



The Solari Report

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National Security with Colonel Lawrence Wilkerson



National Security

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C. AUSTIN FITTS: Much of what is happening - including this week - relates to the global rush for natural resources in this war between the value of paper and the value of tangibles. At the heart of the matter is the American military presence in the Middle

East and Northern Africa. I can't think of a better person to have on The Solari Report than the person I now get to introduce you to - Colonel Lawrence Wilkerson.

Colonel Wilkerson is a Professor at the William and Mary College in Virginia. He has a long and distinguished record in the military which is posted on the blog. If you've ever spent any time in Washington, you know this is a person who is quite competent. If the world didn't know of his competency before he retired from the military, it did when he joined Colin Powell. First, he served Powell in the military and then over at the State Department, including as the Chief of Staff. I used to have an assistant at FHA who worked for Powell and claimed that in 30 years of serving in Washington he was the finest public servant that she had ever known. You don't get to be Chief of Staff to Colin Powell without being quite competent.

Because of the events leading up to the Iraq invasion and the decision to go to war in Iraq, Colonel Wilkerson has been quite fearless in his public discussion of national security issues both in the second Bush Administration and since then. You can find great material from him on the Internet. We're going to discuss one of those videos, Charlie Ferguson's documentary, "No End in Sight", about the occupation of Iraq in which Colonel Wilkerson is interviewed extensively.

So it's with great pleasure Colonel Wilkerson, that I invite you to join us on The Solari Report. Thank you so much for coming.



COLONEL LAWRENCE WILKERSON: Thank you for having me.

C. AUSTIN FITTS: Well, all week long all I kept thinking is, what in the world is going on?

First, let's start with the swap of the DCI into defense and the Afghan commander to the CIA. Is this a prelude to a change in policy in Afghanistan and the military presence in the Middle East?

COLONEL LAWRENCE WILKERSON: It could well be. I see it having an insidious side and maybe a bright side. The insidious side is that increasingly what's happening with covert operations, what we call clandestine operations, covert operations, whatever term we choose to use. What's happening is that, in order to avoid the oversight committees and the Congress, more and more of this direct action is being done by the military and the CIA more or less, stands aside, and provides intelligent supervisors. That way they don't have to report to their oversight committees in both houses of the Congress and therefore there is no real oversight. The only oversight being if you will, the joint special operations command in Fort Bragg, North Carolina, and that's not a whole lot of oversight. So they are getting away with conducting clandestine operations outside the statutory requirements of the 1947 National Security Act and all the precedence that's developed since. That's a dangerous thing in my view. If you don't have oversight over what you're doing in secret that winds up killing people you tend to move into abusive power. We saw that for example, with Iran Contra when President Reagan almost lost his Administration in the scandal that occurred out of that. So that's the insidious side which really troubles me.

The other side, which you're sort of hinting at, is that maybe we are going to affect the leadership here and advice to that leadership that is going to say we need to close down both these theatres and get back to some level of, what I call off-shore balancing, where instead of having Marine and Army boots on the ground in the middle of this very tumultuous area we have battle groups, marine amphibious groups and so forth just off the landline, if you will, out at sea. What we did really



from about the time of the end of the Iraq-Iran War to the invasion of Iraq and therefore probably create a little else problem for ourselves by having those boots on the ground in those countries where people don't really like them being there. So that's the bright side. This could be a team that's going to affect that kind of change in strategy from being on the ground in the region to being more out at sea and being able to strike from out at sea if something in our vital interest requires that.

C. AUSTIN FITTS: I just hate to bring this up, but since we've taken over Afghanistan, it has grown dramatically in terms of a primary source of opium to the world drug markets. If we move off shore can that state of affairs continue as it is, or are we talking also about a remarkable change in the important cash flows to the American financial system?

COLONEL LAWRENCE WILKERSON: I actually think the drug situation such as it is, and you're right it's quite bad, would be alleviated somewhat if we were out of the area. The military is quite reluctant to take any dramatic action against the people who are pushing drugs. The Afghan military does it pro-forma from time to time as you might imagine it's as corrupt as everything else in Afghanistan. They usually go after people whom they don't like and let their buddies keep on going as long as their buddies pay the bribes. The military doesn't want to get into that business, the NATO military, including the Americans, because it compromises their ability to use these warlords as actual allies in their struggle against the Taliban. Once the military force is removed or at least greatly lessened, then BEA and others who might have a dog in this fight and really want to pursue it to include European law enforcement agencies might have a little bit better chance to actually doing that, particularly at borders, and border crossings and so forth because they won't have that problem with the military being there more or less, not wanting to, but in effect protecting the drug lords.

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C. AUSTIN FITTS: I also have to ask you what the announcement about Osama Bin Laden being killed, whether it's the announcement or the operation. What in the world is that about?

COLONEL LAWRENCE WILKERSON: It's a very interesting culmination of a long, long time to get Osama Bin Laden. That was my first reaction, is that it took us so long. Being a member of the Bush Administration, the first Bush administration that is, I think one of the reasons this was delayed was simply because we, George W. Bush, our administration took our eye off the ball with regard to Afghanistan. We went to Iraq, we shifted the focus of central command to Iraq and once we did that, we simply don't have a military that's big enough and robust enough to do full up two theaters of war like that so Afghanistan immediately became a backwater, it became an economy of force feeders, the term that we use, weren't looking for Osama Bin Laden all that hard. It took a new President and a new focus which he promised in his campaign and then more or less delivered on, to bring this manhunt as it were, to an end. In that sense President Obama accomplished it fairly rapidly. Almost nothing was being done in that regard during the Bush Administration.

C. AUSTIN FITTS: So, you don't think the timing of this had anything to do with other than just coincidence.

COLONEL LAWRENCE WILKERSON: I think it probably was just that. I'm stunned by several aspects of it. One, I knew, I can't say that I knew cause I was there, but I had heavy suspicions as I think almost everyone in the national security elite does, that the ISI in particular, but probably the military too in Pakistan, at least elements of it, are complicit with Al Qaeda and certainly complicit with the Taliban. After all, a portion of the Taliban particularly those in Afghanistan in keeping things in turmoil, are allies of the ISI and the Pakistani military because they keep India at bay, at least that's what Pakistan thinks. So I was stunned though at the proximity to Islamabad, at the type of the facility that they got him in, and at the location of that facility, that villa almost. This speaks complicity in more ways than just some elements of ISI and the military, in my view. It might even be some complicity with some of the political leadership in Islamabad. This is going to be very difficult



situation.

Even today, I was talking with two congressmen from my party, the Republican Party, and they're very concerned about continuing U.S. aid to Pakistan. We've been down this road before. If we suddenly become very draconian and circumspect, if you will, in the way we're doling out to Pakistan we may exacerbate the situation worse. So, these next few weeks as the Congress determines and the President determines what kind of relationship we're going to have with Islamabad, can be very serious times.

C. AUSTIN FITTS: I don't know. To me, watching it from a distance, I find the whole story to be nonsensical. In other words, the absence of evidence of what Osama Bin Laden's role has been in a variety of things, whether it was 911 or other things, and then why it took ten years to find one guy, when we have, if you look at our intelligence and military capacity, it's quite extraordinary. To me, the whole thing doesn't add up. It's another one of those things where you look at the whole world and you have a general sense of discomfort but you don't quite know what to do about it.

COLONEL LAWRENCE WILKERSON: I share that discomfort. I think though, this is a bold statement to be made, but I'll make it. I think for seven years of that, ten years we really weren't looking for him very hard. I think President Bush meant what he said when he wasn't troubled about Osama Bin Laden. It is somewhat questionable, although it's gratifying, particularly for those victims of the strikes on our country, to see him finally brought to justice, but I just don't see that as the end. I don't see that as a real game stopper even, I see it as the lottery and the remnants of Al Qaeda. Particularly those groups around the world who are Al Qaeda-like, like in Southeast Asia, Jemaah Islamiyah, in South Asia right there, Lashkar-e-Taiba those groups are not going to be affected by Bin Laden's death. They're going to keep right on doing the nasty deeds that they do from day in and day out. It's not going to affect Hamas and Hezbollah either. We've still got a major terrorist problem.

That said, we need to get off this, as Powell has said repeatedly, this



terrorist industrial complex bit where we focus so much attention on this struggle that we do exactly what, for example Bin Laden wanted us to do. We bleed ourselves to death. That was his ultimate plan. He thought he bled the Soviet Union to death in Afghanistan and he thought he was going to bleed us to death too. If you look at the figures, we've spent about \$3 trillion dollars to combat an attack that cost him about \$500k is not a good cost effectiveness ratio. So we've got to bring this down to the point where we admit that terrorism is never going to go away. The best we can do is get it to a manageable level. The countries in the world have lived with terrorism for my lifetime, Sri Lanka the UK other countries, Israel for example. We need to be a lot more resilient when we get inevitably, probably another terrorist attack. We don't need to react to it the way we did to this last one.

Yes, my discomfort level is fairly high, too, because of the attention we put on this problem. It's also difficult for me to see a strategy in all of this. What are we doing? I know the main reason that Dick Cheney and the people who I thought were fairly decent strategic thinkers, I know the reason that they put boots on the ground in Iraq, it had nothing to do with Al Qaeda and it had nothing to do with Saddam Hussein really, though they wanted to get rid of him and good deed he's gone. It had to do with oil. I listened to the oil Iraq report at the Middle East Institute this last week, and right now the figures are 100 billion barrels minimum, possibly 200 billion barrels, and at the outside with proper western technology and good exploration in the western desert and elsewhere maybe 300 billion barrels, that puts Saudi Arabia in the shade. Malaqui's own plan, he'll never fulfill it, because they can't get the political situation straight, but this will give you some idea of what they're expecting, his own plan is 13.5 million barrels per day production capacity of seven years.

C. AUSTIN FITTS: Seven years, starting now?

COLONEL LAWRENCE WILKERSON: If he can get what he needs in the way of investment and that's probably not a problem. What he needs is political reconciliation to the point where he comes up with the legal structure where people like Malaysia and China, who incidentally are the biggest



buyers in right now, will feel confident in signing contracts. They're going to see the product; they're going to see the money. That's going to take longer than seven years but I psyched those figures from the Iraq oil report because that gives you some idea of the dimensions were talking about in terms of what Iraq could do someday.

C. AUSTIN FITTS: If you look at the oil, it strikes me that what you were looking at was more of a desire to control it, if anything to keep the price up. Not so much to tap that oil right away, but to control it, because if you look at the price we paid to get it, I mean we could have gone into the open market and bought it many times over.

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COLONEL LAWRENCE WILKERSON: It's beyond me why we had to put boots on the ground in Iraq and boots on the ground staying in Afghanistan for things like the Turkmenistan Afghanistan Pakistan India gas pipeline, like the Xian pipeline which is now pumping somewhere between two and three million barrels per day into the Eastern Mediterranean. I've been told by, I had dinner with one of the Vice Presidents of Royal Dutch Shell last night, I've talked extensively with one the vice presidents for Exxon Mobil who incidentally had Libya as his portfolio a short time ago, and the conversations I've had have led me to believe two things; one huge and one as a subsidiary to that huge thing, the huge thing is that when I look at Exxon Mobil, Royal Dutch Shell or whomever's map board of pipelines that are projected, pipelines that are under construction and pipelines that are pumping, I see the future of conflict for the next seventy five years. When I throw a map of water up there I think I see it in toto so when you look at this and you try to figure out where the pipelines are going to go, to whom they're going to pump, who's going to get the fees as they go across their territory, who's going to be interested in the fact that they're not going through their territory, (read Russia) you began to see the scope I think of where we're going to be in the future if we continue to need oil the way we need oil today, and I don't see much change in that in the near future anyway.



If we could get our hands on the energy task force transcripts that Cheney was directed by Bush to form this ETF and to talk in the most candid, frank way possible about the future of the American economy and about oil and so forth. We have to remember this guy is Halliburton and peripherals company, Bush himself was at least conversant in the oil business. We're looking at an administration that was fixated on this, and rightfully so in some respects. I just wish they would have been a little more honest with the American people about the real reason for us doing some of these things. And incidentally, I don't believe we're going to come home from Iraq.

C. AUSTIN FITTS: That's what I was going to ask you. If you look at the reasons why we went in, and if you look at the infrastructure that needs to be built out, my experience is, no one ever puts investment where they can't put enforcement. So if you say, the world's going to run on oil then you need infrastructure, then you need investment and then you need enforcement. What I don't understand is when I hear any debate about us pulling out of Afghanistan or Iraq my question is, well how?

COLONEL LAWRENCE WILKERSON: I think what you're going to see, and it's probably going to be with regard to Iraq and Kurdistan, the Kurdish regional government area, you're going to see lingering U.S. presence, and I don't see that presence going away anytime soon. You're going to see some lingering presence in Afghanistan too and I think it's probably going to be in that area of Afghanistan which is most crucial to this pipeline lay down that I'm talking about which is going to free India, and to a certain extent free China. And China is happy about this, and indeed is busy working on some of it's own plans for pipelines, of any dependence on Russia at all or at least minimal dependence on Russia. You're going to look at this lay down of pipes and this lay down of refining facilities, that's another thing the Iraqi oil report threw out at me, they're trying to build not one, not two, but three modern full up refining facilities in Iraq so that they don't have to send the oil somewhere else to be refined. And you're right that it strikes me that oil is a product, a commodity that you just need to make sure it's flowing. You don't need to own it, you don't need to control it, you probably need to have some impact on the price and be able to influence that price



from time to time.

I think these guys fought the problem, these guys being Cheney and Bush, they thought the problem was becoming of such enormous proportions that they needed to be where a lot of it was going to be refined, be pumped, be found and so forth and it made them feel a lot more comfortable to put boots on the ground there, and I don't see that comfort level being achieved by what I was calling, off shore balancing entirely, that's part of it, but I think we're going to see, barring any true second V to this great recession where its extended and deeper than we've already seen, I don't think the physical requirements there might cause us to have to come home from everywhere, but I just don't see us coming home totally from those regions because the comfort level is not going to be there.

The other thing we're doing though, we've picked up on this, for example in the Caspian basin mostly to ensure Azerbaijan government doesn't fall not enough there really to protect the facilities if somebody really wanted to threaten them like Iran or Russia, we're positioning these private contractors like...

C. AUSTIN FITTS: That's what I was just about to ask you. How much do you think that the U.S. leadership particularly at the Department of Defense, thinks that any of this can be accomplished with contractors.

COLONEL LAWRENCE WILKERSON: I think that is very much a part of their strategy. I can't look at this is in a way we're putting these kinds of people in places, and in some cases it's the multi-national oil companies that are putting them there. One of the things we talked about was how much money one particular company, how much money you put aside for protecting your facilities when you determine governments are incapable of it. Or it will be too dangerous for governments to do it. And I got a smile, and I got several billions. I don't doubt that a bit. That's what we've done by privatizing this public good called security and we have privatized it big time. The difference between the number of private military contractors, in for example, in the second go around, and the first go around in 1991 is an order of magnitude. We have just privatized



war.

C. AUSTIN FITTS: Right. It's very interesting, I live in a small farming community in Tennessee and for years what I've been tracking is how much the military is offering a young man to join the military and how much the contractors are offering him.

COLONEL LAWRENCE WILKERSON: It's very bad for the CIA, its very bad for the military. These people are pulled out, they get trained and the money invested in them in the military or the CIA and then they get pulled out to make minimum of three or four hundred dollars a day, and sometimes as high as fifteen, sixteen hundred dollars a day, depending on the company and the job.

C. AUSTIN FITTS: Let me skip ahead, just because we're on that point, in "No End in Sight" which is Ferguson's documentary on the first two years of the occupation in Iraq, one of the things that is described in great detail with your help, is the decision by the Administration essentially to let the infrastructure implode. I was watching, and of course I believe there's logic to everything whether you like it or not, and it seemed to me that if what you wanted to do was put it in major corporate contracts and corporate contractors and corporate influencing controlling the infrastructure that was the most intelligent strategy. So, I'm just wondering was the occupation designed to enhance the standing of the corporate contractors.

COLONEL LAWRENCE WILKERSON: I do think that was part, at least for some of the people managing the conflict, their design, I also think though that most of us, including my boss, Colin Powell and others, were stunned at the amount of damage to the Iraqi infrastructure that had been done. One, by the Iraqi war that we really hadn't picked up on, and that's a failure of our intelligence. Two, by our own bombing particularly during the first war and then in '98 when Clinton bombed for about three or four days, and then by Saddam's absolute disregard for that infrastructure with the U.N. oil for food money. He actually spent that money on building palaces and more or less solidifying his rule and not on the infrastructure, so when we got there the expectation that the



infrastructure would be damaged, of course, but still fixable and fixable within a reasonable amount of time, simply vanished. It was, as one Bechtel engineer said, “this is a disaster and it will be a generation before we fix this disaster.” Nonetheless, there certainly were some lucrative contracts let trying to start the process anyway, that someone didn't have that somewhere in the elite in mind is beyond my saying, because it just looked like it was by design.

The only thing we did protect was the oil ministry. We made sure that that was okay.

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C. AUSTIN FITTS: You know I do have to say, because I will step out and say it, when you award contracts to contractors, if the conditions of the situation of those contracts are that they are going to be very long-lived they're worth a lot more to their stock price. So if I have a cost plus contract for ten dollars and it should've been fifty cents to a dollar profit, every indication was Iraq that the margins were much richer, and I can multiply that times five or ten onto my stock price then you know the more devastated the place is the bigger the pop on my stock price, immediately. So I just watch it.

Another thing I wanted to say was, when I worked in the first Bush Administration we had a group around us who really believed that the way to affect change and to reengineer government was to bring chaos and destroy, and just have chaos and they were very neo-con-like in philosophy and they just really thought chaos could get you someplace and you know they believed in abrogating contracts and just real, sort of disaster policy and that was the feeling you get watching “No End in Sight.” It was kind of the same approach.

COLONEL LAWRENCE WILKERSON: Many of those same people are now thinking in those same ways about the situation in North Africa, and why they're in Western Asia, where we have from Kabul to Mascot from Robot to Cairo, this turmoil right now. They're thinking that this is the best possible thing that happened not from the point of view that these young people, they are mostly young now, something like seventy



percent of them are under thirty five, they're not thinking about it in terms of maybe they're going to demand representative government, maybe they're going to demand that their standard of living be raised and so forth that the government is responsible. They're not thinking about it from that point of view, they're thinking about it from the point of view you just described. Let's have this chaos reign from one end of the region to the other, from top to bottom, and in that chaos Iran will fall and Israel will be protected, and all this will just be wonderful. This is the most incredible philosophy I've ever encountered, but your right there are people particularly those who profess out front to be neo-conservative who actually believe this is a sound policy, to create chaos and out of that chaos eventually will come an order that's better than what was before and will be more or less, the hegemony in that order. It just doesn't seem to work that way to me.

C. AUSTIN FITTS: One of the reasons I liked “No End in Sight” was you really get a feeling for that. It's very hard for somebody who's busy; they're a doctor, or a lawyer, they're a teacher and they can't fathom that kind of attitude and behavior, and “No End in Sight” really gives you a sense of how anarchist, I don't even know how to say it, that you really have people in government who are not what that teacher would think of as a mature adult. They have incredible power.

COLONEL LAWRENCE WILKERSON: Here's what scares me right now. I see the same people those who were chastened by Iraq, someone like Francis Fukuyama and others who are more intellectually invigorated by these sorts of theories I think, have backed away from it a bit having seen the chaos in Iraq and not liked it all, but the core group, the Richard Pearl, Douglas Vice and those people right now, about the same place we were in '97, '98 with Iraq at that time passing the law that called for regime change forcing Clinton to sign the law and so forth, with respect to Iran, and what I mean by that, they're moving to get us in the same situation say 2016 or 2017, somewhere in there, where we just start this inexorable march to war with Iran. I see it everyday, I hear them talking about it, I see them strategizing about it. It's scary because a lot of my colleagues are standing there, looking at him and saying this is laughable, this is a joke. Well, they were saying that in 96, 97 with regard to Iraq



too, and look what happened. They got an administration, they got a terrorist attack, they got an unholy alliance between the hyper nationalist, like Dick Cheney, and the new conservatives like Paul Wolfowitz and bang, we're in Iraq. They want to do the same thing with regard to Iran.

C. AUSTIN FITTS: I have a take on this which is intuitive, cause I'm way on the outside, but in my experience, both in Washington and on Wall Street, whenever you wanted to do something like go to war in Iraq, you couldn't just say, "look folks we want to go to war in Iraq and here's what we need to do it." What you do is get some nut who espouses complete pile of bunk, which gets you to where you want to go, and you tolerate them, and you let them run around and make huge amount of damage, as long as they're taking things where you want to go, and then you blame it on them, and how crazy they are. And those guys are only allowed to operate that way for two seconds as long as the big money wants them to. The minute they start to take you in a direction that Wall Street and the oil companies don't want you to go in, they're dead, or they're back on the farm.

COLONEL LAWRENCE WILKERSON: I'm involved with a group, and this is about all I can say about it, that is trying to take that very formula that you just described, which I happen to think is a pretty accurate description, and reverse it, as it were, and to stop these people dead in their tracks. I hope we're successful.

C. AUSTIN FITTS: We're talking about it now in the national security context, but you see it an awful lot in the financial context, where you'll get people with a variety of credentials spouting complete gibberish, and we saw this in a lot of the privatization so you have some guy from an ivy league university and he's spouting complete gibberish about why deregulation is good for you, and that's used as a justification to get these rules changed so that a variety of people can come in and essentially harvest the consumer.

Its funny Ferguson did a great job in his next documentary "Inside Job" of outing the academics on the exact same game.



COLONEL LAWRENCE WILKERSON: In one email, it was a short time ago it was right after “Inside Job” came out and Larry Summers left the White House, and Charles speculated that perhaps “Inside Job” had something to do with that.

C. AUSTIN FITTS: I think it helped because you know, the President was always in trouble over Summers from the beginning, and it was just a matter of time until he literally couldn't, even if it took until election, there was no way he could he could go into the congressional elections, let alone a presidential election, and explain that after “Inside Job.” The thing that was remarkable about “Inside Job” is that it was the first piece on the financial crisis for people who have no interest in financing or money, I can't tell you how many friends of mine said, you know “I took my wife to see it with me, and she's getting her friends to watch it.”

COLONEL LAWRENCE WILKERSON: Everywhere I go, I say, have you seen it? If you haven't, watch it.

C. AUSTIN FITTS: I think “No End in Sight” is just as good, but I think the topic is more frightening because you're talking about lives and not money. When you talk about money you talk about lives too but you know, it is not as frightening.

Before we leave the war machine, take us to Libya. Why are we in Libya?

COLONEL LAWRENCE WILKERSON: That's a wonderful question. I think because its low hanging fruit and we know that we want to deflect attention away from places like Bahrain and Saudi Arabia and so if we do Libya maybe those places will kind of quiet down and we won't have to contemplate about doing something about them. We've got the largest fleet headquarters, and that's what I mean about having boots on the ground and how dangerous it can be. We have our largest fleet headquarters in Bahrain; we have the largest airfield, as far as I know in the world, in Qatar. We have all manner of facilities there now, in the region. If you recall Bin Laden's, I think it was his original fatwa that names us, that was his major concern, was that we were in the Holy Lands. Well, we are there big time now. And what do we do when our



fifth fleet headquarters is literally surrounded by the 70% of Bahraini's who are not happy with their government and the Saudi's come across the bridge and the UAE said 4,000 crack troops will be there tomorrow morning. The GCC, the Gulf Corporation Council is very worried about this, as well they should be. But what do we do if we're caught in the middle of it? One of the things you do is deflect attention away from that is you go after the low hanging fruit in Libya. I mean, no one likes Gaddafi. The Africans don't like Gaddafi, the Arabs don't like Gaddafi, and he's an easy target to go after. We've got ourselves in a mess now, I think because we didn't determine fast enough on the one hand, and we didn't determine the balance when we did do it, of forces on the ground and it looks like a Civil War that's stale-mated and you've got one side that's supported by us, NATO, and the other side that's exclusively Gaddafi and those loyal to him.

One of the other things that's very disturbing about the people we're supporting, that Eastern portion of Libya provided more fighters for Al Qaeda in Iraq by an order of five or six to one over the next most prolific provider, Saudi Arabia, than any other country. So who is it we're supporting?

C. AUSTIN FITTS: I don't know. The Central Bank had \$30 billion, in our banks, and I said, "Oh God, it can't be so bad we needed the \$30 billion that badly."

COLONEL LAWRENCE WILKERSON: We could.

C. AUSTIN FITTS: Have you ever seen the movie, "Three Days of the Condor?" Remember at the end as Cliff Robertson is saying to Robert Redford, "you think the American people don't want us to do this but you know, ask them when they're cold, and ask them when they don't have the resources." It's really an amazing point. The frustration of the guy who's in the double-blind because he's suppose to line up all the

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resources and do whatever he has to do that, all the time allowing everybody to pretend that the reason we have all these resources is because we're nice good people and good Christians and we got this all fair and square. It's kind of the scream of the double blind which if you've ever certainly looking at all the positions you been I know you appreciate the frustration of the double-blind. How, and this is a question of leadership, and leadership is something you think of an awful lot about, how if you're the president do you communicate to the American people you know that you need to go five, ten, fifteen, twenty years ahead of time, it takes a long time to build a pipeline. Investors are very risk adverse, you've got to do what you got to do had you how can you be honest with a democracy about the real goals and policies? So let's get down to it. What are the sugar packet goals? What are the goals right now and how can the leadership communicate with the American people about them and how can they operate a world where they have to pretend they're doing the opposite of what they're doing?

COLONEL LAWRENCE WILKERSON: Perhaps were getting some help in that regard or President Obama is getting some help in that regard right now by the price of gas at the pump. It's the subject I hear most often now, when I talk to audiences in places like Charlotte and Nashville, I was just out in Michigan, people asking the question how much higher? Well, it can go quite a bit higher.

C. AUSTIN FITTS: You're nice. I say, A lot!

COLONEL LAWRENCE WILKERSON: One of my English friends said to me last night, you know what it costs for a liter in the UK now? And I said, I'm afraid to ask.

Maybe that's an opportunity to say look, this is a lot more serious than the things we've been telling you. You wouldn't say it that way, but you use that as a wedge into a more transparent conversation with the American people. And you also, I think, have to use it as a wedge into a conversation with the American people about alternative energy sources, about the need to get scrambling on that, about conservation, about all the kinds of things that much maligned President Jimmy Carter talked



about, and Americans reluctantly somewhat, I remember, I lived through it, I was on the East Coast in a line of about 200 cars to get gas one day, when I was driving between Fort Monroe and Washington. But we may have to do some of this again. I don't think it's a "may" we're going to have to do some of this again, to get our act in order in all those categories, alternative energy conservation of what we have in finding new sources and protecting those sources. We're going to have to do it rather rapidly, too, I think, to keep our economy from being very dramatically affected by oil prices that we simply can't sustain our economy with. This may be a silver lining of this crisis if the leadership uses it right.

C. AUSTIN FITTS: For many years I've said that Goldwater told the American people, "we have 6% of the people, and 50% of the resources if we want to keep that going we have to drop a lot of bombs." And the American people said, "no, we're good Christians, we don't want to do that." So Jimmy Carter came along and shivered in his sweater and said "we've got to cut back," and they said, "no, we like our lifestyle, we don't want to do that." And then the Bushes came along and said, "you all are really good Christians, here's your check, don't ask questions." And they said, "Okay, that's a plan!"

COLONEL LAWRENCE WILKERSON: I remember talking in a war planning session about 5 million Americans under arms mounting the Arabian Peninsula, taking everything in sight, and then more or less, turning it over to a trustee ship run by the United Nations, with us, at that point, being more powerful on the Security Council than we are perhaps today. But this was serious thought, and this was back after the '73 oil embargo. We may be looking at that sort of problem, that sort of challenge, we're positioned now to do a better job at meeting that challenge perhaps, but how long will that positioning last? As I just said we're on untenable ground on Bahairan, probably in Kitar, and elsewhere in the region. Egypt was a major partner. The Brightstar exercises, the transition points, their refueling, everything. That's up in the air now. One wonders what Egypt will do not only with regard to Israel and Gaza and the border there, but also what it will do when it settles down a little bit and they have a new government that looks like it's going to be in power



for awhile, what are they going to do about their very strategic relationship with the United States?

C. AUSTIN FITTS: Now why did we do what we did in Egypt? Was it to support the military? To this day I don't not understand what our rationale was. What were we trying to get accomplished?

COLONEL LAWRENCE WILKERSON: I think that was a pretty deaf pickup game. It was a pick up game because mostly listening to Omar Suleiman, we had been so accustomed to getting our intelligence from him, and the Egyptian Intelligence Service and we weren't listening to the street. There were a few listening to the street, and they were screaming but they weren't being heard. But, given that intelligence, given that it came on as fast, and we didn't see it coming, the pickup game was pretty good, and you're right, we picked the institution in Egypt that anyone who comes along, be a democrat, Thomas Jefferson looking or whatever, he's going to need that military. It's the most disciplined, it's the most organized and it's got the gun and we sold them most of their guns. Some of my friends tell me they have more M1 tanks than we do.

So, you've got to have the military on your side. The military is our in into Egypt if you will, to continue the strategic relationship, probably not the way it was in the past, but at least a meaningful relationship. How the existing government evolves into something that is sustainable over time and how that government's relationship with the military develops is going to determine, more or less, how our relationship develops with Egypt. So having that contact is very positive and we need to play that very carefully.

C. AUSTIN FITTS: So here we are. It's 2011, let's say we get a change in Administration in 2012 which I think is unlikely, but if we do and now it's your job, Colonel Wilkerson, to chair the National Security Council. What are your top three goals?

COLONEL LAWRENCE WILKERSON: I have no problem picking the first one. The first one has to be to restore the United States economy to some position where it looks like it's sustainable, competitive, and got the right



ideas. And by that, I'm not an economist, and I'm not a manufacturer, but I've listened over the last two years to all manner of people who are, from the head scientist for IBM to Intel's individual who did the study that put their latest state of the art facility in China rather than in the United States, and I've tried to put together what these people have told me and to come up with some idea of what I mean when I say restore America's economy, and I think at the heart of that is not just all these we're talking about, more sustainable more resilient, more future oriented, less dependant on non-renewable fossil fuels, more dependant on high speed rail between major commercial areas and light rail and urban and ex-urban areas, all those things that we talk about. What is at the center of this, I think, is restoring what is traditionally called manufacturing, and by that I mean, restoring jobs for the middle class, and jobs that are secure reasonably, jobs that have some benefits, jobs that give some satisfaction that put a roof over their head and free meals on the table, and a ticket for that light rail and a ticket for that high speed rail when they need to use it.

All these things have to be done by shifting the composition of our GDP. When you look at the post-World War GDP you see depending on whose examples you look at, I look at the CIA's, they been building them and releasing them when they became unclassified, you see roughly 42% manufacturing, maybe 20% services and agriculture and the rest, and you see that having flip-flopped in the last 40-50 years. So now it's about the last report I looked at, 76% services and 12% manufacturing. I think that's a course for destruction. We've got to restore that portion that is manufacturing even though it's still the biggest in the world. We've got to make it a lot more robust, a lot bigger, a lot more cutting-edge and we got to make sure that into that we bring these people who are now, constituting what, real unemployment, about 20% across the country and some areas even higher than that. Terrible amongst my black friends, black males, something like 40% is the unemployment rate; we've got to get these people back to work. We've got to get them

“What is at the center of this, I think, is restoring what is traditionally called manufacturing, and by that I mean, restoring jobs for the middle class, and jobs that are secure reasonably...”



meaningful jobs and the jobs have to do something that adds value to society and that much of the world and the American people want to buy.

C. AUSTIN FITTS: Okay, so now I'm going to be the tough guy and I'm going too tee up and take three things on the politics of that that we need to highlight.

The first thing is, let's take the Federal budget. Let's break it down and take the domestic side and break it down by county, because America is 3100 counties, right? If you look at that budget something that's happened, a whole bunch of money's moved out because we moved the military abroad. So all that government military spending left and went abroad and left 3100 counties, so that's one thing.

But, let's just work with what we've got left. If you look at the federal investment in places, whether its credit or regulations, or contracts or appropriations, what you see is its got what I call a negative return on investment. And if you look at that its being allocated not according to any kind of economical performance, it's being allocated by a variety of political considerations, which you or I might disagree with, but the reality is if you shift that money and say look, "we're just going to spend that money and get the best economic result," you're going to have a political storm and some of that storm is going to be corporate contractors, particularly defense contractors who don't want their contracts cut.

COLONEL LAWRENCE WILKERSON: I don't have any argument with that analysis.

C. AUSTIN FITTS: So how do we make it politically feasible to fire Lockheed if we need to?

COLONEL LAWRENCE WILKERSON: Here's my timeline, I think. And again, I'm way out of my element here. But, I've been listening to these guys at the New America Foundation, backed by Google, that's where they get most of their dollars from, from Eric Schmidt, what they're talking



about is thirty five percent of the American asset base, and that's a lot of money; somewhere in the neighborhood of twenty to thirty trillion they tell me, and the assets they are talking about everything connected with housing. This might sound counterintuitive based on the crisis we're in right now with housing, but they want to see...

C. AUSTIN FITTS: There's still tremendous equity in housing.

COLONEL LAWRENCE WILKERSON: They want to see this 177 million, roughly half of the American population, which in poll after poll is saying it does not want sprawl. It does not want a 7,000 square-foot McMansion in the suburbs and a two-hour commute in the morning and afternoon. It wants to live in urban or ex-urban terrain, that's walkable, bicyclable and has light rail to service it for short travel and if they want to go, say between Houston and the metro complex, Fort Worth and Dallas, they want a high speed rail. This is their vision of a future. This takes water, it takes sewage, it takes highways, it takes rail, and it takes the entire infrastructure along with it. And if you can incentivize the construction industry and all associated paraphernalia, to aim at this rather than the previous model, which was sprawl, you go out and you declare the land through eminent domain or you pay really cheap money for a farmers land and convert it to a suburb and then makes tons of money off it because you did that, and then they've got this long commute and they're dedicated to their automobiles and the highways and so forth. If you can shift this model, if you can even partially shift it, over the next eight, ten, fifteen years, and incentivize developers and construction people to put their money in the Congressman's pocket for that motivation, rather than for the sprawl and reverse to incentivize the Congressman to legislate the way they need to do in order to encourage that, new zoning laws for example, and so forth. I think we can get a shift going that just might be enough, camel's nose under the tent, to begin to shift the entire focus not only of housing but also of the economy in general.

C. AUSTIN FITTS: I think you can count a lot of developers making a lot of money in gentrification and you can end up with a much finer and better housing stock but ultimately housing is still consumption, in my



book.

Let me give you an example. In the state I live, in Tennessee, I spend a lot of time in Lewis County, our unemployment rate is 25%, and certainly all of those people are on food stamps. If they call up customer service, so they're getting paid unemployment, they're getting food stamps, some are getting welfare and a variety of different, some get housing subsidies and meantime there's huge amounts of farmland lying fallow. But if they call up customer support on their food stamps they get a contractor working for J.P. Morgan Chase in India. So the state of Tennessee on a Federal program is paying somebody in India to do a job that that person is doing and if that person was doing the job, they wouldn't need unemployment and food stamps. So the government is paying twice for something they could pay for once. Yes, the person in the United States would cost more than the person in India but if you look at how much they're paying for that person. We used to regularly do the analyses of HUD. Most of the people living in HUD housing who are on welfare, the Federal government then, and that was almost 20 years ago, was paying \$55,000 a year to put that package together for a woman with 1.8 children. So, it's not economical but you're going to have hold government spending and government contracts to some kind of economic optimization, and to me, that's a political revolution, which I welcome. It's just if you're a government official for you to do that you need good security and enforcement. Maybe you're the perfect person to do it!

COLONEL LAWRENCE WILKERSON: You darn sure don't need a Vice President who thinks he's President and who puts in every regulatory oversight position in the United States government a member of the firm being overseen, or a lobbyist for that firm.

C. AUSTIN FITTS: When you do it, I want you to have a Marine escort or someone like Blackwater protecting you.

COLONEL LAWRENCE WILKERSON: Let me just point out that what you just said, is also what we do overseas...



C. AUSTIN FITTS: Absolutely! The reality is, to have a government you have to have information sovereignty, you have to have financial sovereignty and you have to have the ability for a government official to say “no” and live, and make sure his family is safe. And I don’t think were in that particular.... The level of competition has gotten violent.

COLONEL LAWRENCE WILKERSON: On some days, every other Monday I feel like it's insurmountable. The challenge will never be met.

C. AUSTIN FITTS: I believe there is a way. Step one is to have an honest conversation which is why, when I first started to watch all your different speeches and videos, I was like, “wow, here’s an incredible guy from the military who’s willing to have an honest conversation. Okay!”

COLONEL LAWRENCE WILKERSON: We have two gentlemen, Marine Colonel and a Navy captain who wrote the “Y Paper,” I don’t know if you’ve heard of it. It was getting a lot of buzz here until the Osama Bin Laden event occurred, but these are two 06’s, a Navy Captain and a Marine Colonel working for the chairman of the joint Chief of Staff, who himself is a pretty bright guy, and they’re writing a paper saying, “come home, get out of these wars, and let’s restore education, let’s restore the infrastructure, and ultimately, let’s restore the American economy, because guess what, you don’t fly your planes, you don’t sail your ships, you don’t drive your tanks, if you don’t have a strong economy.”

C. AUSTIN FITTS: Is the “Y Paper” available online?

COLONEL LAWRENCE WILKERSON: Yes, it is. They chose that name because George Kennon wrote the “X Article” which started containment and the Cold War strategy, so they picked up on that and put this article out

“The reality is, to have a government you have to have information sovereignty, you have to have financial sovereignty and you have to have the ability for a government official to say “no” and live, and make sure his family is safe.”



there.

C. AUSTIN FITTS: Here's a good place to start because he first asked the question, if we're 6% of the people how are we going to control 50% of the resources.

Okay, so I said there were three issues. We talked about the first one which was how do you reengineer the economic considerations out of the current political considerations.

Two is, we've had a generation of baby boomers who've worked and worked and worked and worked and worked and not saved as much as the last generation but saved a lot in the form of pension funds or 401(k) s and during, from the mid-nineties to for about ten years, we took all that capital, the equivalent of all that capital and we either shifted it into investment in emerging markets or we gave it to the banks. So now we are coming up on a new thing. For years those retirees have been putting money in social security and social security is been used to finance the debt machine, including interest on the national debt and the military. So, Social Security has been a generator of cash for the government in the net cash flow and that is just now turning negative instead of that group producing cash for the military-industrial complex they're ready to retire and they say, "okay we want our money back." So now we have a pig going through the snake. We have the creditors who want the interest on the national debt, we have the military who needs to keep being paid if we're going to keep the debt and currency systems going, and now we have the retirees who want their money back. We have China, Japan, Saudi Arabia, countries around the world financing this machinery, whether it's the retiree's or now the retirees in the military, and interest on the debt, and people like Dick Cheney saying, "deficits don't matter." So, how are we going to rebuild America when the retirees want their money back but the money is gone?

COLONEL LAWRENCE WILKERSON: That's the challenge that I don't see being dealt with here very smartly in Washington. I see the periphery being discussed. I see all kinds of passion about the periphery but I



don't see them really getting at the heart of the matter. I would say that that challenge you just posed, on every other Monday, makes me think this is too hard and that we're not going to be able to do it.

C. AUSTIN FITTS: Oh no, we can do it. At the end, I'm going to tell you my favorite quote from Winston Churchill.

The third one is young people. It seems to me if we need to rebuild America what we need to do is let young people let loose to address the challenge. And everywhere I go I see young people either being dumbed down or held back, or being forced to buy sort of official stories, and increasingly alienated. So, if you look at where young people are headed, except for some exceptions like the elites and ivy league universities, if anything were loading our young people up with really fraudulent student debt. The one opportunity we really give them is where I live, they can deal drugs or go into the military. That's kind of it. It seems to me, you can't rebuild America unless you're really going to completely turn around what you been doing with young people.

COLONEL LAWRENCE WILKERSON: I have to say, I think one of the reasons, I don't think, I know, one of the reasons that I went into teaching immediately after leaving the state department was because I wanted to do what little bit that I could to excite young people in some of the ways that you and I have been discussing here tonight and to do the little that I could to give the tools, particularly the policy tools, the political tools, politics being the art of the possible, to maybe make some changes and have some impact on these very challenges we've been discussing. And, I have to tell you that the most encouraging thing I have been involved in the last six years is these young people in the honors program at the George Washington University at large, across the campus, the College of William and Mary. They are exciting people, they are smart people, and they haven't got a race conscious bone in their body. One of my students the other day looked at me and said with a smile on her face, you know, I've been to a lot of weddings since I turned sixteen, seventeen years old and you know I've never been to a wedding that occurred between two white people. What an astonishing statement!



C. AUSTIN FITTS: It's a different time!

COLONEL LAWRENCE WILKERSON: I'm from South Carolina. I remember the day when you couldn't marry if it wasn't a white person. I have to say that, I see a generation coming up that one, is not motivated so much by money as the generations that I came up with myself; two, is truly motivated by public service and wants to do public service; and three, is smart as a whip. That's my thought. I am very optimistic about this generation that's coming up. I call them twenty-something's right now. You're right, we have saddled them and sometimes in my seminars I say this, what are you going to do about this challenge? Because my generation gave you this challenge and put you in a very, very untenable position with regard to meeting it. And I'm impressed with the answers they give me; I'm impressed with the papers they write. We got a program a GW for example, where we actually take problems from the Congress and others in the government and we throw them at these students and we say, you got a seminar. Let's go, we got a chemist in here, we have a physicist in here, we have a medical physician in here, we've got a number of other people in here from other disciplines, this is inter-disciplinary. We'll all help you from our disciplinary point of view. Do this, and then tell us how you're going to make it politically possible.

C. AUSTIN FITTS: I put up on the blog this week, I'm sure you already heard of it, John Hunter on the world peace game. Have you ever heard of this?

COLONEL LAWRENCE WILKERSON: I don't think so.

C. AUSTIN FITTS: I'll send you the link. <http://solari.com/blog/?p=11127> He's literally got fourth-graders having the kind a conversation that Colonel Lawrence Wilkerson would have about what's really going on. It's quite amazing and when you watch it, it takes until the second half to really get into the nitty-gritty but when you look at the nitty-gritty I don't know how he's pulled it off, but he's got fourth graders who really understand how the world works and are trying to figure how you take it from where it is now and get to world peace. It's really very



interesting.

COLONEL LAWRENCE WILKERSON: John Kennedy once said, in a moment of rare candor, we will never have an end of war and we will never have peace until men want to be conscience objectors as bad as they want to be killers. And now it's women too!

C. AUSTIN FITTS: My beat on it is, which is just a piece of it and not the main piece, how can we have an investment model where peace is attractive to the guys who are fermenting war because that's how they make money?

“John Kennedy once said, in a moment of rare candor, we will never have an end of war and we will never have peace until men want to be conscience objectors as bad as they want to be killers.”

One last point, I was listening to you, it was a couple of years ago, and I'm a big fan of scenario planning, because when you do a portfolio and investment strategy, scenario planning is wonderful and I used to work with some guys who used to work at Royal Dutch Shell, and sort of taught me their method of scenario planning, and you described two of their scenarios for the next, 20 to 50 years. One was called Blueprint, where we figure out how to optimize in and live within the environment material resources of the earth; and the other was called Scramble, where things kind of disseminate into a, everybody's trying to grab the natural resources we use, and I thought what a brilliant framework for the road ahead. This Blueprint versus Scramble. And then you said something which I thought was a remarkable insight and that was the difference between a Scramble world and a Blueprint world is leadership. In other words, finding a way to build leadership that will take us from Scrambled to Blueprint. So, I thought maybe I would ask you at the close of this, your insight on how do we do this. How do we create leadership and the conditions that can take us out of Scramble into Blueprint? Because I think there is not more important question before us.

COLONEL LAWRENCE WILKERSON: I think you're right. I certainly don't have any silver bullet, but I do think that increasingly it's going to take leadership across a broad spectrum of what we call sovereign nations



today. And probably aided and abetted by new and better designed and more attuned to the challenges we've been talking about, international institutions. And I'm think about things like the International Monetary Fund, the World Bank and the regional development banks and so forth, who are still operating on an accountability, sustainability, resilience model, that is not an anachronism.

We've got to have a more regional and ultimately global effort, and I'm not talking about global government. Global government to me is an untenable thing, but I am talking about more cooperation, and more cooperation along the lines of challenges that simply cannot be made by a single country, not even a powerful country like the United States. I think this is going to take leadership across the board; its going to take leadership from Europe, its going to take leadership from Asia, it's going to take leadership from Latin America, all over the world they're got to be leaders who come together in a G20, in a G40, whatever it is, and they're going to have to have the assistance of not only their national entities, but they're also going to have to have the assistance of these newly designed or newly created international institutions. I'll give you an example of one that comes to mind immediately.

I was in a game in Beijing, in January of 2007, we called it a petroleum disruption exercise we had almost everybody there that had a dog in the fight. We had Maritime insurers, we had shippers; we had energy people who knew the commodities market well and how prices fluctuated and all that. And what we did through the course of this game was we threw various crises at the players who were playing their national governments and we had the advisors there for the insurance and the shippers and all that. We hit a tanker in the Strait of Morocco, we took down Ross tenure in Saudi Arabia, which is six million barrels per day production facility, and we saw what happened. And one of the things we realized, here's how serious it got. The Chinese actually left the exercise and went to their ministry of foreign affairs to be advised before they came back to the exercise and made it (inaudible).

We realize that there was no international entity that would be able to deal with these kinds of problems with the speed and timing that they



needed to be dealt with. When you had to make oil swaps, when you had to ship clothes, when you had to move tankers in a different direction when you had to have the cooperation of the multinationals and the national companies and so forth. There was no entity like that, so we made a recommendation out of that, that we start something like that and we staff it. It's gone nowhere simply because Deloitte from China and Microsoft, who sponsored this entire exercise, fell out of love with the exercise organizers, essential party school and China, I forget who was the organizer in this country. These are the kinds of things that we need to be working on.

C. AUSTIN FITTS: I'm going to be a skeptic. Most of the corporate names that you bring up to me, I don't trust those guys as far as I can throw them, and a lot of the institutions I don't trust them as far as I can throw them. And so the question is, how do find somebody that's trustworthy?

COLONEL LAWRENCE WILKERSON: It's the old founding father's theory: you let greed check greed. You let self interest check self-interest.

C. AUSTIN FITTS: Which absolutely works if you have transparency. One of the things I come back to my whole life is, how we create conditions of transparency? I'll say this, Colonel Lawrence Wilkerson, you're certainly trying.

Doesn't anybody ask you, how come you're so fearless?

COLONEL LAWRENCE WILKERSON: I'm going to be 66 years old; I'm going to be dead. No courage here.

C. AUSTIN FITTS: We certainly appreciate you joining us for The Solari Report. You've been very, very informative and we wish you all the best. Anything else you'd like to add before we close down?

COLONEL LAWRENCE WILKERSON: I'd like to say one other thing, and that is to sort of paraphrase Benjamin Franklin, this is what really concerns me deeply and profoundly in the last six, seven years, and that is that we seemed to have morphed from being a nation that would say, "give me



liberty or give me death,” to a nation that says, “protect my life at any cost, including my liberties.” If that’s what we’ve become we have a more significant and profound challenge than anything we’ve talked about here tonight.

C. AUSTIN FITTS: I’m going to send you a copy of my favorite quote from Winston Churchill; in fact it was on our wrap up for The Solari Report for 2011. It’s sort of the quote of the year.

“We have now journeyed across the centuries across the oceans across the mountains across the prairies because we are made of sugar candy.”

COLONEL LAWRENCE WILKERSON: And I would add, into space.

C. AUSTIN FITTS: That’s a very good add. We didn’t get a chance to talk to space but maybe we can get you back to do that.

COLONEL LAWRENCE WILKERSON: One of the most breathtaking things I saw a week or two ago, at the National Defense University, and Peter Schwartz was the guy who put it up, Peter Schwartz from Shell, well a long time ago. It was a 3-minute NASA video that summed it all up; where we’ve been, where we are, and where we might be going.

C. AUSTIN FITTS: It’s quite incredible. I think that’s one of the great areas of opportunity that can shift the kind of dynamics that we’re... It can help shift us out of Scramble and into Blueprint.

Okay sir, thank you very much, you have a wonderful evening.

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