

UNITED AIRLINES' December 9 bankruptcy filing came as no surprise to those who understand the airline industry, in which even America's most successful living investor, Warren E. Buffet, could not turn a profit. Buffet once observed, "In a business selling a commodity-type product it's impossible to be a lot smarter than your dumbest competitor." Mr. Buffet's investment company, Berkshire Hathaway Inc., lost money by purchasing convertible preferred stock in U.S. Air in 1989, a decision he later termed "a mistake" in his annual letter to shareholders. At the time of purchase, he told them, "We have no ability to forecast the economics of the investment banking business, the airline industry, or the paper industry." Two years later, he observed, "At the time some of you may have doubted this confession of ignorance. Now, however, even my mother acknowledges its truth." U.S. Air later filed for bankruptcy, one of more than 125 carriers to do so since the 1978 federal deregulation of the industry.

The economics of the airline industry are lousy even when the economy is expanding. Carriers face high capital costs (the purchase of new airplanes) and have difficulty making price increases stick. Pre-deregulation airlines were protected from competition and could pass their high capital structures on to consumers in the form of higher ticket prices. Today, they face intense competition and industry economics made worse by an economy in contraction. Seventeen carriers filed for bankruptcy during two recessions in the 1980-82 period, and 11 more went bankrupt in the 1990-91 recession. UAL, United Airlines' parent company, followed Midway Airlines in filing for bankruptcy during the current recession. In its last quarterly report to the Securities and Exchange Commission (SEC), United's management listed some of the challenges involved in operating an airline: "The airline business is subject to seasonal fluctuations. Additionally, beginning in 2001, the weakening U.S. economy had a significant impact on the airline industry as corporations reduced their business travel budgets and changed their travel behavior. During the first six months of 2001, the industry began experiencing significant revenue declines as a result of the decrease in

business traffic."

The September 11 terrorist attacks, the U.S. war against Afghanistan, and the impending war against Iraq have made operating an airline even more difficult. In a November 26 pre-bankruptcy SEC filing, United's management reported, "Some factors that could significantly impact the company's performance and financial condition include, without limitation: the economy and the demand for air travel; the effects of any hostilities or act of war (in the Middle East or elsewhere) or any terrorist attacks; the higher costs associated with new airline security directives and any other increased regulation of air carriers; the significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available; the ability to raise and the cost of financing in light of the Sept. 11 events and the possibility of any further credit downgrades to the company; the cost of crude oil and jet fuel." Other carriers in the industry face similar challenges, according to their SEC filings, and still more bankruptcy filings are possible.

United's ultimate fate is yet to be determined, but other carriers filing for bankruptcy have survived with a different corporate structure. U.S. bankruptcy courts have encouraged bankrupt carriers to continue operations. They can charge fares below industry costs because they do not incur the capital costs faced by solvent carriers. Herb Kelleher, CEO of Southwest Airlines, the most successful domestic airline, is reported to have observed that "Bankruptcy court for airlines has become a health spa."

Deregulation in the past quarter-century has made air travel possible for a broader cross section of America's middle class, and, thus, it is unlikely to be repealed. Nor are Americans likely to support government nationalization of the sector. The industry may gradually come to resemble another one with high capital costs and a falling price structure: the automotive industry. Instead of many airlines characterized by product differentiation *à la* Southwest, the industry may become an oligopoly.

—Greg Kaza



CANADIAN OFFICIALS have been badgering the United States for deporting Syrian Maher Arar from New York's John F. Kennedy International Airport in October 2002. The Canadian government, however, is not entitled to display such moral outrage.

Mr. Arar was removed from the United States for alleged terrorist connections. Because he held both Canadian and Syrian citizenship, the U.S. authorities were well within their rights in sending him to Syria. Since Mr. Arar flew to New York from Tunisia, the United States could even have chosen to return him to that country. These are the normal procedures for the deportation of aliens who do not meet a country's entry requirements; indeed, Canada's immigration law has similar provisions. Before his removal, Mr. Arar was seen by a Canadian consular official and was allowed legal representation at his deportation hearing. This incident received considerable attention in Canada, with most stories highlighting outrage that a Canadian citizen should be treated in such a manner. The fact that Mr. Arar was also a citizen of Syria was never taken into account.

Arar's suspected terrorist connections appear to have been ignored by the Canadian media and neglected by government officials. During his recent visit to Canada, U.S. Secretary of State Colin Powell revealed that evidence linking Mr. Arar to Al Qaeda had been given by the FBI to the Royal Canadian Mounted Police (RCMP) soon after his removal from the United States. Obviously, the RCMP had not seen fit to pass this information on to Canadian foreign-affairs officials. The evident lack of information-sharing by security agencies should be a cause for concern for all Canadians, particularly now that Osama bin Laden has placed Canada on Al Qaeda's hit list. More seriously, however, the Arar case points to the indifference that has characterized Canada's response to the War on Terror.

The United States has moved quickly to enact measures designed to help prevent terrorist attacks against her citizens. One such measure has been to require visitors to the United States who were born in Iran, Iraq, Libya, Sudan, and Syria to be photographed, fingerprinted, and registered, regardless of their current citi-

zenship. This ensures that the U.S. government is able to screen and track aliens who may present a possible security risk.

The reaction of much of the Canadian media and many members of Parliament has bordered on hysteria. Instead of sympathizing with the legitimate concerns that underlie the new U.S. measures, Canada protested, claiming such procedures discriminated against certain Canadian citizens. Canada even took the extraordinary step of issuing a travel advisory telling Canadians born in the countries on the U.S. list to “consider carefully” whether to travel to the United States.

Dual or even multiple citizenship is permitted under Canadian law. Thousands of Canadians frequently travel on two passports, using whichever one is more convenient at the time. There can be advantages and disadvantages to this arrangement, as Mr. Arar has found out.

It only takes three years to acquire Canadian citizenship after becoming a landed immigrant. The rationale is that the sooner new immigrants can obtain citizenship, the sooner they can vote. This may be a commendable criterion for qualifying newcomers for participating in the Canadian political process, but it is not a guarantee against terrorist activity. There are at least three Canadian citizens now in custody who have been accused of active involvement in terrorist operations; one has been charged with killing an American soldier in a firefight in Afghanistan.

What many of my fellow Canadians fail to understand is that the United States has reason to be concerned about our government’s approach to terrorism and domestic security. Canada continues to allow thousands of young men from terrorist-producing countries to enter Canada as asylum seekers. Many are smuggled into the country without documents. Our foreign minister inexplicably refuses to admit that Hezbollah is a terrorist organization, despite unequivocal evidence from our own security service that Hezbollah uses funds raised in Canada to buy weapons and other military equipment for its terrorist activities.

Pat Buchanan may have gone too far in describing Canada as the “Soviet Cuckoo,” but the United States has no reason to be confident that Canada has taken the terrorist threat seriously. The self-righteous sniping at the United States’ sensible efforts to prevent another horrific terrorist attack reflects Canada’s present state of denial that the terrorist threat is real.

—James Bissett

SADDAM HUSSEIN, a Kremlin source told the Russian Information Agency (RIA-Novosti), “isn’t so nice that you would want to defend him just for his own sake.” Following the December 12, 2002, announcement by the Iraqi government that it had cancelled its contract with Russia’s Lukoil, which held the rights to develop Iraq’s vast West Kurna oil field, there was no longer any reason for Russia to pretend that it opposed military action against Iraq as a matter of principle: Russia, as the anonymous source told RIA-Novosti, would look after her economic interests. By canceling the contract, Baghdad was merely acknowledging what most observers had maintained since last fall: Russia had made a bargain with Washington regarding possible “regime change” in Iraq. If the United States decided to use military force to overthrow Saddam, Moscow would make no serious effort to stop it. In exchange, as President Bush himself stated in a November interview with Russia’s NTV, Washington would “take into account” Russia’s “economic interests” in a post-Saddam scenario. By scuttling the Lukoil contract, Baghdad probably was attempting to complicate matters for the Russian turncoats, whose claims to a share of Iraq’s oil wealth are based on such deals.

Chronicles readers are aware that Lukoil may have been pressured to adopt a pro-American stance by Russian petro-oligarchs eager to cooperate with Washington in hopes of serving as an alternative (to OPEC) oil source for the United States (see *Cultural Revolutions*, December 2002). In December, one Russian oil executive stated plainly that U.S. companies had been involved in “blackmailing” some Russian firms. Nikolay Tokarev, who heads Zarubezhneft, claimed that his company, which has operated in Iraq since the 1960’s, was told it must finance the Iraqi opposition in return for being allowed to continue to operate in a post-Saddam Iraq. Tokarev said, without offering specific details, that certain other Russian companies were involved in a “dirty game” with the United States. The Russian oil executive shrugged off suggestions that Washington’s anti-Iraq moves were in any way connected to President Bush’s “War on Terror”: “For the Americans, this venture, despite all the political rhetoric, is aimed at gaining control over the oil market.”

U.S. actions in Central Asia, the Trans-Caucasus/Caspian Basin, and Iraq do, indeed, appear to be part of a coordinated

effort to gain influence—if not outright dominance—in several of the most important current and potential oil-producing regions in the world. While it is true that the War on Terror, together with Washington’s recent recognition that powerful OPEC member Saudi Arabia is an unreliable partner, triggered the Iraq plan, it is also likely that U.S. oil companies and politicians close to them have been eyeing Iraq for some time. (President Bush’s and Vice President Cheney’s ties to the “oil patch” are well known; National Security Advisor Condoleezza Rice is a former Chevron board member.)

Iraq boasts the second-largest known oil reserves in the world, after Saudi Arabia, as well as considerable gas fields. Some experts believe that there may be additional deposits there, possibly enough to make Iraq the equal of Saudi Arabia. Moreover, Iraqi oil is of high quality and relatively cheap to produce: Whoever controls the oil fields of Iraq stands to realize huge profits. U.S. and British oil firms held the dominant position in Iraq’s oil industry until the 1972 nationalization of the Iraq Oil Company. Subsequently, Baghdad turned to French and Soviet firms for aid in developing its vast holdings. Naturally, U.S. and British companies have supported U.N. sanctions against Baghdad, since the sanctions prevented Russian, French, and Chinese rivals from fully exploiting the Iraqi oil deposits. Just as naturally, Moscow, Paris, and Beijing have lobbied for the lifting of those sanctions, though it had become increasingly apparent that the United States had no intention of allowing that to happen, which may help to explain why Russia, France, and China seem to have reached an agreement with the United States about protecting their interests in Iraq after Saddam.

It appears that last fall’s U.N. wrangling (with Russia, France, and China bargaining with the United States over the terms of the U.N. resolution on Iraqi weapons inspections) and the Bush administration’s decision to shift its War on Terror to Iraq have more to do with the economic interests of various oil firms than with maintaining the United Nations’ international role or fighting actual terrorists. Any future argument among the principals will likely be a sign of continued bargaining over the terms and conditions for removing Saddam.

The coming U.S. war on Iraq is no mere Bush vendetta against a Third World dictator; it is an extension of the Great

Game among the world's most powerful countries and corporations. It is probably too much to ask that Washington policymakers be honest about their true motives in pursuing regime change in Iraq. Americans have shown themselves willing to wage war against terror, but nobody has asked them whether they are willing to bear the material and human costs of waging war to alter the current international order and to stir up an already volatile region of the world so that U.S. and British oil companies can reap huge profits from selling Iraqi oil.

—Wayne Allensworth

OBITER DICTA: Don't delay in registering for The Rockford Institute's **Paris Convivium**, May 16-22, 2003. The trip is almost sold out, so be sure to call Christopher Check, executive vice president, at (815) 964-5811 before clipping out and sending in the registration form on the inside front cover.

In this issue, we are pleased to debut the second of our three new rotating columns on our final page. Our editors are often asked, "Where can I find a good resource on [X]?" *The Non-Idiot's Guide*

will offer helpful suggestions for beginners as well as seasoned researchers interested in a particular featured topic. Be sure to check out our growing archive of *Non-Idiot's Guides* on our website, www.ChroniclesMagazine.org, where you can click on the links offered in the magazine or e-mail your suggestions for future installments. And be sure to check the final page of future issues for our third new column, *Living Well*.

Chronicles' production schedule has been changed to allow extra time for the production of our quarterly 60-page issues (January, April, July, and October). Thus, the dates for 2003 on which *Chronicles* will be available on your newsstand, beginning with the March issue, are as follows: March, February 25; April, April 1; May, April 29; June, May 27; July, July 1; August, July 29; September, August 26; October, September 30; November, October 28; and December, November 25. If you are a subscriber and have not received your issue by the date listed, please call (800) 877-5459.

Our first poet this month is **Richard Moore** from Belmont, Massachusetts. Mr. Moore is the author of nine books of poetry, as well as translations of *Plautus*

and *Euripides*, a book of literary essays, and a novel, *The Investigator*. His most recent book of verse, *The Naked Scarecrow*, was published by the Truman State University Press in 2000. Mr. Moore conducts The Poetry Exchange in the Harvard COOP and gives frequent readings in the Boston area.

Our second poet is **John Nixon, Jr.**, a Bellaman Award winner from Fork Union, Virginia, who was co-editor of the *Lyric* for 16 years. His poetry has appeared in, among others, the *New Yorker*, *America*, *Christian Century*, the *New York Times*, and the *Georgia Review*.

This month's art is provided by our art director, **H. Ward Sterett** of Roscoe, Illinois. Mr. Sterett received his B.F.A. from the University of Colorado and his M.F.A. from Northern Illinois University, and he attended the L'Abri Fellowship, where he studied the effect of Christianity on art. He currently works as a sculptor, painter, and printmaker in Roscoe.

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Imperialism From the Cradle to the Grave

In the first year of Cyrus the king the same Cyrus the king made a decree concerning the house of God at Jerusalem, Let the house be builded, the place they offered sacrifices, and let the foundations thereof be strongly laid.

Mesopotamia was the cradle of empires, but it was also their grave, as the Persians were to discover. The Persians were a great people, whose simple code of honor—ride a horse, shoot straight, and tell the truth—was admired by their Greek enemies. The conquest of Babylon in 537 B.C. (the occasion of Cyrus's edict), although it sealed Persia's fate as an imperial nation doomed to degenerate and fail, shows the Persians flushed with success but determined to deal justly with their subjects. Although it has been conjectured that the Persians were rewarding the Babylonian Jews for covert assistance in the defeat of Nabonidus, the last Babylonian king, there is no need to posit any special relationship between a tiny and helpless people and the greatest ruler of the day. It was Cyrus's general policy to reverse the oppression inflicted by Babylonian and Assyrian rulers, who had driven defeated enemies into exile and resettled foreigners in the vacated lands. This *divide et impera* strategy would be emulated by later tyrants.

The Assyrians permanently destroyed the Northern Kingdom of Israel, and the Babylonians, after conquering the people of Judah, although they did allow many Jews to remain in their own country, drove skilled workers and much of the elite class into exile and destroyed and looted Solomon's Temple, whose ruins were a potent symbol of cultural genocide. The Assyrians and their Babylonian successors wrote the book on tyranny and empire, setting an example to be imitated by future conquerors, no matter how noble their motives. The Persian Cyrus the Great, for example, understood that leaving people alone to enjoy their own customs and worship their own gods is a better means of securing the loyalty of subjects than the orgy of destruction and bloodshed over which the Assyrian documents so lovingly gloat. But the comparative

decency and humanity of the Persians, glorified not only by Ezra but in Daniel and in Isaiah (who calls Cyrus *messiah*), must have come as relief, a gentle morning after the long nightmare of Assyrian and Babylonian misrule.

The Babylonian Nabonidus was not so much a tyrant as an eccentric. His mother was from Haran (one of Abraham's cities), where she was priestess of the moon-god Sin, and, as king, Nabonidus devoted much of his time to elevating his mother's deity over the gods of the Babylonian pantheon. Many Babylonians thought the old man (already in his 60's when he came to power in 355 B.C.) was insane—claiming victory in battles that had never taken place (as if a general should wear a combat ribbon without ever serving in combat). The powerful priests of Marduk had even stronger opinions. And yet this "archeologist king" not only rebuilt the temple of Sin but restored ancient temples and revived religious and cultural traditions of the Sumerian and Akkadian peoples.

Those traditions can be traced, in written documents, back to the early third millennium B.C., when the peoples of Sumerian city-states—Lagash, Uruk, Larsa, Eridu, Kish, and Ur—were laying the groundwork for the civilization that was later enriched and reinvented by Greeks and Romans, before being passed down to us. Outside of Mesopotamia (and Egypt), other early peoples are only so much bones and rubbish, and their "histories" are told as catalogues of pottery styles and methods of interment. But the Sumerians and Akkadians, and the peoples of Mari and Nineveh who followed them, we know as distinct men, who lived and died, killed and loved, and worshiped their gods, whose deeds are the central subject of their literatures. And if the Sumerians created civilization, their Akkadian successors gave birth to the first empire. In legend, Sargon had a miraculous birth (entrusted, like Moses, to a basket that was put into a river), and he grew up to be the lover of Ishtar. The reality, however, is almost as remarkable. Sargon conquered much of the Middle East, proclaiming himself "king of the four corners of the world," and, after his death,

his name became (like Caesar's) synonymous with empire.

To visualize Sargon's "empire" and the lands ruled by his successors, it is helpful to imagine a map. Babylon was on the Euphrates River, southwest of modern Baghdad (on the Tigris). Upstream from Babylon lay Mari, whose records give us so lively a picture of early Semitic life, as well as Assur and Nineveh, the Assyrian capitals. Downstream on the Euphrates lay Ur, the imperial city of the Sumerians. Ancient Babylon was not far from Agade, the city that commemorates the name of the Akkadians, the Semitic people that intermingled with the Sumerians and eventually, without ever forgetting their debt, took the reins of political and cultural hegemony. In terms of modern cities, this land between the rivers, or Mesopotamia, stretches from Mosul in the north (near ancient Nineveh, the city that Jonah called, so reluctantly, to repentance) and southeastward down the Euphrates to Basra, which lies east of Ur and Eridu.

In other words, *Iraq*, a name Arabs and Persians applied to the southern coast of the region, is what we learned in the fifth grade to call the Fertile Crescent, the Cradle of Civilization. An antiquarian king such as Nabonidus might well exult in the heritage of his land, and both he and his priestess mother appear to have made a collection of antiquities. By Herodotus' time, many of these cities already lay in ruins underneath the blowing sands, and, although there were haphazard excavations and looting expeditions in the 19th century, the land of the black-headed people did not receive systematic investigation until the 20th century, at the hands of such archeologists as Sir Leonard Wooley, who revealed the glories of Ur.

"Ur of the Chaldees," where Abraham was living before he set out for Canaan, is one of the richest archeological sites on the planet, and the artifacts recovered testify to the brilliance of Sumerian civilization. Later rulers, such as the Bible's Nebuchadnezzar (Nebuchadrezzar II of Babylon), left their mark on the city—and their names on inscriptions and bricks. Even the current successor to Sennacherib and Nebuchadnezzar, Saddam Hussein,