Weapon of Mass Instruction** (Alternative Tentacles, 200)

Palast's web site is **www.gregpalast.com**

THE FEAR

Who's Afraid of Osama Wolf?

Including Marines in a tube, learning to speak Terrorist, Bush's Khan job, National Security Document 199-I and Osama's Mission Accomplished. What are you afraid of? Our Fear Salesman-in-Chief has something for everyone.

So, Osama Walks into This Bar, See?

. . . and Bush says, "Whad'l'ya have, pardner?" and Osama says . . .

But wait a minute. I'd better shut my mouth. The sign here in the airport says, "Security is no joking matter."

But if security's no joking matter, why does this guy dressed in a high-school marching band outfit tell me to take off my shoes? All I can say is, *Thank God the "shoe bomber" didn't carry Semtex in his underpants.*

I'm a bit nervous. It's an "ORANGE ALERT" day. That's a "low threat" notice. According to the press release from the Department of Homeland Security, low-threat Orange means that there will be no special inspections of passengers or cargo today. Isn't it nice of Mr. Bush to alert Osama when half our security forces are given the day off?

Hmm. I asked an Israeli security expert why his nation doesn't use these pretty color codes.

He asked me if, when I woke up, I checked the day's terror color.

“I can’t say I ever have. I mean, who would?”

He smiled. “The terrorists.”

America is the only nation on the planet that kindly informs bombers, hijackers and berserkers the days on which they won’t be monitored. *You’ve got to get up pretty early in the morning to get a jump on George Bush’s team.*

There are three possible explanations for the Administration’s publishing a good-day-for-bombing color guidebook.

1. God is on Osama’s side.
2. George is on Osama’s side.
3. It’s about the oil.

A gold star if you picked #3.

Osama’s Mission Accomplished

On Thursday, May 1, 2003, President Bush landed on the deck of the aircraft carrier *Abraham Lincoln*. Forgetting to undo the parachute clips around his gonads, our President walked bowlegged on the ship’s deck in a green jumpsuit looking astonishingly like Ham, first chimp in space. The scene was so exciting that the media failed to notice that the War on Terror had ended on the previous Tuesday.

On that day, Secretary of Defense Donald Rumsfeld quietly acknowledged that he was withdrawing America’s armed forces from Saudi Arabia.

I’m always surprised at the debate over “What drives Osama? What does Al-Qaeda want?” There should be no confusion: Al-Qaeda states its mission, like most enterprises, on its Web site. Osama had it written out in English, in capital letters, so it wouldn’t be difficult to miss the point.

DECLARATION OF WAR AGAINST THE AMERICANS
OCCUPYING THE LAND OF THE TWO HOLY

PLACES—EXPEL THE INFIDELS FROM THE ARAB PENINSULA

The “two holy places” are Mecca and Medina, and their “land” is Saudi Arabia. That’s what Osama wanted: U.S. troops out of Saudi Arabia.

Bin Laden issued his demand on August 23, 1996; and on April 29, 2003, the Tuesday before the President was chauffeured by fighter jet onto the deck of the *Abe Lincoln*, Mr. Bush gave bin Laden exactly what he wanted: U.S. troops sent packing from the Land of the Holy Places.

That’s astonishing. Until George W. Bush, the United States of America has never, *ever*, removed all our military bases from a foreign land no matter how much locals bitched or moaned. We even keep troops in Okinawa over the island’s strong objections, and World War II ended *sixty years ago*.

Am I accusing George Bush Jr. of being the first President of the United States to cravenly accede to the demands of terrorists? No, Reagan got there first, in 1984, when he gave in to Hizbollah’s demand and ordered our Marines to retreat from Lebanon.

No matter, President Bush was correct in announcing, “Mission Accomplished.” However, it was not America’s mission that was accomplished. It was Osama’s.

What Does Osama Want?

So what is his mission? What *does* Osama want? Why kick the U.S. out of Saudi Arabia?

When, in March 2003, George Bush told the people of Iraq, “*Do not destroy oil wells*,” his words were heartfelt but hardly original. In bin Laden’s 1996 Declaration of War, he warned all good Muslims against:

Destruction of the oil industries. . . . I would like here to alert my brothers, to protect this oil wealth and not to include it in the battle.

Bin Laden listed other beefs in his Declaration of War. There are some who have the notion that bin Laden, though inexcusably violent, is somehow giving voice to the oppressed. Those who fancy bin Laden as the defender of the wretched of the earth have neither read his writings nor followed his actions. The poor get no column inches in his “Declaration.” Creating a Palestinian state? It’s not mentioned in his fabulously long screed. Rather, the billionaire scion and former heir to the bin Laden Construction fortune launches into an angry diatribe about, of all things, Saudi Arabia’s failure to pay past due invoices owed to:

great merchants and contractors [waiting for] hundreds and thousands of millions of riyals owed to them by the government.

The House of Saud, it seems, was late in paying bin Laden Construction (which had a huge contract to rebuild Mecca).

Bin Laden is no fool; he knew why the Saudi government became a deadbeat bill payer. He was writing in 1996 when the price of oil was flat on the floor, near \$10 a barrel, an all-time low; and Osama cried:

People wonder, are we the largest oil exporting country?

So much oil, so little cash to show for it.

What drove Osama’s declaration of war? The poverty in Islamic nations? Not a mention. Lack of freedom? Forget it. Bin Laden’s *causus bellum* for war on America:

The presence of the U.S.A. Crusader military forces on land, sea and air in the states of the Islamic Gulf is the greatest danger *threatening the largest oil reserve in the world.*

Threatening Islamic oil reserves. Osama even launches a sophisticated tirade against the suppression of oil production by U.S. opera-

tors in the Gulf. This wealthy engineer knows the petroleum biz, that's for sure.

If you want to know what motivates Osama, follow his path. Long before Al-Qaeda destroyed the World Trade Center, Osama, after removing, with U.S. help, the Soviets from Afghanistan, set up operations in Sudan, where oil men expected to find the next big gusher. Osama's next target was not The Great Satan America but The Little Satan: Iran. In Osama's view, Iranians are Shia "dogs and lackies" who hold, infuriatingly, OPEC's third largest oil reserves. Osama was especially affronted by Iran's rising influence in Afghanistan at the time, thereby blocking his ability to link up with fundamentalist militants in Uzbekistan and Tajikistan who were fundamentally coveting control of the Caspian nations' oil wealth. Osama expressed his displeasure with Iran's incursion on his turf by ordering the slaughter of the entire Iranian diplomatic mission to Afghanistan. After eliminating his Shia Iranian competitors in Afghanistan, Osama financed the Wahabi-influenced Taliban. Notably, Osama had no objection to the Taliban signing pipeline deals with U.S. oil firms.

In other words, if you follow Osama's movements and read what the man says, you realize he has been less coy than Bush about his true program: Get the oil. The steps are: First, remove the Soviets from the Caspian oil fields and pipeline routes; second, remove the man he called an evil "socialist," Saddam Hussein, from the second largest OPEC reserve; third, keep the Shia "dogs" who control the third largest reserve from expanding their influence outside Persia; fourth, remove U.S. troops from the Land of the Holy Places (and largest oil reserve), Saudi Arabia; then fifth and last, overthrow the House of Saud and re-create a new Caliphate stretching from Sudan to Kazakhstan, every province an oil state, a Petroleum Kingdom of God, presumably under His blessed servant and contractor Osama.

And so, to protect those reserves—if his foolish "brothers" don't burn the oil wells—he's declared his own Operation Islamic Liberation. O.I.L.

What motivates Osama? Same thing as George and Dick. It's all about the oil.

Terror in Tiny Town

The astonishing thing about bin Laden's Caliphate atop the "world's largest oil reserves," Land of the Holy Places, is that it includes my tiny town of Southold, New York. At the least, the town is, apparently, on top of Al-Qaeda's roster of targets.

Southold, if you look at a map, is situated at the ass end of nowhere. We are known hereabouts for our Strawberry Festival and fire truck parade. According to the census, this tiny place is made up almost entirely of inbred farmers, real estate speculators and volunteer firemen.

At one end of town is the "Brand Names Outlet Mall" and the waterslide park. At the other end, there's a ferryboat that takes those who feel lucky to the Mashantucket-Pequot tribe's casino in Connecticut. And in between, there's Main Street, where we hold the Strawberry Festival.²

In July 2005, Mayor Josh, with powers granted to him by the Department of Homeland Security, declared a "national security emergency." (Mayor Josh Horton is called by his first name because he was elected at the precocious age of 26—based, it seems, on his stellar qualifications: He wears shoes.) In light of the clear and present threat of attack, Mayor Josh ordered everyone taking the ferryboat to the Indian casino to park in the dirt lot across from Jenny's Country Store and not along Route 25.

It was just after the London bombings and Mayor Josh (his official title is "supervisor") insisted this was truly a matter of preparing for terrorist attack, though a farmer on the Town Board said he suspected it was less about Al-Qaeda and more about zoning. Mayor Josh had been trying all year, unsuccessfully, to change the zoning on the dirt

²The festival is a quaint and annoying white-folks' ritual, an opportunity for backstabbing, petty infighting and all-American small-mindedness. But that's another story altogether.

lot next to the ferryboat launch from “farming” to “parking” to boost the town’s take from the inebriated gambling tourists. To scare off both Al-Qaeda and parking violators, Josh has posted, care of the federal treasury, an SUV at the ferry dock armed with two .50-caliber machine guns. I kid you not.

The ferry to the Indian casino is our officially designated town CAVIP—“Critical Asset and Vulnerability Infrastructure Point.” All over America, vulnerable towns and villages with critical assets were picking their CAVIPs. (If you don’t pick a terrorism Vulnerability Point, your burg can’t get its slice of Homeland Security loot from the federal government.)

In Southold, every ferryboat passenger is now asked for their home phone number, though if they are suicide bombers, they most likely will not, after they strike, answer the phone. No matter.

In 2005, the U.S. Department of Homeland Security assigned three guardsmen, armed and armored, to the Critical Asset and Vulnerability Infrastructure Point because the town police are a little short-handed since the village disbanded its minuscule police force after a grand jury called in the cops to explain allegations of sexual acrobatics on the police chief’s desk and missing baggies of pot.

Some townfolk are ready to sacrifice all to take a stand against Osama’s hordes, even if that means rezoning. Our local Pennysaver printed a letter from John Wronowski saying, “National security and safety [must be] at the forefront of our efforts . . . since September 11, 2001.” Of course, Mr. Wronowski owns the ferryboat and parking lot.

The local paper interviewed a passenger who bravely travels to visit his in-laws twice a week. He said, with patriotic grit, “I am not afraid.”

But *I* am. What if there’s a sleeper cell in Southold? All they have to do is review the Homeland Security Web site for the town’s Vulnerability Point and they’ll know, “Hit the waterslide, Ahmed! The casino ferry’s being watched!”

And there’s more here that scares me. There’s a jug out at the Lickity Splitz Ice Cream Parlor on Route 25 for the Cennar family. It

seems that one of the Cennar kids has been diagnosed with a terrible disease. Undoubtedly, the doctor bills are killing the family, could bankrupt them—and the community jug is out, as it was for Kimberly Haeg. The 7-Eleven and Bob's Hardware have this up on thumb-tacks near the cash registers:

Hometown Fundraiser to benefit Kimberly Haeg. This 18 year old Southold High School Student was tragically injured in an auto accident. Her medical bills are staggering and she is need of financial assistance from our great community.

There's always a jug out for someone who's ill or severely crippled and whose bank account is getting wiped away.

I spoke with Kimberly's mom, Lorraine. Her family's two health insurance plans were supposed to cover the care of her daughter, who is now a quadriplegic. She can breathe only with help of a machine. According to Lorraine, her first insurer cut off full care after forty days; the second one, New York Empire Blue Cross, said Kimberly no longer needed full-time nursing help. Despite her insurer's laudable faith in miracle cures, Kimberly's need to breathe remained after the forty days.

And I thought: *This is a national security threat.* With the lumberyard shut and the nearby plastics plants gone to China, Al-Qaeda could quite easily gain a couple of recruits in our town: All bin Laden has to do is offer them decent health insurance.

The Khan Job and the “Back-Off” Directive

On November 9, 2001, BBC Television Centre in London received a call from a phone booth just outside Washington. The call to our *Newsnight* team was part of a complex prearranged dance coordinated with the National Security News Service, a conduit for unhappy spooks at the CIA and FBI to unburden themselves of disturbing information and documents. The top-level U.S. intelligence agent on

Hometown Fundraiser

To benefit

Kimberly Haeg

This 18 year old Southold High School Student was tragically injured in an auto accident. Her medical bills are staggering and she is need of financial assistance from our great community.



This is how you can help!
Show you care and attend the fundraiser!!!

Fri. Nov. 26,2004

6-10 P.M.

Horsd'oeuvres & Music

Adults \$40.00 / Students \$20.00

Soundview Restaurant

Route 48, Greenport, NY 11944

Info/tickets (631) [REDACTED]

Tickets available at Southold Pharmacy and Southold Curves

(Source: Haeg family)

the line had much to be unhappy and disturbed about: a “back-off” directive.

This call to BBC came two months after the attack on the Pentagon and World Trade Towers. His fellow agents, he said, were now released to hunt bad guys. That was good news. The bad news was that, *before* September 11, in those weeks just after George W. Bush took office, CIA and Defense Intelligence Agency (DIA) personnel were told to “back off” certain targets of investigations begun by Bill Clinton. He said,

There were particular investigations that were effectively killed.

Which particular investigations? The agent was willing to risk his job to get this story out, but we had to press repeatedly for specifics on the directive to “back off.” The order, he said reluctantly, spiked at least one fateful operation. As he talked, I wrote in my notebook, “Killed off Conn. Labs investigation.” Connecticut Laboratories? I was clueless until my producer Meirion Jones, a weapons expert, gave me that “you idiot” look and said, “Khan Labs! Pakistan. The bomb.”

Dr. A. Q. Khan is known as the “Father” of Pakistan’s atomic bomb. He’s not, however, the ideal parent. To raise the cash for Pakistan’s program (and to pocket a tidy sum for himself), Khan sold off copies of his baby, his bomb, to Libya and North Korea—blueprints, material and all the fixings to blow this planet to Kingdom Come.

From another source inside the lab itself, we learned that Dr. Khan was persuading Pakistan to test his bomb—on India.

Why would Team Bush pull back our agents from nabbing Libya’s bomb connection? The answer in two words: Saudi Arabia. The agent on the line said, “There were always constraints on investigating the Saudis.”

Khan is Pakistani, not Saudi, but, nevertheless, the investigation led back to Saudi Arabia. There was no way that the Dr. Strangelove of Pakistan could have found the billions to cook up his nukes within the budget of his poor nation. We eventually discovered that agents

knew the Saudis, who had secretly funded Saddam's nuclear weapons ambitions in the eighties, apparently moved their bomb-for-Islam money from Iraq to Dr. Khan's lab in Pakistan after Saddam invaded Kuwait in 1990.

But, said the insider, our agents had to let a hot trail grow cold because he and others, "were told to back off the Saudis." If you can't follow the money, you can't investigate. The weapons hunt was spiked.

BBC got the call about Dr. Khan's bomb in November 2001 and reported it that night on the tube and in the London *Guardian*. Over two years later, on February 11, 2004, President Bush, at an emergency press briefing, expressed his shock—*shock!*—at having learned that Dr. A. Q. Khan of Pakistan was running a flea market in fissionable material. This indicated a major Bush policy shift since my last book and report. In 2001, regarding the Khan bomb, the administration dismissed our story as imaginary. With his 2004 press conference, the President shifted from obfuscation to prevarication, denial to mendacity.

Our report on Dr. Khan's nuclear bazaar was confirmed in 2004, not by U.S. intelligence, but by one of Khan's customers, Muammar Gaddafi, the mischievous tyrant of Libya. It was Gaddafi's last little bit of fun with Mr. Bush and Britain's Prime Minister, Tony Blair. The U.S. and Britain had agreed to end their trade embargo on Libya in return for Gaddafi's shutting down his bomb program and, not incidentally, Gaddafi's giving an exclusive oil drilling agreement to British Petroleum.

So with Libya giving up Dr. Khan's bomb, it appears we have a happy ending for the safety of the planet. Unfortunately, while Homeland Security, our Armed Forces and Mayor Josh were staking out the Indian casino ferry landing in Southold, New York, Khan had given the secret of the bomb, hardware included, to Kim Jong Il of North Korea, a despot in a leisure suit a little less stable than Charles Manson.

The U.S. government missed discovering Dr. Khan's radioactive fire sale because our agents were hard at work ignoring the Saudi money trail. If the agencies had not been told to "back off" the Saudis and Dr. Khan, would the U.S. have uncovered the nuclear shipments

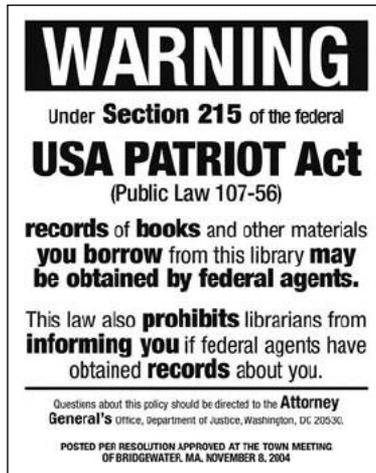
in time to stop them? We can't possibly know, but, to paraphrase Yogi Berra, it's amazing what you don't see when you're told not to look.

“Hijacking for Idiots”?

But fear not. While Team Bush were averting their gaze from Dr. Khan, the new Department of Homeland Security and the FBI were busy staking out Marian the Librarian.

Libraries have always given up records when crimes are committed and subpoenas served. Killers can't hide in the stacks. But, after 9/11, the feds began trolling library borrowing records *without* subpoenas. Just browsing. When legal nitpickers questioned the constitutionality of this KGB-style snooping, Congress rushed in to extend the Patriot Act to permit the FBI to hunt library records without showing any reason or cause.

Congress took this bold step in July 2005, two days after the bombings in London. Exactly which suicide bomber or sleeper cell has been exposed by this powerful new intelligence weapon we have not been told. Did Osama fail to return his copy of *Harry Potter*? Or



(Source: Citizens for an Informed Community, Bridgewater, MA. William D. Haff, designer.)

Hijacking for Idiots? Or, Blown Away: The Very Short Autobiography of a Suicide Bomber?

What we have here is the Great Con: to get us to pull each other's hair over the sanctity of library card privacy. While Mr. Khan is out peddling nukes, we are dragged into a nitwit debate over "the balance between security and civil liberties"—with the defenders of America against terrorists sneering at the sissies from the ACLU.

Civil libertarians are all shook up that the FBI is going through our summer reading list. My concern is deeper. What I want to know is, who at the FBI is pouring over my choice of novels? How much do we pay this guy, and why isn't he reviewing Swiss, Pakistani and Saudi bank transfer records instead?

You Speakie Terrorist?

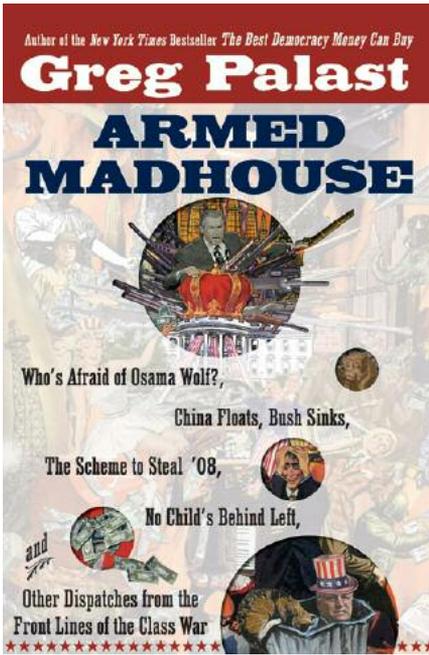
Now that we've got the Mattituck Library staked out and can read over the shoulders of suspicious characters, our terror-huntin' boys soon realized that the literature and Web sites of the dangerously disaffected are not all in the King's English.

It so happened that one of our researchers' friends, Selda Arman, a Muslim with patriotic notions and a fluency in Turkish, offered her translation services to our government. In response, Selda received a call from our nation's protectors, which we've transcribed directly from her answering machine:

Hi. This message is for Selda. My name is Joe McCollum and I'm with the Department of Defense, calling you regarding a language analyst position available. I see that you speak Terrorist . . . uh, uh . . . Turkish! . . .

Selda's response was, "Fucking assholes!" a Turkish phrase difficult to translate. Selda did *not* apply for the job.

She asked us not to use her real name, but I've included McCollum's true name as a public service—in case you are seeking work and speak fluent Terrorist.



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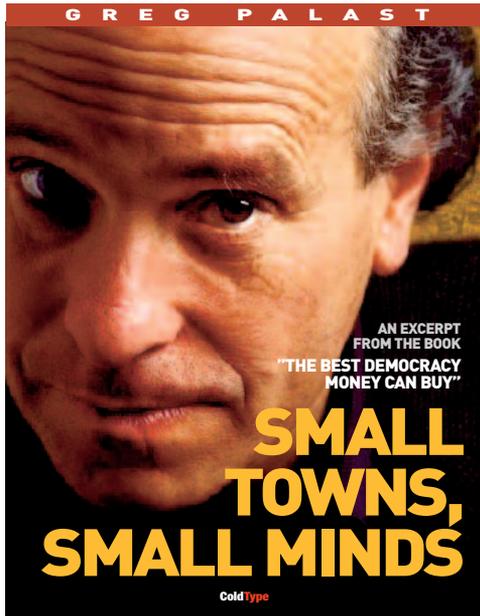
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