



Intelligence Security Diary

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Table with 3 columns: August, Entry, Page. Lists dates from 1 to 29 with corresponding entries like 'Al-Manar Television' and 'Hezbollah's Victory'.

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1 Aug Al-Manar Television

On July 16th Israeli jets attacked Al-Manar Television, the satellite news channel run by Hezbollah. The jets destroyed the station's five-story headquarters in a southern suburb of Beirut. After only two-minutes of downtime, however, the station was broadcasting again. Al-Manar (the Beacon) is a crucial arm of Hezbollah rallying support and highlighting Israeli actions as atrocities and war crimes.

Israel and the U.S. have been trying to shut down Al-Manar's operations by interfering with its satellites and its advertising base. Coca-Cola and Proctor & Gamble stopped advertising on Al-Manar several years ago. In March 2006, the U.S. Treasury designated Al-Manar as a terrorist entity - making it illegal for U.S. firms to do business with them.

U.S. officials have accused Al-Manar employees of providing Hezbollah intelligence on potential targets. Al-Manar has broadcasted into Israel in Hebrew showing images of Israeli war dead and the pictures of the recently kidnapped Israeli soldiers. The station is accused of glorifying suicide bombers and inciting viewers to fight against Israel and American troops in the Middle East.

Al-Manar reaches viewers in Europe and the U.S. via Arab satellite channels and broadcasting live over the Internet. A team of about a dozen engineers keeps Al-Manar on the air. They have prepared alternative sites for broadcasting. There are reports that the station now employs mobile transmitters operating from cars and trucks and its staff is spread out in different locations.

[Al-Manar was created in 1990 by a group of media personalities, Islamic thinkers and businessmen. Shareholders included Christians who saw it as a good business opportunity. The station has a \$15 million annual operating budget. The Diary profiled Al-Manar in an April 4th entry. Its ability to stay on the air underscores the growing realization that Hezbollah will be difficult to debilitate.]

2 Aug Israel Ground Campaign

As the Mid-East conflict enters August Israeli military strategists are evaluating the cost and benefits of a major ground offensive. Israel has conventional military superiority, however, Hezbollah is a well-organized guerrilla force. Reports indicate the group has an army of trained fighters that numbers well over 10,000 - armed with rocket-propelled grenades, anti-tank and anti-personnel mines and a large supply of machine guns and ammunition. The risk is one of a drawn-out debilitating campaign.

The dichotomy of opinion ranges from the view only a major ground offensive will defeat Hezbollah to fear that such a campaign will incur excessive casualties and the massive call-up of reservists will place a strain on the economy. Israel's military has to clear an area of approximately 1,000 square miles but it is terrain filled with mountains, rivers and deep canyons. Some strategists also fear a protracted war would likely topple Lebanon's government and create a power vacuum with Hezbollah simply "moving northward" and acquiring outright control of the country - political checkmate!

[It is here that the use of tactical 'battlefield' nuclear weapons becomes a consideration. Israel has warned civilians in southern Lebanon to move away from the region. If Hezbollah has chemical and biological weapons - a high probability given their use in the Iraq-Iran war two decades ago - a tactical nuclear campaign would almost assuredly destroy the nucleus of Hezbollah, and send a strong and final message to Israel's enemies to cease and desist. If it were accompanied by the United States 'taking-out' Iran's nuclear-weapons facilities and infrastructure, terrorism would be dealt a very serious blow.

This is an outcome Hezbollah and Iran probably place at a low to nil probability outcome - the Editors of the Diary think otherwise. The Israeli decision makers have only to ask themselves - "If the situation was reversed and Hezbollah had the nuclear wherewithal to act - would they finish Adolf Eichmann's work and destroy us?"]

...The Diary's editors would like to note that they always find it uncomfortable to think in such a politically 'incorrect' manner - and that we are guilty of thinking in this manner most of the time!

3 Aug Chavez–Putin

Venezuelan President Hugo Chavez visited Russia seeking a "geopolitical counterbalance to the United States and to rally support for his bid to secure a nonpermanent seat on the United Nations Security Council. Russia has agreed to provide Venezuela with advanced fighter aircraft and assault rifles. The deal includes the sale of 30 helicopters and 30 Sukhoi Su-30 fighter aircraft and a license to make Kalashnikov rifles and ammunition in Venezuela.

Russia's closer relations with Venezuela reflect the new assertiveness in Kremlin foreign policy - driven in large part by Russia's oil-fueled economic recovery. It is forging its own line in the Middle East and restoring Soviet-era relations with regimes 'adversarial' to the United States. The Kremlin "dismissed" objections from the United States that the new fighter jets will destabilize the South American region.

[State television showed Mr. Chavez touring Russian munitions factories. Sources indicate that Moscow is "not necessarily" after a military or strategic alliance. Chavez received a very warm welcome - in part the reaction for pro-West Georgian President Mikheil Saakashvili's invitation to the White House just prior to the G-8 meetings. Chavez, a strident leftist populist was invited to Moscow 'in response'.]

4 Aug Ukraine

Ukrainian President Viktor Yushchenko nominated Victor Yanukovich, his Moscow backed rival, as Prime Minister. Yanukovich's appointment is expected to diminish the likelihood of the Ukraine's quick integration with the European Union and the West. The announcement came after Yanukovich agreed to sign a memorandum on national unity that preserved some tenets of the previous western oriented agenda. Yushchenko was the victor of the Ukraine's 2004 Orange Revolution, however, his influence has waned as a result of the strong pro-Moscow sympathies in the eastern Ukraine. Yushchenko also lost credibility in January, when he signed a natural-gas deal with Russia, using a go-between company that was later learned to be under investigation by the U.S. Justice Department.

[There will be no disruption of gas supplies this year – GAME SET MATCH – Putin!]

7 Aug Yuan Valuation

The Bush Administration is prepared to offer China greater influence in the International Monetary Fund ("IMF") in return for a higher Yuan. On July 21st, 2005, Beijing indicated it would increase the Yuan's exchange value against the dollar by 2.1% and allow it to fluctuate with market forces. Since then the Yuan has increased only about 1.5%. China's rising trade surpluses continue to confirm the under valuation of the Yuan.

China is accused of 'cheating' in international trade because the undervalued Yuan makes Chinese goods cheaper in the market place. The White House is attempting to use the IMF as bait to force China to allow the Yuan to rise. Western countries created the IMF after World War II - and director representation reflects past economic influence. Asia accounted for about 22% of global economic output in 2003 - approximately a third higher than its share of the IMF votes. It would take about one year to negotiate a new formula for dividing control of the IMF board.

[A change in IMF quotas would likely require congressional approval. The Bush Administration is using this as its ploy to persuade China to move on the Yuan.]

9 Aug Lloyd's of London

Lloyd's of London announced that it had removed the economically vital Strait of Malacca from its blacklist of war-risk areas. The Joint War Committee of the global-shipping insurer Lloyd's Market

Association issued a war-risk rating on the Strait of Malacca in June 2005. Shipping carrying half the world's oil and more than a third of its commerce annually travels the 560-mile channel, sandwiched between the Malay Peninsula and the Indonesian Island of Sumatra. Malaysia, Indonesia and Singapore have worked hard to curb piracy and maritime terrorism in the waterway.

[The premium rates quoted on insurance contracts are based on this assessment - this is precise 'end-product' of rigorous 'Intel-type' research - intelligence desks take note! "Joint War Committee" - whoa! - awesome title!!!]

11 Aug Kim Jong II – Movie Review

North Korea's KCNA news agency reports that the biggest movie sensation of the season is the film called Diary of a Student Girl. "It is screened before full houses in Pyongyang every day evoking lively response from people of all walks of life." The movie is about a student girl working with her younger sister in pursuit of scientific endeavors and was hailed as a masterpiece even before its release. Kim Jong II's official biography indicates he is an accomplished film director.

[A meeting of the Diary's Editorial Board was convened, and after long and rigorous discussion, it was decided that this information would not be added to the FOLIO-NORTH KOREA. This reflects the strenuous 'criteria-standard' that must be met for inclusion in the Diary's database and does not in any manner - reflect critically - upon what is assuredly another of 'Director' Jong's outstanding achievements!]

14 Aug Israel - High Tech

High-tech is a significant part of the Israeli economy. It accounted for approximately 15% of Israel's gross domestic product in 2004 and nearly 30% of its exports. Israeli firms have an outstanding reputation in fields including Internet-security software, telecommunications components and avionics - over one-half of the approximate 100 Israeli companies listed on the NASDAQ are technology based.

Hezbollah targeted Haifa, Israel's third-largest city where multinationals such as Intel, Philips and Microsoft have research laboratories. Disruption has been minimal. Employees were deployed to safer cities in Israel while production and inventory was shifted overseas. Summer camps have been established in other areas so that employees' children do not have to "live in bunkers".

[Last month, Hewlett-Packard agreed to buy Mercury Interactive, a software and information-technology company for \$4.5 billion, and, Sandisk Corp. of Sunnyvale, California, is buying Israel's M-Systems for \$1.6 billion.]

16 Aug Intelligence Officers - Syria

The U.S. Treasury Department placed sanctions on two senior Syrian intelligence officials who they claim played a central role in arming and funding Hezbollah in Lebanon. The Treasury Department stated that Major General Hisham Ikhtiyar and Brigadier General Jama'a Jama'a played key roles in Syria's drive to dominate Lebanon's political and economic affairs - including destabilizing Beirut's elected government. The report indicated that General Ikhtiyar, the former head of Syria's General Intelligence Directorate, headed Damascus's program of funding militant groups fighting Israel, including Hezbollah and Palestinian Islamic Jihad. General Jama'a coordinated Syria's security and intelligence activities inside Lebanon.

[The Treasury's actions freeze any U.S. assets the men may hold and makes it illegal for any American to do business with them. The action can be carried out against any bank holding these men's funds overseas.]

18 Aug *Palestinian Authority - West Bank*

The fighting in Lebanon has overshadowed the continuing chaos in the West Bank and the Gaza Strip. Gaza has been reeling from an Israeli ground and air offensive since militants captured an Israeli soldier in a cross-border raid on June 25th. The fighting has left approximately 200 Palestinians dead and the imprisonment of 65 Hamas officials, including eight government ministers - a third of the cabinet.

An aid freeze initiated when Hamas won January elections has left the Palestinian Authority ("PA") penniless. Approximately 150,000 public-sector workers have been unpaid for the past five months. International donors led by the U.S. - which deems Hamas a terrorist organization - froze aid and demanded that the group recognize Israel. In late June, certain Palestinian political factions reached an agreement to create a 'unity government' that implied recognition of Israel by Hamas. The outbreak of the Israel-Hezbollah hostilities sidetracked this movement.

The European Commission has allocated \$135 million over three months that bypasses the Hamas Government. It includes social allowances for about 13,000 health workers and will be paid directly into their bank accounts. The PA's basic wage bill per month, however, is estimated at \$100 million. Israel refuses to transfer the roughly \$55 million a month of value-added tax and customs duties it collects on behalf of the PA - which is approximately half the PA's budget.

21 Aug *Yuan Speculation*

The People's Bank of China raised the benchmark one-year bank-lending rate to 6.12% and increased rates paid on one-year deposits to 2.52% - an increase of +0.27% for both. (The U.S. Federal Reserve's target for short-term interest rates is 5.25%.) This is China's second interest rate increase in four months, however, China's central bank may be running out of room to use rates as a tool to choke off excess investment.

China is one of the main engines of world growth and its massive construction projects drive global demand for everything from copper to cement. China's leaders may turn to administrative methods - such as controls on the supply of new land for construction - to slow investment and reduce the likelihood of the economy overheating.

U.S. deposit rates are significantly higher than Chinese - speculators 'take-on' risk for moving out of dollars and into Chinese deposits in expectation of a higher Yuan. If China, however, continues to raise deposit rates - "the bet becomes more attractive". The 'speculative play' is also premised on the idea that Beijing will let the Yuan appreciate to minimize adverse legislative 'fall-out' in Washington.

22 Aug *Chavez Does China*

Venezuelan President Hugo Chavez arrived in China for a six-day tour to solicit support for a nonpermanent seat on the United Nations Security Council. The U.S. believes Chavez will use the Security Council seat - usually held by a Latin-American country - as a platform for anti-American initiatives. The U.S. is lobbying for Guatemala.

Chavez is directing Venezuela away from the U.S towards countries like China, Russia and Iran. At the moment the U.S. remains the top buyer of oil from Venezuela - which is the world's fifth-largest exporter. The trip comes, however, against increasing concern in the U.S. over China's growing role in Latin America - and its aggressive pursuit of oil, and mineral resources.

[Analysts note however, that Chinese refiners are limited in terms of how much of the 'thick' Venezuelan crude oil they can process. Any significant increase in crude from Venezuela would require extensive upgrades to the refining-facilities.]

23 Aug *Marine Corps Recall*

The Marine Corps has been authorized to recall thousands of Marines to active duty in Iraq and Afghanistan. It is the first time the Marines have used the involuntary recall since the early days of the Iraq war. There is an estimated shortfall of 1,200 Marines to fill positions in future unit deployments.

The recall affects Marines in the Individual Ready Reserve, a segment of the reserves composed of those who have left active duty but still have time remaining on their eight-year military obligation. The pool of available Marines is approximately 35,000. The deployments have an average 'in-theatre' expectancy of 12-18 months.

29 Aug *Hezbollah's Victory*

As August ends there is some interesting commentary surfacing in the Arab media critical of Hezbollah and its victory in Lebanon. A recent issue of the *Wall Street Journal* carried an article by Amir Taheri entitled, "Hezbollah Didn't Win". The salient points in the 'opinion' were:

- Hezbollah had to vociferously declare victory to pretend that the death and desolation it had provoked was worth the engagement. "They made Lebanon pay too high a price - for which they must be held accountable."
- The leaders of the March 14 Movement (a majority in the Lebanese parliament) have demanded an investigation into the circumstances that led to war - an indirect accusation Hezbollah started the conflict.
- The Lebanese Prime Minister has stated he does not want Hezbollah to continue as a "state within a state".
- Hezbollah is engaging in a "Green Flood" wherein they are distributing U.S.\$12,000 to anyone who can prove their home was damaged in the war. The money is going predominantly to Shiites in Beirut and the south and is coming from Iran via Syria. It is being seen as a bribe to silence criticism of Nasrallah.
- Sayyed Ali al-Amin, the grand old man of Lebanese Shiism, has criticized Hezbollah for provoking the war and called for its disarmament. "The Shiite community never gave anyone the right to wage war in its name."
- There are reports of dissatisfaction within Hezbollah's political wing over Nasrallah's reliance on the movement's military and security apparatus. Nasrallah made all the major decisions after clearing them only with his Iranian and Syrian overlords. He did not consult the two Hezbollah ministers in Lebanese Prime Minister Siniora's cabinet or the 12 Hezbollah members in parliament.
- Nasrallah has been criticized for rejecting Siniora's "Project for Peace" and advancing the Iranian sponsored "Project of Defiance". Siniora aims to build Lebanon into a haven of peace in the region, whereas, Nasrallah wants to turn Lebanon into the frontline of Iranian defenses.
- The writer provides a long list of Lebanese Shiite families that have failed to endorse Hezbollah. The writer claims that Hezbollah is essentially a sectarian group backed by a militia that is trained, armed and controlled by Iran. "Hezbollah is Iran in Lebanon."
- The writer further contends there is a long list of prominent Arab writers, both Shiite and Sunni who have portrayed Hezbollah as a "Khomeinist Trojan Horse" - with far less support amongst the Shiite community than the media is assigning to it.
- It is estimated that Hezbollah lost more than 500 of its fighters and most of its medium-range missiles. Hezbollah won the propaganda war because of anti-American sentiment in the press but the reality may be very much different.

[The article is well-written, comprehensive, and contains a lot of specific information. The lists of family names that have not endorsed Hezbollah are very interesting and suggest the writer is very knowledgeable of his subject. The writer's point of view and arguments are one of the first signs that the media may have been too biased in their early reports on the war. An open-source intelligence analyst would read this article carefully and search for other reports along a similar theme. Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).]

OPEN SOURCE INTELLIGENCE

FOLIO – MIDDLE EAST

Hassan Nasrallah

Hassan Nasrallah is the 46-year-old Secretary General of Hezb Allah ("Hezbollah"). Hezbollah holds 14 of the 125 seats in Lebanon's Parliament and has two seats in the Cabinet. Lebanon's "confessional" political system is based on a 1932 census, which gives the Christians half the seats in Parliament while Shiites are allocated slightly less than 25%. Hezbollah's strategy has been to consolidate its position among Shiites and recruit Christians into a common alliance against the Sunnis. (The birth rate of the Shiites is approximately 2:1 versus Sunnis and 5:1 versus Christians).

As the Middle East crisis deteriorates, however, the opportunity has presented itself for Hezbollah to consolidate southern Lebanon and assert military control in the Bekaa Valley and around Beirut. This assumes that Israel only engages in an integrated incursion into Southern Lebanon and does not initiate a full-scale invasion and occupation. The Israeli Prime Minister is described as "untested" and the Defense Minister is viewed as a "political dove". The strategy for Hezbollah is quite simple - survive and extend its centers of influence throughout Lebanon.

[The scenario that "anything except total defeat is victory" is viewed as a stepping stone strategy that would see all of Lebanon become an armed terrorist camp for further attacks on Israel - supplied and supported by Syria and Iran. (Syria openly harbors Hamas leader Khaled Mashaal.) The missile attacks on Israel have portrayed Nasrallah as the boldest and most effective anti-Zionist force (and anti-American by implication) in the Arab world. Any negotiated settlement at this point would be viewed as a victory. The Israelis (and again Americans by implication), however, know that a negotiated settlement is even far worse than the 'status quo' - their agenda is the destruction of the terrorist movements in Gaza and Lebanon - the total immunization of Israel from further attacks - and ultimately the absolute destruction of Iran's nuclear infrastructure and elimination of its terrorist-supportive regime. Perhaps this last sentence should be restated into politically correct text - "Iran's banking license must be cancelled".]

Imad Mugniyah

Hezbollah's relatively tiny army - estimated at only several thousand - has become one of the most effective military forces in the Middle East. Its fighters operate from an extensive network of reinforced underground bunkers and tunnels. The architect of this military infrastructure is Imad Mugniyah. Mr. Mugniyah studied engineering at the American University of Beirut and worked with members of Iran's Revolutionary Guards designing the tunnels and fortified underground operations rooms. The full extent of Hezbollah's underground construction is unknown.

It is also reported he runs Hezbollah's terrorist arm, the Islamic Jihad Organization. Sources indicate that Mugniyah, a longtime Hezbollah operative, lived in Iran at one point in the 1980s. The 44 year-old ranks near the top of the U.S. list of most wanted terrorists and carries a \$5 million bounty on his head. Israel has targeted him for assassination. Mugniyah has avoided capture thanks to a legendary penchant for security - including plastic surgery to change his appearance. He has systematically erased all his personal records, including school-registration and other such documents.

[The network of tunnels and bunkers - the hidden military infrastructure - indicates how tough it will be to permanently disarm Hezbollah and promote long-term stability in Lebanon.]

Hezbollah Missile Ordnance – Tactical/Strategic Implications

Tactical

The Hezbollah militia is using artillery Katyusha rockets like bullets. The vast majority have short to medium ranges, traveling about 10 to 20 miles. Israel can eliminate this threat only with a ground offensive and a house-to-house search. Hezbollah's missiles are tucked deep inside Shiite villages and towns that are aligned with the militant group. In many of these towns, Hezbollah controls the local government and provides a broad range of social services, including education and medical services. Finding and destroying the missiles and rockets will be an immense task that would take months to complete and incur immense casualties. Israeli Intelligence also reports that Hezbollah has sophisticated wire-guided antitank missiles (TOWs) - which necessitates a less aggressive deployment of tanks.

Most of the short-range missiles held in these towns are stored in crates that can be easily moved from place to place. Hezbollah moves the weapons to launch sites in cars, station wagons and vans. After setting up launch pads, often camouflaged by trees and underbrush, they attach makeshift timers, such as digital watches, and drive away before the missiles are fired. If Israel retaliates directly to the "coordinates of the launch" - the militants have gone - and if the launch was from a high-density civilian point - the media is "brought in" to report on the atrocities.

Israel must also deal with that section of the Syria-Lebanon, including the Bekaa Valley, which has long been one of Hezbollah's main supply routes to bring missiles into Lebanon. Large stretches of this border are unguarded, open to smugglers, and under the control of Hezbollah and Iran's Revolutionary Guards.

Hezbollah militants, however, fired a sophisticated missile at an Israeli warship (a command and control vessel) stationed about 15 miles off the Lebanon coast. The missile was a direct hit and the Israeli warship was only saved from sinking by being towed into port by another vessel. The use of this relatively sophisticated missile, early in the campaign - but on such an important target - has caused the Israeli military to re-examine its strategy in regard to Hezbollah missile ordnance.

Strategic

Israeli Intelligence indicates that Iran may have provided Hezbollah with long-range missiles in recent months. Some of the missiles can reach well over 100 miles - putting Israel's largest population centers at risk. One missile in particular - the Iranian made Zelzal - can travel up to 120 miles. The Israeli military have warned residents as far south as Tel Aviv to be on the alert for Hezbollah strikes. Israel has deployed a battery of Patriot anti-missile rockets in the north but the 'Patriot' doesn't work against short-range rockets.

Israel has regarded Iran's long-range guided missiles as the primary threat and in the 1990s developed the Arrow ballistic missile-defense system. The relatively poor accuracy of the cheap Katyushas was an argument against investing in an expensive anti-Katyusha defense system. This cost-benefit analysis was why Israel shelved plans to deploy Northrop Grumman's THEL System, whose lasers destroy Katyushas with great accuracy.

Every conflict witnesses the emergence of some new technological advancement. In the past the world worried only about huge, soviet-style missiles. Smaller, free-flying rockets are now evolving into relatively sophisticated and accurate missiles. The relatively inexpensive availability of onboard satellite navigation systems, cheap commercial grade high-speed computing power and low cost control systems has meant electronic missile weaponry "for the masses".

Very short-range missiles are outside the domain of existing export-control regimes. China is a primary source of missiles and technology. (Last month's July issue of the Diary carried FOLIO - NORTH KOREA, which described that country's involvement in missile exports to Iran - thence Hezbollah).

This category of missile ordnance is called Very Short-Range Ballistic Missiles and is extremely lethal:

- In 2005 North Korea successfully test-fired a FROG-7 (Free Rocket Over Ground) – it has a three-minute flight time and could hit Seoul.
- This kind of rocket can be used in the Straits of Taiwan, border cities between India and Pakistan, and most certainly in southern Lebanon.
- These missiles can carry chemical or biological agents – the ultimate weapon to terrorize defenseless civilian populations. It generally requires state power to manage and deploy such weapons – but it is precisely this kind of power that resides with the Iran regime.

The current Mid-East crisis has vaulted forward the use of "Commoditized Missile Weaponry". Hezbollah's Katyusha barrage, following so quickly after North Korea's aggressive Taepodong test-firing has elevated (shifted the probabilities towards) the consideration of tactical nuclear weapons to eliminate the threat. The concept was made explicit last January 19th when French President Jacques Chirac threatened a nuclear strike to deter terrorist attacks on France. **"Against a regional power, our choice is not between inaction and destruction."** The Diary's Editors have always admired the French language - it has exquisite 'politically correct' phraseology for any situation - even in translation.

[During the cold-war years the strategy for protecting populations was designated Mutual Assured Destruction. The leaders of the former Soviet Union fully understood the implications of super-power nuclear war. Most of these leaders, such as Nikita Khrushchev, had ruthlessly participated in World War II, a conflict that consumed over 50 million Russian lives - they understood the risk and the consequences. This is not the case today! What is the use of negotiating with Mahmoud Ahmadinejad or Kim Jong II?]

Chronology of Terror

- **November 1979** – Iranian students attack and seize the American Embassy in Tehran. This seizure is an outright attack against a sovereign U.S. embassy – American soil. Reports indicate that Mahmoud Ahmadinejad was a member of this 'student group'.
- After the Tehran seizure Americans are kidnapped and killed throughout the Middle East. The CIA's 'chief-of-station' was kidnapped in Beirut and tortured to death – sources indicate videos of the brutal murder were sent to his family and colleagues at the CIA.
- **April 1983** - A large vehicle packed with high explosives is driven into the U.S. Embassy compound in Beirut killing 63 people.
- **Fall 1983** – A large truck loaded with 2500 pounds of TNT smashes into the U.S. Marine Corp barracks in Beirut killing 241 servicemen.
- **December 1983** – Another truck carrying explosives is driven into the U.S. Embassy in Kuwait.
- **September 1984** – A van is driven into the gate of the U.S. Embassy in Beirut.
- **April 1985** – A bomb explodes in a restaurant frequented by U.S. soldiers in Madrid.
- **August 1985** – A Volkswagen loaded with explosives is driven into the U.S. Air Force Base at Rhein-Main killing 22 people.
- **Fall 1985** – A cruise ship, the Achille Lauro, is hijacked and an elderly American is singled out from amongst the passengers and thrown overboard in his wheel chair.
- **April 1986** – TWA Flight 840 is bombed.
- **1988** – Pan Am Flight 103 is destroyed over Lockerbie, Scotland, killing 259.
- **January 1993** – Two CIA agents are shot and killed as they enter CIA headquarters in Langley, Virginia.
- **February 1993** – Terrorists drive a van loaded with explosives into the underground parking garage of the World Trade Center in New York City. Six people die and over 1,000 are injured,

- **November 1995** – A car explodes at a U.S. military complex in Riyadh, Saudi Arabia killing seven men and women.
- **June 1996** – A truck bomb explodes at a U.S. military compound in Dhahran, Saudi Arabia, destroying the Khobar Towers, killing 19 and injuring over 500.
- Terrorists then attack two U.S. embassies in Kenya and Tanzania killing 224.
- **October 2000** – The USS Cole is attacked while refueling in the port of Aden killing 17 sailors. Attacking a U.S. War Ship is an act of war – the FBI is sent to investigate.
- **September 2001** – The World Trade Center in New York is destroyed.
- **Since September 2001** – Numerous attacks on defenseless civilians – Bali, Madrid, London, Russia (school children), etc.

[These terrorist attacks were designed as 'isolated' events involving only a relatively small number of ('state-less') perpetrators - where the terrorists skillfully exploited America's inability to respond in any direct and 'integrated' manner'. The current crisis in the Middle East, however, has the terrorist group Hezbollah aggressively in 'full-confrontation deployment' in southern Lebanon. There is now a clearly defined battlefield where large-scale tactical counter-attacks can be carried-out. The terrorist leadership is uncomfortable with this situation (vulnerability)- they will seek a negotiated settlement and vociferously proclaim victory. Israeli can resolve this situation tactically - the question is weather the 'inherent' strategic opportunity will be exploited to its fullest. In 1942-1943, during World War II, the Nazi-fascists had "rolled-up" a succession of victories as 'impressive' as the aforementioned "Chronology Of Terror". Then something happened - 'Ortona', 'Stalingrad' and 'el-Alamein' took place!]

Mid-Month Assessment

At the time of writing (August 18th) the cease-fire is holding but still considered tenuous. Media commentary, however, is beginning to look at the implications of the cease-fire in unfavorable terms to the U.S. Clearly the recent fighting diverted attention from Iran's nuclear program and the 'build-up' to the August 31st United Nations deadline for Tehran to suspend uranium-enrichment work.

Hezbollah is viewed (particularly in the Arab media) as having courageously withstood a month long onslaught - while inflicting considerable casualties and launching a continuous rocket barrage on Israel. The media have designated the hostilities the "33 Day War" and in the words of Iranian President Mahmoud Ahmadinejad, "Hezbollah has hoisted the banner of victory over Lebanon".

The U.S. Administration's strong support of Israel has angered some of Washington's important Arab and European partners who question the widespread destruction of Lebanon's infrastructure. In Israel, Prime Minister Ehud Olmert is being criticized on a long list of "failures". Hezbollah's massive missile barrage on Israel has also unnerved key Arab allies in the region - concerned over the growing influence of Iran. Iran's Shiite leaders support militias in Iraq and the Palestinian territories - apprehensively watched by the governments in majority Sunni countries like Egypt and Saudi Arabia.

The destruction in Lebanon has created distrust in many quarters concerning the United Nations and Western intentions in the Middle East. Iran will capitalize on this sentiment and exploit it to the fullest to thwart any resolution against its nuclear program - portraying it as an action against the Islamic world. In the words of one commentator, "Hezbollah did what no Arab government ever has - they fought Israel and didn't lose!" Hezbollah has emerged from the hostilities as a battered victor, leaving Iran with a potent tool to respond to any attacks on its nuclear programs.

*[In the words of President Bush. "We can only imagine how much more dangerous this conflict would be if Iran had the nuclear weapon it seeks." **Mr. President - your point is well taken!**]*

Shifts In Tactical / Strategic Mix

The following themes are evolving as 'common denominator' in various media commentary (August 22nd):

- Hezbollah achieved 'victory' by 'holding-off' the attacks of the Israeli Army, obtaining international recognition, and emerging as the most viable political and military force in Lebanon.
- Hassan Nasrallah is the 'man of influence' in the Middle East and the dominant political figure in Lebanese politics.
- The supply of medium and long-range rockets from Iran and Syria has continued without interruption and will intensify over any prolonged cease-fire. Hezbollah's ordnance will become increasingly lethal now that its credibility as a fighting force has been established. Its suppliers will replenish and upgrade the 'inventory' to attack Israel again.
- Hezbollah will actively engage in the rebuilding of the damaged infrastructure. The combination of the perceived military victory and the act of caring for the Lebanese citizenry will further enhance its credibility and stature.
- Iran has successfully distracted efforts to curtail its nuclear program. Iranian President Mahmoud Admadinejad will become increasingly confrontational against Washington.
- Syria will use Hezbollah as a proxy to attempt to once again extend its influence over Lebanon. Most analysts, however, believe that Hezbollah takes its 'orders' exclusively from Tehran. Syria serves as a 'warehouse' and sanctuary only! Iran is uncomfortable with the many 'back channels' the United States has into Damascus. Syria will be essentially 'parasitical'; it will be active in northern Lebanon - but always subservient to the dictates of the Iranians.
- Most intelligence analysts do not see this as a 'loss' for the Israeli Defense Force - but rather a military offensive (actually a controlled counter-offensive) whose agenda was dictated by political rather than pure military considerations. To quote one commentator, "The Israelis said the war would not end without the release of the Israeli soldiers and the destruction of Hezbollah's capacity to launch missiles into Israel - neither of these objectives have been achieved by the cease-fire." Those who drafted the political agenda must now answer the critics.
- The terrorist leadership will decide to strike at Israel again - it is "just a question of time".
- The United Nations is viewed as an impotent force to establish 'real peace' in the Middle East.
- The emergence of Hezbollah as the dominant political entity in Lebanon will see the creation of a 'full-scale' terrorist state on Israel's border with all the accompanying nefarious and ubiquitous implications. Israel's security will be greatly endangered.

*[Throughout the "33 Day War" there was a conspicuous absence of any mention of Israel's nuclear capability and its potential use as 'deterrence of last resort'. It is very likely that the international media is not aware of the depth or sophistication of Israel's nuclear inventories. The terrorist agenda will be escalated - and with each step in the process - the probability of a weapon of mass destruction counter measure will increase. The Diary's Editors assess the likelihood at 20% - however, the probability will rise quickly and sharply above 50% in the event of a severe setback for Israeli - US interests. This situation has not been 'war-gamed'! The **LAW OF UNEXPECTED ADVERSE CONSEQUENCES** will prevail - and there is 100% probability associated with this outcome.]*

Summary

...As the dates indicate this folio was entered over the month of August. Events in the Middle East may well supersede certain entries. The Diary must be read in this context. It is becoming apparent that an integrated tactical nuclear strike against southern Lebanon and an assault on Iran's nuclear facilities and/or the elimination of that regime's leadership is increasing in probability. Absent any in-place protection against the missiles, the risks inherent in, and the only 'limited' political returns to be gained from a full-scale invasion - nuclear retaliation is becoming a possible alternative.

Anything less than total defeat is a victory for Hezbollah. Israel cannot accept the 'status quo'. Such actions would also have consequences in other domains - a continued conflict (post-cease fire, etc.) with Hezbollah in southern Lebanon will undermine the tentative alliance between the U.S. and the Shiite community in Iraq.

Strategists must always remember the LAW OF UNEXPECTED ADVERSE CONSEQUENCES!

FOLIO - EDITORS' EMAIL EXCHANGE

U.S. Army - Manual Police Intelligence Operations

A new U.S. Army Field Manual introduces the concept of "police intelligence operations," an emerging hybrid of military intelligence and law enforcement.

"Police intelligence operations are a military police function that supports, enhances, and contributes to a commander's situational understanding and battlefield visualization and FP ["force protection"] programs by portraying the relevant criminal threat and friendly information, which may affect his operational and tactical environment."

The new Manual presents doctrine that is broadly applicable to support military operations abroad as well as domestic military facility protection.

"Police Intelligence Operations," Field Manual 3-19.50, 21 July 2006 (3.8 MB PDF):
<http://www.fas.org/irp/doddir/army/fm3-19-50.pdf>

CONTEMPORARY WARFARE

Middle East Commentaries

Two recent newspaper commentaries pertaining to the latest conflict in Lebanon that are worth reviewing are Edward Luttwak's, "It's so easy to misread war," *The Globe And Mail*, August 24, 2006 (http://www.jewishtoronto.net/content_display.html?ArticleID=192972).

and Ralph Peters', "Lessons So Far," *New York Post Online*, August 13, 2006 (http://www.nypost.com/postopinion/opedcolumnists/lessons_so_far_opedcolumnists_ralph_peters.htm). Both articles make relevant observations concerning the nature of operational and strategic warfighting with entirely different conclusions. Luttwak puts results of the most recent war in historical context by comparing it with the 1973 Yom Kippur War and suggests that the outcome of that clash "left the Arab world gloating - till it realized what it had lost" and that thought can also be applied to the results of the fighting in Lebanon.

In his commentary Ralph Peters has synthesized a number of lessons from the war and suggests:

- Lesson 1 - You can win every tactical engagement and still lose at the strategic level.
- Lesson 2 - The global media can overturn the verdict of the battlefield.
- Lesson 3 - If you start off on the wrong foot in war, you may never recover your balance.
- Lesson 4 - Technology alone can't win 21st-century wars.
- Lesson 5 - Never underestimate your enemy.
- Lesson 6 - In war, take the pain up front, and the overall suffering will be far less.
- Lesson 7 - Terrorism is no longer a limited, diffuse, disorganized threat.

Unlike Luttwak, Peters is much more pessimistic concerning the conclusion of this conflict, proposing that, "The wars of the future will be won by those with the greater strength of will. And boundless determination is one weapon that Islamist extremists unquestionably possess."

US Army Field Manual (FM) 3-24 Counterinsurgency

The *New York Times* article, "Counterinsurgency, by the Book," August 7, 2006 (<http://www.nytimes.com/2006/08/07/opinion/07shultz.html?ex=1312603200&en=077f95a791aea9ab&ei=5089&partner=rssyahoo&emc=rss>), is a review of the US Army's latest counterinsurgency doctrine (the manual - FM 3-24 Counterinsurgency - can be found at <http://www.fas.org/irp/doddir/army/fm3-24fd.pdf>). This less than positive analysis revolves around three key critiques:

1. "Know your enemy." In today's small wars insurgents are members of different, sometimes competing, groups and cannot be view as a generic whole, or treated as such. The FM 3-24 does not provide a means of "profiling" individual insurgent groups in order to identify them.
2. There is too much of a reliance on the winning of "hearts and minds" to the detriment of combat operations, key to which is the provision of reliable and relevant intelligence.
3. This interpretation raises questions concerning the utility of traditional doctrine when fighting an asymmetric opponent in a non-linear, non-contiguous battlespace.

Protracted Warfare

During August there have been a number of indicators signifying that the insurgents in Southern Afghanistan have moved from Phase 1 of the Maoist model of protracted warfare and are solidly entrenched in Phase 2 of that paradigm

"As more of the populace becomes consolidated and the size and influence of the insurgency cells expanded, the cells become better organized, equipped, and trained. Overt terrorist actions become more prevalent. Phase II again denotes a marked divergence from the more conventional or orthodox methods of warfare. Military fronts do not exist. Decentralized actions operate over widespread areas. The paramilitary insurgent forces do not wear uniforms or insignia and are therefore difficult to recognize. Terrorist operations are normally violent, of high public profile, and of short duration. As Chairman Mao once said, 'The enemy's rear is the guerrilla's front.'" (Jolly: p. 8) [For a discussion of protracted warfare see Morris F. Jolly, Lieutenant Colonel, U.S. Army (Retired), "United States Challenged Protracted Warfare" (<http://airdefense.bliss.army.mil/adamag/May%202004/Protracted%20Warfare.pdf>).

According to Mao writing in the 1930s –

"In the war, the Japanese brigands must depend upon lines of communication linking the principal cities as routes for the transport of war materials. The most important considerations for her are that her rear be stable and peaceful and that her lines of communication be intact. It is not to her an advantage to wage war over a vast area with disrupted lines of communication. She cannot disperse her strength and fight in a number of places, and her greatest fears are these eruptions in her rear and disruption of her lines of communication. If she can maintain communications, she will be able at will to concentrate powerful forces speedily at strategic points to engage our organized units in decisive battle. Another important Japanese objective is to profit from the industries, finances, and manpower in captured areas and with them to augment her own insufficient strength. Certainly, it is not to her advantage to forgo these benefits, not to be forced to dissipate her energies in a type of warfare in which the gains will not compensate for the losses. It is for these reasons that guerrilla warfare conducted in each bit of conquered territory over a wide area will be a heavy blow struck at the Japanese bandits. Experience in the five northern provinces as well as in Kiangsu, Chekiang and Anhwei has absolutely established the truth of this assertion." (<http://www.marxists.org/reference/archive/mao/works/1937/guerrilla-warfare/ch04.htm>).

While this is not to say that the writings of Mao Tse-tung are being followed by Afghani insurgents this model provides one with a language to describe those activities that are taking place in Afghanistan. In a similar fashion the BBC article, "Afghanistan: Tactics and techniques," which was published on line in early July, further reinforces these ideas and provides a perspective on the nature of the present conflict. This item is available at http://news.bbc.co.uk/2/hi/south_asia/5147832.stm.

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