

December 10, 2008

After the summary, there is an important note about next week's postings.

Thomas Sowell on the meaning of Mumbai.

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Maybe. But never underestimate partisan blindness in Washington or in the mainstream media where, if the Bush administration did it, then it must be wrong.

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Many people seem to have forgotten how, in the wake of 9/11, every great national event — the World Series, Christmas, New Year's, the Super Bowl — was under the shadow of a fear that this was when the terrorists would strike again.

They didn't strike again here, even though they have struck in Spain, Indonesia, England and India, among other places. Does anyone imagine that this was because they didn't want to hit America again?

Could this have had anything to do with all the security precautions that liberals have been complaining about so bitterly, from the interception of international phone calls to forcing information out of captured terrorists? ...

Christopher Hitchens with his take on the possibility Pakistan was involved in the late Bombay (Mumbai) unpleasantness.

The obvious is sometimes the most difficult thing to discern, and few things are more amusing than the efforts of our journals of record to keep "open" minds about the self-evident, and thus to create mysteries when the real task of reportage is to dispel them. An all-time achiever in this category is Fernanda Santos of the New York Times, who managed to write from Bombay on Nov. 27 that the Chabad Jewish center in that city was "an unlikely target of the terrorist gunmen who unleashed a series of bloody coordinated attacks at locations in and around Mumbai's commercial center." Continuing to keep her brow heavily furrowed with the wrinkles of doubt and uncertainty, Santos went on to say that "[i]t is not known if the Jewish center was strategically chosen, or if it was an accidental hostage scene."

This same puzzled expression is currently being widely worn on the faces of all those who wonder if Pakistan is implicated in the "bloody coordinated" assault on the heart of Bombay. To get an additional if oblique perspective on this riddle that is an enigma wrapped inside a mystery, take a look at Joshua Hammer's excellent essay in the current Atlantic. The question in its title—"[Is Syria] Getting Away With Murder?"—is at least asked only at the beginning of the article and not at the end of it. ...

George Friedman of Stratfor speculates on possible Indian reactions to the Islamist strike.

In an interview published this Sunday in The New York Times, we laid out a potential scenario for the current Indo-Pakistani crisis. We began with an Indian strike on Pakistan, precipitating a withdrawal of Pakistani troops from the Afghan border, resulting in intensified Taliban activity along the border and a deterioration in the U.S. position in Afghanistan, all culminating in an emboldened Iran. The scenario is not unlikely, assuming India chooses to strike.

Our argument that India is likely to strike focused, among other points, on the weakness of the current Indian government and how it is likely to fall under pressure from the opposition and the public if it does not act decisively. An unnamed Turkish diplomat involved in trying to mediate the dispute has argued that saving a government is not a good reason to go to war. That is a good argument, except that in this case, not saving the government is unlikely to prevent a war, either.

If India's Congress party government were to fall, its replacement would be even more likely to strike at Pakistan. The Bharatiya Janata Party (BJP), Congress' Hindu nationalist rival, has long charged that Congress is insufficiently aggressive in combating terrorism. The BJP will argue that the Mumbai attack in part resulted from this failing. Therefore, if the Congress government does not strike, and is subsequently forced out or loses India's upcoming elections, the new government is even more likely to strike. ...

Peter Wehner posts in Contentions calling Mumbai Pakistan's 9/11.

News reports today indicate that Pakistani authorities arrested a slew of people, including the suspected ringleader of last month's savage attacks in Mumbai, in the town of Shawai Nala (a small town in Kashmir).

Pakistani officials arrested more than 20 people in all, including Zaki-ur-Rehman Lakhvi, one of at least five members of the Lashkar-e-Taiba terrorist group named by Indian authorities as having organized the siege on Mumbai last month. Lakhvi, a founder of Lashkar, is accused by New Delhi of masterminding a 2002 attack on a military base and a 2006 bombing of a commuter rail in India, which killed 187 people.

Dozens of Pakistani soldiers descended on a camp run by Jamaat-ud-Dawa, a Muslim organization said by the U.S. to be a front group for Lashkar-e-Taiba. Lashkar, founded in 1990 and shaped by Pakistan's powerful Inter-Services Intelligence (ISI) agency, is an Islamic insurgent group fighting Indian rule in Kashmir. It was banned six years ago, after its members were charged with the deadly attack on India's Parliament in 2001, but Lashkar still operates in the open. ...

The folks at The Corner are having a lot of fun with Blagojevich news. We have a series of posts, with **Mark Steyn** first.

I am not a connoisseur of profanity, but the Blagojevich transcripts seem almost parodically foul-mouthed, as if he's learned his swearing from bad mob movies and figures this is how you're obliged to talk if you want to sound tough. The use of the m-f word is particularly revealing in this regard. It invariably comes over like a second-tier Vegas lounge act complaining about his dressing room. Still, I enjoyed this helpful bit of annotation by Patrick Fitzgerald:

*ROD BLAGOJEVICH said that the consultants (Advisor B and another consultant are believed to be on the call at that time) are telling him that he has to "suck it up" for two years and do nothing and give this "motherf***er [the President-elect] his senator. F*** him. For nothing? F*** him."*

*Shouldn't that be "the motherf***er-elect"?*

One of the best part's of McCain's platform was his proposal to break health insurance away from employers. In a **WSJ Op-Ed**, a doctor and Dem senator suggest the same.

Not many people are buying cars built 60 years ago. No one is watching TV on a set manufactured in the 1940s. Patients are not lining up to see a doctor who hasn't cracked a book since before the polio vaccine was discovered. Why, then, do millions of Americans get their health care through an employer-based system from the 1940s?

Employers didn't start offering health benefits roughly 60 years ago because they were experts in medical decisions. It was a way of circumventing the World War II wage and price controls. Barred from offering higher salaries to attract workers, employers offered health insurance instead. Aided by an IRS ruling that

said workers who received health benefits did not have to pay income taxes on them, and by the fact that employers could write off the cost of the health benefits as a business related expense, this accidental arrangement became the primary way most Americans access health care. ...

And also from the Journal, [Holman Jenkins](#) on why the auto bailout will be a disaster.
... To become "viable," as Congress chooses crazily to understand the term, the Big Three are setting out to squander billions on products that will have to be dumped on consumers at a loss.

None of this was mentioned at four days of congressional bailout hearings, because Detroit knows better than to suggest Congress has a role in the industry's problem. Yet its own recently updated Corporate Average Fuel Economy regime, or CAFE, makes a mockery of the idea that government money will render the companies profitable, even as the same bailout bill demands that the Big Three drop their legal challenge to a California mileage mandate even more unsustainable than the federal government's.

Forget Chrysler, which has needed a bailout from Washington or Stuttgart in three of the last four recessions. The tragedy of GM and Ford is that, inside each, are perfectly viable businesses, albeit that have been slowly murdered over 30 years by CAFE. Both have decent global operations. At home, both have successful, profitable businesses selling pickups, SUVs and other larger vehicles to willing consumers, despite having to pay high UAW wages.

All this is dragged down by federal fuel-economy mandates that require them to lose tens of billions making small cars Americans don't want in high-cost UAW factories. ...

So what happened at Sam Zell's Tribune? [Daniel Gross](#) in Slate with some answers.
What's the difference between Smart Money and Dumb Money? Twelve months, the popping of a credit bubble, and about \$800 million.

In the run-up of asset prices, which ended about a year ago, everyone was a genius. Hedge-fund managers felt wise for borrowing large sums of money and buying stocks, commodities, or pretty much anything that went up. Private equity barons bought companies, issued debt to pay themselves dividends, and were hailed as master investors. Heck, even millions of homeowners felt like Einsteins for refinancing at lower rates. And hardly anyone was deemed smarter than Sam Zell. ...

[Option Armageddon](#) says Somali pirates are negotiating to buy Citigroup.
... The negotiations have entered the final stage, Ali said. "You may not like our price, but we are not in the business of paying for things. Be happy we are in the mood to offer the shareholders anything," said Ali.

The pirates will finance part of the purchase by selling new Pirate Ransom Backed Securities. The PRBS's are backed by the cash flows from future ransom payments from hijackings in the Gulf of Aden. Moody's and S&P have already issued a AAA investment grade rating for the PRBS's. ...

For the next week or so, posting may be haphazard as Pickerhead and two sons run the boat down the Atlantic Intracoastal Waterway to Naples, Florida. For example, tomorrow's will be posted by 9:00am. Your loyal Picker wanted to make the run by himself so that the 1,000 gallons of fuel could be credited to his carbon footprint alone. However, he will share the honor. At least, some techniques for liberating boatloads of carbon will have been passed down to another generation. Here's a picture of the other type of fuel on board. That should last the seven or so days. Ed Borman, eat your heart out!



Jewish World Review
[The Meaning of Mumbai](#)
by Thomas Sowell

Will the horrors unleashed by Islamic terrorists in Mumbai cause any second thoughts by those who are so anxious to start weakening the American security systems currently in place, including government interceptions of international phone calls and the holding of terrorists at Guantanamo?

Maybe. But never underestimate partisan blindness in Washington or in the mainstream media where, if the Bush administration did it, then it must be wrong.

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Many people seem to have forgotten how, in the wake of 9/11, every great national event — the World Series, Christmas, New Year's, the Super Bowl — was under the shadow of a fear that this was when the terrorists would strike again.

They didn't strike again here, even though they have struck in Spain, Indonesia, England and India, among other places. Does anyone imagine that this was because they didn't want to hit America again?

Could this have had anything to do with all the security precautions that liberals have been complaining about so bitterly, from the interception of international phone calls to forcing information out of captured terrorists?

Too many people refuse to acknowledge that benefits have costs, even if that cost means only having no more secrecy when making international phone calls than you have when sending e-mails, in a world where computer hackers abound. There are people who refuse to give up anything, even to save their own lives.

A very shrewd observer of the deterioration of Western societies, British writer Theodore Dalrymple, said: "This mental flabbiness is decadence, and at the same time a manifestation of the arrogant assumption that nothing can destroy us."

There are growing numbers of things that can destroy us. The Roman Empire lasted a lot longer than the United States has lasted, and yet it too was destroyed.

Millions of lives were blighted for centuries thereafter, because the barbarians who destroyed Rome were incapable of replacing it with anything at all comparable. Neither are those who threaten to destroy the United States today.

The destruction of the United States will not require enough nuclear bombs to annihilate cities and towns across America. After all, the nuclear destruction of just two cities was enough to force Japan to surrender — and the Japanese had far more willingness to fight and die than most Americans have today.

How many Americans are willing to see New York, Chicago and Los Angeles all disappear in nuclear mushroom clouds, rather than surrender to whatever outrageous demands the terrorists make?

Neither Barack Obama nor those with whom he will be surrounded in Washington show any signs of being serious about forestalling such a terrible choice by taking any action with any realistic chance of preventing a nuclear Iran.

Once suicidal fanatics have nuclear bombs, that is the point of no return. We, our children and our grandchildren will live at the mercy of the merciless, who have a track record of sadism.

There are no concessions we can make that will buy off hate-filled terrorists. What they want — what they must have for their own self-respect, in a world where they suffer the humiliation of being visibly centuries behind the West in so many ways — is our being brought down in humiliation, including self-humiliation.

Even killing us will not be enough, just as killing Jews was not enough for the Nazis, who first had to subject them to soul-scarring humiliations and dehumanization in their death camps.

This kind of hatred may not be familiar to most Americans but what happened on 9/11 should give us a clue — and a warning.

The people who flew those planes into the World Trade Center buildings could not have been bought off by any concessions, not even the hundreds of billions of dollars we are spending in bailout money today.

They want our soul — and if they are willing to die and we are not, they will get it.

Slate's fighting words

Inconvenient Truths

The media's disingenuous failure to state the obvious.

by Christopher Hitchens

The obvious is sometimes the most difficult thing to discern, and few things are more amusing than the efforts of our journals of record to keep "open" minds about the self-evident, and thus to create mysteries when the real task of reportage is to dispel them. An all-time achiever in this category is Fernanda Santos of the *New York Times*, who managed to [write from Bombay](#) on Nov. 27 that the Chabad Jewish center in that city was "an unlikely target of the terrorist gunmen who unleashed a series of bloody coordinated attacks at locations in and around Mumbai's commercial center." Continuing to keep her brow heavily furrowed with the wrinkles of doubt and uncertainty, Santos went on to say that "[i]t is not known if the Jewish center was strategically chosen, or if it was an accidental hostage scene."

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Here are the known facts: If you are a Lebanese politician or journalist or public figure, and you criticize the role played by the government of Syria in your country's internal affairs, your car will explode when you turn the ignition key, or you will be ambushed and shot or blown up by a bomb or land mine as you drive through the streets of Beirut or along the roads that lead to the mountains. The explosives and weapons used, and the skilled tactics employed, will often be reminiscent of the sort of resources available only to the secret police and army of a state machine. But I think in fairness I must stress that this is all that is known for sure. You criticize the Assad dictatorship, and either your vehicle detonates or your head is blown off. Over time, this has happened to a large and varied number of people, ranging from Sunni statesman [Rafik Hariri](#) to Druze leader [Kamal Jumblatt](#) to Communist spokesman [George Hawi](#). One would not wish to be a "conspiracy theorist" and allege that there was any necessary connection between the criticisms in the first place and the deplorably terminal experiences in the second.

Hammer's article is good for a laugh in that it shows just how much trouble the international community will go to precisely in order *not* to implicate the Assad family in this string of unfortunate events. After all, does Damascus not hold the keys to peace in the region? Might not young [Bashar Assad](#), who managed to become president after the peaceful death by natural causes of his father, become annoyed and petulant and even uncooperative if he were found to have been commissioning assassinations? Could the fabled "process" suffer if a finger of indictment were pointed at him? At the offices of the long-established and by now almost historic United Nations inquiry into the Hariri murder, feet are evidently being dragged because of considerations like these, and Hammer describes the resulting atmosphere very well.

In rather the same way, the international community is deciding to be, shall we say, nonjudgmental in the matter of Pakistani involvement in the Bombay unpleasantness. Everything from the cell phones to the training appears to be traceable to the aboveground surrogates of an ostensibly banned group known as Lashkar-i-Taiba, which practices what it preaches and preaches holy war against Hindus, as well as Jews, Christians, atheists, and other elements of the "impure." Lashkar is well-known to be a bastard child—and by no means a disowned one, either—of the Pakistani security services. But how inconvenient if this self-evident and obvious fact should have to be faced.

How inconvenient, for one thing, for the government of Pakistani President Asif Ali Zardari, a new and untried politician who may not exactly be in charge of his own country or of its armed forces but who nonetheless knows how to jingle those same keys of peace. How inconvenient, too, for all those who

assume that the Afghan war is the "good" war when they see Pakistani army units being withdrawn from the Afghan frontier and deployed against democratic India (which has always been Pakistan's "real" enemy).

The Syrian and Pakistani situations are a great deal more similar than most people have any interest in pointing out. In both cases, there is a state within the state that exerts the real parallel power and possesses the reserve strength. In both cases, official "secularism" is a mask (as it also was with the Iraqi Baathists) for the state sponsorship of theocratic and cross-border gangster groups like Lashkar and Hezbollah. In both cases, an unknown quantity of nuclear assets are at the disposal of the official and banana republic state and also very probably of elements within the unofficial and criminal and terrorist one. (It is of huge and unremarked significance that Syria did not take the recent Israeli bombing of its hidden reactor to the United Nations or make any other public complaint.) Given these grim and worsening states of affairs, perhaps it is only small wonder that we take consolation in our illusions and in comforting doubts—such as the childlike wonder about whether Jews are deliberately targeted or just unlucky with time and place. This would all be vaguely funny if it wasn't headed straight toward our own streets.

Christopher Hitchens is a columnist for Vanity Fair and the Roger S. Mertz media fellow at the Hoover Institution in Stanford, Calif.

Jewish World Review

Next Steps in the Indo-Pakistani Crisis

by George Friedman

In an interview published this Sunday in The New York Times, we laid out a potential scenario for the current Indo-Pakistani crisis. We began with an Indian strike on Pakistan, precipitating a withdrawal of Pakistani troops from the Afghan border, resulting in intensified Taliban activity along the border and a deterioration in the U.S. position in Afghanistan, all culminating in an emboldened Iran. The scenario is not unlikely, assuming India chooses to strike.

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If India's Congress party government were to fall, its replacement would be even more likely to strike at Pakistan. The Bharatiya Janata Party (BJP), Congress' Hindu nationalist rival, has long charged that Congress is insufficiently aggressive in combating terrorism. The BJP will argue that the Mumbai attack in part resulted from this failing. Therefore, if the Congress government does not strike, and is subsequently forced out or loses India's upcoming elections, the new government is even more likely to strike.

It is therefore difficult to see a path that avoids Indian retaliation, and thus the emergence of at least a variation on the scenario we laid out. But the problem is not simply political: India must also do something to prevent more Mumbais. This is an issue of Indian national security, and the pressure on India's government to do something comes from several directions.

THREE INDIAN VIEWS OF PAKISTAN

The question is what an Indian strike against Pakistan, beyond placating domestic public opinion, would achieve. There are three views on this in India.

The first view holds that Pakistani officials aid and abet terrorism — in particular the Pakistani Inter-Service Intelligence (ISI), which serves as Pakistan's main intelligence service. In this view, the terrorist attacks are the work of Pakistani government officials — perhaps not all of the government, but enough officials of

sufficient power that the rest of the government cannot block them, and therefore the entire Pakistani government can be held accountable.

The second view holds that terrorist attacks are being carried out by Kashmiri groups that have long been fostered by the ISI but have grown increasingly autonomous since 2002 — and that the Pakistani government has deliberately failed to suppress anti-Indian operations by these groups. In this view, the ISI and related groups are either aware of these activities or willfully ignorant of them, even if ISI is not in direct control. Under this thinking, the ISI and the Pakistanis are responsible by omission, if not by commission.

The third view holds that the Pakistani government is so fragmented and weak that it has essentially lost control of Pakistan to the extent that it cannot suppress these anti-Indian groups. This view says that the army has lost control of the situation to the point where many from within the military-intelligence establishment are running rogue operations, and groups in various parts of the country simply do what they want. If this argument is pushed to its logical conclusion, Pakistan should be regarded as a state on the verge of failure, and an attack by India might precipitate further weakening, freeing radical Islamist groups from what little control there is.

The first two analyses are essentially the same. They posit that Pakistan could stop attacks on India, but chooses not to. The third is the tricky one. It rests on the premise that the Pakistani government (and in this we include the Pakistani army) is placing some restraint on the attackers. Thus, the government's collapse would make enough difference that India should restrain itself, especially as any Indian attack would so destabilize Pakistan that it would unleash our scenario and worse. In this view, Pakistan's civilian government has only as much power in these matters as the army is willing to allow.

The argument against attacking Pakistan therefore rests on a very thin layer of analysis. It requires the belief that Pakistan is not responsible for the attacks, that it is nonetheless restraining radical Islamists to some degree, and that an Indian attack would cause even these modest restraints to disappear. Further, it assumes that these restraints, while modest, are substantial enough to make a difference.

There is a debate in India, and in Washington, as to whether this is the case. This is why New Delhi has demanded that Pakistan turn over 20 individuals wanted by India in connection with attacks. The list doesn't merely include Islamists, but also Lt. Gen. Hamid Gul, the former head of the ISI who has long been suspected of close ties with Islamists. (The United States apparently added Gul to the list.) Turning those individuals over would be enormously difficult politically for Pakistan. It would create a direct confrontation between Pakistan's government and the Pakistani Islamist movement, likely sparking violence in Pakistan. Indeed, turning any Pakistani over to India, regardless of ideology, would create a massive crisis in Pakistan.

The Indian government chose to make this demand precisely because complying with it is enormously difficult for Pakistan. New Delhi is not so much demanding the 20 individuals, but rather that Pakistan take steps that will create conflict in Pakistan. If the Pakistani government is in control of the country, it should be able to weather the storm. If it can't weather the storm, then the government is not in control of Pakistan. And if it could weather the storm but chooses not to incur the costs, then India can reasonably claim that Pakistan is prepared to export terrorism rather than endure it at home. In either event, the demand reveals things about the Pakistani reality.

THE VIEW FROM ISLAMABAD

Pakistan's evaluation, of course, is different. Islamabad does not regard itself as failed because it cannot control all radical Islamists or the Taliban. The official explanation is that the Pakistanis are doing the best they can. From the Pakistani point of view, while the Islamists ultimately might represent a threat, the threat to Pakistan and its government that would arise from a direct assault on the Islamists is a great danger not only to Pakistan, but also to the region. It is thus better for all to let the matter rest. The Islamist issue aside, Pakistan sees itself as continuing to govern the country effectively, albeit with substantial social and economic problems (as one might expect). The costs of confronting the Islamists, relative to the benefits, are therefore high.

The Pakistanis see themselves as having several effective counters against an Indian attack. The most important of these is the United States. The very first thing Islamabad said after the Mumbai attack was that a buildup of Indian forces along the Pakistani border would force Pakistan to withdraw 100,000 troops from its Afghan border. Events over the weekend, such as the attack on a NATO convoy, showed the vulnerability of NATO's supply line across Pakistan to Afghanistan.

The Americans are fighting a difficult holding action against the Taliban in Afghanistan. The United States needs the militant base camps in Pakistan and the militants' lines of supply cut off, but the Americans lack the force to do this themselves. A withdrawal of Pakistani forces from the Afghan border would pose a direct threat to American forces. Therefore, the Pakistanis expect Washington to intervene on their behalf to prevent an Indian attack. They do not believe a major Indian troop buildup will take place, and if it does, the Pakistanis do not think it will lead to substantial conflict.

There has been some talk of an Indian naval blockade against Pakistan, blocking the approaches to Pakistan's main port of Karachi. This is an attractive strategy for India, as it plays to New Delhi's relative naval strength. Again, the Pakistanis do not believe the Indians will do this, given that it would cut off the flow of supplies to American troops in Afghanistan. (Karachi is the main port serving U.S. forces in Afghanistan.) The line of supply in Afghanistan runs through Pakistan, and the Americans, the Pakistanis calculate, do not want anything to threaten that.

From the Pakistani point of view, the only potential military action India could take that would not meet U.S. opposition would be airstrikes. There has been talk that the Indians might launch airstrikes against Islamist training camps and bases in Pakistani-administered Kashmir. In Pakistan's view, this is not a serious problem. Mounting airstrikes against training camps is harder than it might seem. The only way to achieve anything in such a facility is with area destruction weapons — for instance, using B-52s to drop ordnance over very large areas. The targets are not amenable to strike aircraft, because the payload of such aircraft is too small. It would be tough for the Indians, who don't have strategic bombers, to hit very much. Numerous camps exist, and the Islamists can afford to lose some. As an attack, it would be more symbolic than effective.

Moreover, if the Indians did kill large numbers of radical Islamists, this would hardly pose a problem to the Pakistani government. It might even solve some of Islamabad's problems, depending on which analysis you accept. Airstrikes would generate massive support among Pakistanis for their government so long as Islamabad remained defiant of India. Pakistan thus might even welcome Indian airstrikes against Islamist training camps.

Islamabad also views the crisis with India with an eye to the Pakistani nuclear arsenal. Any attack by India that might destabilize the Pakistani government opens at least the possibility of a Pakistani nuclear strike or, in the event of state disintegration, of Pakistani nuclear weapons falling into the hands of factional elements. If India presses too hard, New Delhi faces the unknown of Pakistan's nuclear arsenal — unless, of course, the Indians are preparing a pre-emptive nuclear attack on Pakistan, something the Pakistanis find unlikely.

All of this, of course, depends upon two unknowns. First, what is the current status of Pakistan's nuclear arsenal? Is it sufficiently reliable for Pakistan to count on? Second, to what extent do the Americans monitor Pakistan's nuclear capabilities? Ever since the crisis of 2002, when American fears that Pakistani nuclear weapons could fall into al Qaeda's hands were high, we have assumed that American calm about Pakistan's nuclear facilities was based on Washington's having achieved a level of transparency on their status. This might limit Pakistan's freedom of action with regard to — and hence ability to rely on — its nuclear arsenal.

Notably, much of Pakistan's analysis of the situation rests on a core assumption — namely, that the United States will choose to limit Indian options, and just as important, that the Indians would listen to Washington. India does not have the same relationship or dependence on the United States as, for example, Israel does. India historically was allied with the Soviet Union; New Delhi moved into a strategic relationship with the United States only in recent years. There is a commonality of interest between India and the United States,

but not a dependency. India would not necessarily be blocked from action simply because the Americans didn't want it to act.

As for the Americans, Pakistan's assumption that the United States would want to limit India is unclear. Islamabad's threat to shift 100,000 troops from the Afghan border will not easily be carried out. Pakistan's logistical capabilities are limited. Moreover, the American objection to Pakistan's position is that the vast majority of these troops are not engaged in controlling the border anyway, but are actually carefully staying out of the battle. Given that the Americans feel that the Pakistanis are ineffective in controlling the Afghan-Pakistani border, the shift from virtually to utterly ineffective might not constitute a serious deterioration from the United States' point of view. Indeed, it might open the door for more aggressive operations on — and over — the Afghan-Pakistani border by American forces, perhaps by troops rapidly transferred from Iraq.

The situation of the port of Karachi is more serious, both in the ground and naval scenarios. The United States needs Karachi; it is not in a position to seize the port and the road system out of Karachi. That is a new war the United States can't fight. At the same time, the United States has been shifting some of its logistical dependency from Pakistan to Central Asia. But this requires a degree of Russian support, which would cost Washington dearly and take time to activate. In short, India's closing the port of Karachi by blockade, or Pakistan's doing so as retaliation for Indian action, would hurt the United States badly.

Supply lines aside, Islamabad should not assume that the United States is eager to ensure that the Pakistani state survives. Pakistan also should not assume that the United States is impressed by the absence or presence of Pakistani troops on the Afghan border. Washington has developed severe doubts about Pakistan's commitment and effectiveness in the Afghan-Pakistani border region, and therefore about Pakistan's value as an ally.

Pakistan's strongest card with the United States is the threat to block the port of Karachi. But here, too, there is a counter to Pakistan: If Pakistan closes Karachi to American shipping, either the Indian or American navy also could close it to Pakistani shipping. Karachi is Pakistan's main export facility, and Pakistan is heavily dependent on it. If Karachi were blocked, particularly while Pakistan is undergoing a massive financial crisis, Pakistan would face disaster. Karachi is thus a double-edged sword. As long as Pakistan keeps it open to the Americans, India probably won't block it. But should Pakistan ever close the port in response to U.S. action in the Afghan-Pakistani borderland, then Pakistan should not assume that the port will be available for its own use.

INDIA'S MILITARY CHALLENGE

India faces difficulties in all of its military options. Attacks on training camps sound more effective than they are. Concentrating troops on the border is impressive only if India is prepared for a massive land war, and a naval blockade has multiple complications.

India needs a military option that demonstrates will and capability and decisively hurts the Pakistani government, all without drawing India into a nuclear exchange or costly ground war. And its response must rise above the symbolic.

We have no idea what India is thinking, but one obvious option is airstrikes directed not against training camps, but against key government installations in Islamabad. The Indian air force increasingly has been regarded as professional and capable by American pilots at Red Flag exercises in Nevada. India has modern Russian fighter jets and probably has the capability, with some losses, to penetrate deep into Pakistani territory.

India also has acquired radar and electronic warfare equipment from Israel and might have obtained some early precision-guided munitions from Russia and/or Israel. While this capability is nascent, untested and very limited, it is nonetheless likely to exist in some form.

The Indians might opt for a drawn-out diplomatic process under the theory that all military action is either ineffective or excessively risky. If it chooses the military route, New Delhi could opt for a buildup of ground

troops and some limited artillery exchanges and tactical ground attacks. It also could choose airstrikes against training facilities. Each of these military options would achieve the goal of some substantial action, but none would threaten fundamental Pakistani interests. The naval blockade has complexities that could not be managed. That leaves, as a possible scenario, a significant escalation by India against targets in Pakistan's capital.

The Indians have made it clear that the ISI is their enemy. The ISI has a building, and buildings can be destroyed, along with files and personnel. Such an aerial attack also would serve to shock the Pakistanis by representing a serious escalation. And Pakistan might find retaliation difficult, given the relative strength of its air force. India has few good choices for retaliation, and while this option is not a likely one, it is undoubtedly one that has to be considered.

It seems to us that India can avoid attacks on Pakistan only if Islamabad makes political concessions that it would find difficult to make. The cost to Pakistan of these concessions might well be greater than the benefit of avoiding conflict with India. All of India's options are either ineffective or dangerous, but inactivity is politically and strategically the least satisfactory route for New Delhi. This circumstance is the most dangerous aspect of the current situation. In our opinion, the relative quiet at present should not be confused with the final outcome, unless Pakistan makes surprising concessions.

Contentions

Pakistan's 9/11

by Peter Wehner

News reports today indicate that Pakistani authorities arrested a slew of people, including the suspected ringleader of last month's savage attacks in Mumbai, in the town of Shawai Nala (a small town in Kashmir).

Pakistani officials arrested more than 20 people in all, including Zaki-ur-Rehman Lakhvi, one of at least five members of the Lashkar-e-Taiba terrorist group named by Indian authorities as having organized the siege on Mumbai last month. Lakhvi, a founder of Lashkar, is accused by New Delhi of masterminding a 2002 attack on a military base and a 2006 bombing of a commuter rail in India, which killed 187 people.

Dozens of Pakistani soldiers descended on a camp run by Jamaat-ud-Dawa, a Muslim organization said by the U.S. to be a front group for Lashkar-e-Taiba. Lashkar, founded in 1990 and shaped by Pakistan's powerful Inter-Services Intelligence (ISI) agency, is an Islamic insurgent group fighting Indian rule in Kashmir. It was banned six years ago, after its members were charged with the deadly attack on India's Parliament in 2001, but Lashkar still operates in the open.

This action by the Pakistani government is encouraging - but much more needs to be done. A person I know with enormous insights into the military/political situation in the region told me that in the aftermath of the attacks in Mumbai, it is "more Pakistan's 9/11 moment than India's." By that he meant that this is the moment when Pakistan will begin to move decisively against jihadism within its own country or it will fall back, with potentially baleful consequences.

Prior to the Mumbai attacks President Asif Ali Zardari, the widower of former Prime Minister Benazir Bhutto, was making impressive efforts at a rapprochement with India, from renouncing the first use of nuclear weapons in a conflict to pushing for more trade to declaring, "India has never been a threat to Pakistan" to calling the separatist movement in Kashmir "terrorists." Indeed, the Pakistani foreign minister was in India around the time of the Mumbai attacks. Zardari's hope has been to place Pakistani-Indian relations on better terms, in part to allow him to focus on the militant Islamic elements within Pakistan.

President Zardari, who faces enormously complicated challenges - including the unrivaled strength and influence of the Pakistani military (military presidents ruled Pakistan from 1958-71, 1977-88 and from 1999-

2008) - now faces a hinge moment for himself and his country. India is taking a wait-and-see attitude when it comes to Pakistan's response to the terrorist groups within its borders. It is showing admirable patience - but its patience is not endless.

In addition, high-ranking Pakistani officials have said that in visits to Islamabad last week, Secretary of State Rice and Admiral Mullen, chairman of the Joint Chiefs of Staff, warned that failure by Pakistan to take quick and decisive action against Lashkar would, in the words of the *Post*, "result in unilateral U.S. action against the group." "Things seem to be stirring," one U.S. counterterrorism official said of the Pakistanis after the arrest of Lakhvi. "But results are what counts."

Indeed they are. The war in Afghanistan is made massively more difficult so long as Pakistan provides safe haven to the Taliban and al Qaeda. That is what is happening right now, and unless that changes, it is difficult to see how we will achieve a successful outcome in Afghanistan. (General David Petraeus, in his first trip as the head of Central Command, traveled to Pakistan to underscore its importance in the war against jihadism.)

Pakistan has allowed jihadists to control more and more of its territory with impunity; now the scorpions in Kashmir and Waziristan are very difficult to contain. Nevertheless, non-state actors in Pakistan are still the responsibility of the central government. President Zardari must know that the inability to control those forces means he will eventually forfeit Pakistan's sovereignty. Pakistan has not reached that point yet; but the events in Mumbai have created tremendous pressure on the Pakistani government to take concrete, effective, sustained, and far-reaching actions. We can't expect it to happen all at once - but it better have started. If the events from earlier this week are a foreshadowing of things to come, the Mumbai attacks may end up being seen as a historic turning point for the better. If not, things could get very ugly and very dangerous, very quickly.

There is a lot riding on the untested shoulders of President Zardari.

The Corner

[Swearing In, Swearing Out](#) [Mark Steyn]

I am not a connoisseur of profanity, but the [Blagojevich transcripts](#) seem almost parodically foul-mouthed, as if he's learned his swearing from bad mob movies and figures this is how you're obliged to talk if you want to sound tough. The use of the m-f word is particularly revealing in this regard. It invariably comes over like a second-tier Vegas lounge act complaining about his dressing room. Still, I enjoyed this helpful bit of annotation by Patrick Fitzgerald:

ROD BLAGOJEVICH said that the consultants (Advisor B and another consultant are believed to be on the call at that time) are telling him that he has to "suck it up" for two years and do nothing and give this "motherf***er [the President-elect] his senator. F*** him. For nothing? F*** him."

Shouldn't that be "the motherf***er-elect"?

[Synchronized Spinning](#) [Mark Steyn]

Mary Katharine Ham makes a good point [here](#). The media are so on-message with the president-elect they no longer have to wait for his catchphrases actually to pass his lips, they just crank them out anyway. From the Associated Press:

Though Barack Obama isn't accused of anything, the charges against his home-state governor - concerning Obama's own Senate seat no less - are an **unwelcome distraction**. And the ultimate fallout is unclear.

If American newspapering had any wit left in it, some wag of an editor would launch a sidebar called "Unwelcome Distractions." Instead, give 'em another month or three and Obama may be the first president able to hold singalong press conferences.

[A Pretty Good Deal](#) [James S. Robbins]

What strikes me about the Blago scandal is the going rate for a Senate seat. \$500,000 seems low to me. Given the amount of money spent in the recent campaign it is almost paltry. Is that a reflection on Blago's low-rent mentality or on the institution of the Senate? If the latter, we should be concerned about the market value of other Senate seats, and the influence of people for whom \$500,000 is just a good day at the office.

[Re: A Pretty Good Deal](#) [Jonah Goldberg]

Jim - I think you're absolutely right. A New York City cab medallion can fetch \$600,000. A Senate seat is worth a lot more than that. Perhaps Blago should be congratulated for his willingness to take a bath on the fair market value of a Senate seat?

[Re: A pretty good deal](#) [Mark Steyn]

Jim, Jonah, it seems on the low side to me. If my Chevy dealer were selling this Senate seat, he would point out that it's hardly been used, Barack Obama having barely sat in it.

[UPDATE: A reader wonders if the buyer can get a 0% interest deal, since that's exactly the same interest Obama had in the seat these last four years.]

[More unwelcome distractions](#) [Mark Steyn]

Like the AP below, the BBC is also giving a nice warm unwelcome to this latest [distraction](#):

The latest scandal has become an unwelcome distraction for the man whose US Senate seat the governor is said to have tried to sell to the highest bidder.

It's also an unwelcome distraction from the general media suck-ups:

Abraham Lincoln went on to transform America and earn his place on Mount Rushmore. Could Barack Obama do the same?

Who knows? But Illinois should definitely carve out a Mount Chagemore of former governors.

WSJ

[Why Tie Health Insurance to a Job?](#)

One thing we can all agree on is that portable coverage is more secure.

by Ezekiel J. Emanuel and Ron Wyden

Not many people are buying cars built 60 years ago. No one is watching TV on a set manufactured in the 1940s. Patients are not lining up to see a doctor who hasn't cracked a book since before the polio vaccine was discovered. Why, then, do millions of Americans get their health care through an employer-based system from the 1940s?

Employers didn't start offering health benefits roughly 60 years ago because they were experts in medical decisions. It was a way of circumventing the World War II wage and price controls. Barred from offering higher salaries to attract workers, employers offered health insurance instead. Aided by an IRS ruling that said workers who received health benefits did not have to pay income taxes on them, and by the fact that employers could write off the cost of the health benefits as a business related expense, this accidental arrangement became the primary way most Americans access health care.

The system worked at first, but a lot has changed in 60 years. Back then, the average soldier returning from World War II took a job with a local company where he would work for decades until he got a gold watch at a big retirement party. Today, lifetime employment is dead. By 42, the average American will change jobs 11 times.

Sixty years ago, most American companies competed only against neighboring companies for lucrative contracts. Today, most businesses are up against foreign companies that don't foot the bill for their employees' health-care costs.

Today, health-care costs are increasing at twice the rate of inflation. To stay in the black, companies are forced to raise their employees' premiums and deductibles, opt for cheaper insurance plans, or worse yet, drop health benefits altogether. Since 2000, the percentage of employers providing health insurance has declined by nearly 10%.

For too many, the employer-based system is inefficient. Each employer purchases health insurance separately. According to a recent estimate by the McKinsey Global Institute, this adds more than \$75 billion in underwriting, marketing, sales, billing and other administrative costs that offer no health benefits. More than half of all American employers who offer health-care benefits don't offer their employees a choice. Consequently, most Americans don't have the option of giving their business to insurance companies that treat them well and only cover what they need. This prevents the usual market forces from holding down costs.

Workers are the ones paying for this waste. The money that employers are spending to buy health care for their employees could otherwise go to workers in the form of higher wages, empowering individuals to make their own health-care choices.

The currently available alternative to this employer-based system is even more horrifying. Individuals buying insurance don't have the same purchasing power as large businesses and end up paying much higher prices to cover administrative costs and risks. They also don't get the tax breaks that employers get for buying health insurance. In most states, insurance companies have the right to discriminate against individuals by denying coverage or charging astronomical prices to anyone with a pre-existing condition. It is no surprise that, when given the choice between the employer-based system and buying health insurance on their own, the vast majority of Americans reject the latter. (A Kaiser Health Tracking Poll this summer, for example, found that only 17% of Americans said they would prefer to buy insurance on their own.)

But this is a false choice. It assumes that the current system is the only option. Why can't Americans have the best of both worlds?

Americans need some of the benefits of the employer-based system: the security of being part of a large group, of not being denied coverage because of age and pre-existing conditions, and the convenience of having experts screen qualified plans and manage enrollment. But Americans also need portable insurance -- coverage that follows them when they change jobs, lose jobs, start a business or whatever else may come. Americans need more choices and the market power to buy the health coverage that works best for them and their families and, in turn, to make insurance companies compete for their business.

Such a system could be implemented today by creating state or regional insurance exchanges that pool individuals and small groups to pay the same lower prices charged to larger employers; that certify that all insurance benefit packages meet minimum consumer protection standards; that manage the enrollment process; that collect premiums; and that require insurance companies to issue and renew coverage for anyone who applies, protecting the insurers by paying them a risk-adjusted premium that pays them more when they enroll sicker, more costly, patients.

Fundamentally, this means that insurance companies would have to change their business model to compete on the basis of quality, price and benefits, rather than by "cherry picking" the healthiest people to cover. It means spending less money on administrative costs and more money on keeping patients healthy.

And it means letting everyone keep the health insurance they have if that's what they want, but giving all employers and employees more choices for their health care.

In the coming year, there will be no shortage of suggestions for fixing the nation's health-care system. But what Americans and the president-elect need to ask is whether the health-care system that was founded in the 1940s is the best health-care system for the 21st century. We believe that Americans deserve better.

Dr. Emanuel, an oncologist and chairman of the department of bioethics at the National Institutes of Health, is author of "Healthcare, Guaranteed" (Public Affairs, 2008). Mr. Wyden, a Democrat, is a U.S. senator from Oregon and sponsor of The Healthy Americans Act.

WSJ

The Bailout That Won't

Would you buy a car from Congress?

by Holman W. Jenkins, Jr.

Leave it to Bob Lutz, GM's voluble vice chairman, to puncture the unreality of the auto bailout he himself has been championing. In an email to Ward's Auto World, he notes an obvious flaw in Congress's rescue plan now taking shape: The fuel-efficient "green" cars GM, Ford and Chrysler profess to be thrilled to be developing at Congress's behest will be unsellable unless gas prices are much higher than today's.



The profitable part of Detroit.

"Very few people will want to change what has been their 'nationality-given' right to drive big and bigger if the price of gas is \$1.50 or \$2.00 or even \$2.50," Mr. Lutz explained. "Those prices will put the CAFE-mandated manufacturers at war with their customers -- and no one will win in that battle."

Translation: To become "viable," as Congress chooses crazily to understand the term, the Big Three are setting out to squander billions on products that will have to be dumped on consumers at a loss.

None of this was mentioned at four days of congressional bailout hearings, because Detroit knows better than to suggest Congress has a role in the industry's problem. Yet its own recently updated Corporate Average Fuel Economy regime, or CAFE, makes a mockery of the idea that government money will render the companies profitable, even as the same bailout bill demands that the Big Three drop their legal challenge to a California mileage mandate even more unsustainable than the federal government's.

Forget Chrysler, which has needed a bailout from Washington or Stuttgart in three of the last four recessions. The tragedy of GM and Ford is that, inside each, are perfectly viable businesses, albeit that have been slowly murdered over 30 years by CAFE. Both have decent global operations. At home, both

have successful, profitable businesses selling pickups, SUVs and other larger vehicles to willing consumers, despite having to pay high UAW wages.

All this is dragged down by federal fuel-economy mandates that require them to lose tens of billions making small cars Americans don't want in high-cost UAW factories. Understand something: Ford and GM in Europe successfully sell cars that are small but not cheap. Europeans are willing to pay top dollar for a refined small car that gets excellent mileage, because they face gasoline prices as high as \$9. Americans are not Europeans. In the U.S., except during bouts of high gas prices or in the grip of a Prius fad, the small cars that American consumers buy aren't bought for high mileage, but for low sticker prices. And the Big Three, with their high labor costs, cannot deliver as much value in a cheap car as the transplants can.

Under a law of politics, such truths were unmentionable in last week's televised circus because legislators are unwilling to do anything about them. They won't repeal CAFE because they fear the greens. They won't repeal CAFE's "two fleets" rule (which effectively requires the Big Three to make small cars in domestic factories) because they fear the UAW. They won't hike gas prices because they fear voters.

And make no mistake: An even more massive auto wreck lies ahead when a soon-to-be taxpayer-financed and taxpayer-owned auto industry confronts a California rulemaking that, in a silly gesture against global warming, would render most of its auto designs, profit centers and tooling unsalvageable.

We hate to admit it, but the only good idea from the bailout debate is the proposal for a new "auto czar." Along with disposing of Chrysler and downsizing Ford and GM, his job should be to confront Congress with its own policy cowardice and failure. If saving gasoline and Detroit are both worthy goals, let's ditch CAFE and institute a gasoline tax to make consumers value the cars government is forcing auto makers to build. If Congress doesn't have the tummy for that, at least ditch the "two fleets" rule so Detroit can import small cars to meet the mandate.

Alas, Barack Obama's vaunted "change" apparently doesn't include spending the political capital to make Congress acknowledge the failure of CAFE. If he can't do better than throw taxpayer money at a dismal policy disaster like our fuel-economy regulations (and so far he seems to be joining Congress in pretending it's all Detroit's fault), we might as well give up on his presidency along with any hope of progress on the nation's other unresolved dilemmas.

His campaign never really answered the question of whether he was Chance the Gardener or Abraham Lincoln. We might as well find out now.

Slate's Moneybox

[The Road to Zell](#)

How the Tribune deal went so bad, so fast.

By Daniel Gross

What's the difference between Smart Money and Dumb Money? Twelve months, the popping of a credit bubble, and about \$800 million.

In the run-up of asset prices, which ended about a year ago, everyone was a genius. Hedge-fund managers felt wise for borrowing large sums of money and buying stocks, commodities, or pretty much anything that went up. Private equity barons bought companies, issued debt to pay themselves dividends, and were hailed as master investors. Heck, even millions of homeowners felt like Einsteins for refinancing at lower rates. And hardly anyone was deemed smarter than Sam Zell.



Sam Zell

The Chicago-based real estate investor, nicknamed the Grave Dancer for his delight in picking up dead businesses and reviving them, built [Equity Office Properties](#), a collection of high-end office buildings. In February 2007, Zell was lauded as a genius for [unloading the company](#) in an all-cash [transaction](#) valued at about \$38 billion (Blackstone put in \$6.4 billion in cash and borrowed the rest), after a frenzied bidding process. But Zell wasn't content to take his winnings and stow them under the mattress. Having benefited from the dumb-money culture—people willing to pay high prices for leveraged assets in the hope and expectation that they'd be able to sell them to other debt-fueled buyers at even higher prices—Zell loudly plunged right back into it. (Regular readers of this column should expect to hear more about the culture of dumb money—I've got an electronic book about it in the works with the [Free Press](#).) In December 2007, Zell closed on the \$8.2 billion [acquisition](#) of the Tribune Co., putting in \$315 million of his own money and borrowing much of the rest. Make no mistake about it, the [Tribune Co.](#) was a classic dumb-money play, and not just because its main assets were declining newspapers.

A big part of the dumb-money culture was the rising sense that hedge-fund managers, asset flippers, and financial engineers—because they had made a lot of money from cheap credit—could apply their genius to industries in which they had little expertise. Frequently, however, that strategy didn't go much beyond financial engineering or selling assets—which depended, in other words, on the plentiful availability of cheap credit and credulous buyers. If hedge-fund maestro Eddie Lampert couldn't remake Sears into an effective retailer, investors thought, he could at least bolster shareholder value by buying back shares or by selling the real estate underlying the stores. That hasn't quite worked out. Hedge-fund manager Dan Ackman set up a vehicle to amass a huge stake in retailer Target. His bright idea: Target should [sell its stores and lease them back](#).

It was plain from the beginning that Zell didn't have much of a strategy for reversing the revenue decline at the newspapers. And the failure to realize that a slowdown in real estate and autos—the credit crunch had started a half year before the deal closed—would reduce revenues sharply was an act of colossal stupidity on Zell's part and on the part of the bankers who made the era of dumb money possible. (Andrew Ross Sorkin has a [good rundown](#) of the fees earned by Citigroup, Merrill Lynch, and Morgan Stanley for their roles in this debacle.) Zell loaded up the company with nearly \$13 billion in debt, which required interest payments of nearly \$500 million in the first half of 2008. The plan, such as it was, was to pay down debt not with operating cash but with asset sales. One problem: Most of the assets were themselves dumb-money assets—trophy properties such as the Chicago Cubs, office buildings, and big-city newspapers that couldn't support a lot of debt on their own and whose purchase would require easy credit. In May 2008, Zell managed to [sell Newsday](#) to Cablevision for \$650 million. In September, it [sold a chunk of CareerBuilder.com for \\$135 million](#). In June, Tribune put the company's headquarters buildings in Chicago and Los Angeles [on the market](#). So far, no takers. The hope to stay current on debt payments rested on selling the Chicago Cubs, perhaps the greatest Midwestern trophy property of all. But the credit crunch

decimated the net worth of many of the potential buyers, and lenders fell by the wayside. Having failed to find any greater fools, Tribune [filed for bankruptcy](#) Tuesday.

Option Armageddon

Somali Pirates to acquire Citigroup

November, 2008 (Bloomberg) — The Somali pirates, renegade Somalis known for hijacking ships for ransom in the Gulf of Aden, are negotiating a purchase of Citigroup.

The pirates would buy Citigroup with new debt and their existing cash stockpiles, earned from hijacking numerous ships, including most recently a \$100 million Saudi Arabian oil tanker. The Somali pirates are offering up to \$0.10 per share for Citigroup, pirate spokesman Sugule Ali said earlier today. The negotiations have entered the final stage, Ali said. "You may not like our price, but we are not in the business of paying for things. Be happy we are in the mood to offer the shareholders anything," said Ali.

The pirates will finance part of the purchase by selling new Pirate Ransom Backed Securities. The PRBS's are backed by the cash flows from future ransom payments from hijackings in the Gulf of Aden. Moody's and S&P have already issued a AAA investment grade rating for the PRBS's.

Head pirate, Ubu Kalid Shandu, said "We need a bank so that we have a place to keep all of our ransom money. Thankfully, the dislocations in the capital markets have allowed us to purchase Citigroup at an attractive valuation and to take advantage of TARP capital to grow the business even faster."

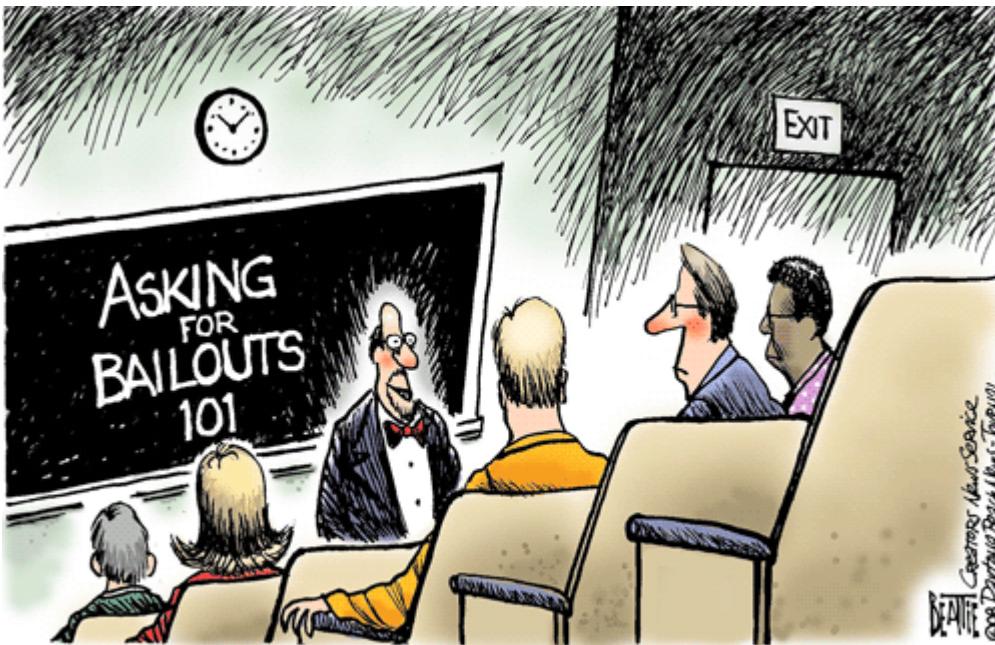
Shandu added, "We don't call ourselves pirates. We are coast guards and this will just allow us to guard our coasts better."



PAKISTAN



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