

## U.N. Agency Receives Iraq Dossier

--Iraq said Sunday it did not have any weapons of mass destruction as a massive dossier on its military programs was given to U.N. officials. --

### BACKGROUND:

The UN Security Council resolution on Iraq gave a timeframe of up to 15 weeks for a final verdict on whether or not Baghdad is developing weapons of mass destruction and ballistic missiles.

While the resolution has removed any automatic resort to force against Iraq, if Baghdad is deemed to have impeded the work of UN arms inspectors, Washington would not have to wait for UN approval before taking military action.

### **The timetable according to the resolution is as follows:**

- Iraq accepted the terms of the resolution within **seven days** of its adoption, as required by the resolution. **They Complied.**
- Iraq had until **8 December** - within 30 days of the adoption of the resolution - to give a current and complete declaration of all of its chemical, biological, nuclear and missile programs. **Iraq Complied.**

U.N. arms inspectors began searching Iraq last month for weapons of mass destruction after a four-year hiatus.

U.S. officials say Washington has substantial evidence, including some not made public, that Iraq has retained and accelerated banned weapons programs.

But Iraq said Sunday the document proved it did not have such weapons and challenged the United States to provide the U.N. inspectors with evidence to the contrary.

The Bush administration intends to show that significant information about an illegal weapons programs will put Baghdad in "material

breach" of resolution 1441, adopted on Nov. 8, which would allow Washington to go to war.

But to most Security Council members the resolution requires other violations besides false statements in the document, as well as verification from inspectors of any claim the United States or close ally Britain may make.

**For more information, visit:**

[www.time.com/time/2002/iraq/countries/index2.html](http://www.time.com/time/2002/iraq/countries/index2.html)

### STORY:

Iraq said Sunday it did not have any weapons of mass destruction as a massive dossier on its military programs was given to U.N. officials. The content of the declaration, which could spell the difference between war and peace, may not be known for some time as U.N. experts screen the papers for sensitive data.

The entire 12,000-page document, which also deals with Iraq's chemical, biological and missile activities, was being flown to the United Nations in New York.

Iraq handed over the declaration to U.N. arms inspectors on Saturday, a day before a deadline set by a U.N. resolution requiring Baghdad to give a full account of any past and current nuclear, chemical or biological weapons programs.

The Iraqi dossier consists of 11,807 pages, 352 pages of supplements and computer disks with 529 megabytes of data. Hussam Mohammed Amin, head of Iraq's National Monitoring Directorate, said the dossier detailed "some activities that are dual-use," referring to technology that has both peaceful and military applications.

### **IN THIS ISSUE:**

- |   |                                    |
|---|------------------------------------|
| 3 | Treasury Department Shake-Up       |
| 5 | Miss World/John Birch Society      |
| 6 | Paul O'Neill/Bowl Series Announced |
| 7 | Cutty Sark In Need of Repairs      |
| 8 | Of The Week/ Order Information     |

U.N. Security Council members have decided to postpone the public release of the documents for as long as a week to allow experts to screen it for any military secrets that might help outsiders develop their own doomsday weapons. The IAEA will analyze the nuclear part, while UNMOVIC in New York will study the part dealing with biological and chemical activities. Diplomats said it could take a week before the U.N.'s 15 Security Council members get a copy.

U.S. officials said Friday Washington was expected to declare Iraq in "material breach" of last month's U.N. resolution if it stated it had no banned weapons, setting the stage for a possible U.S. military attack on Iraq. But they said Washington would not cite the breach as immediate grounds for war, letting U.N. inspections continue while Bush courted partners to help strike Iraq if needed.

**Note:** At the same time as Iraq handed over its arms dossier on Saturday, Saddam apologized for his country's 1990-1991 occupation of his oil-rich neighbor Kuwait. However, he blamed Kuwait's leadership for precipitating the invasion. Kuwait rejected the apology and accused Saddam of using it as a pretext to incite attacks against U.S. troops currently training in the Gulf Arab state.

Arms inspectors continued their searches of suspect sites in Iraq Sunday. One team visited a geological survey facility in central Baghdad while another inspected a pesticides factory to the northwest. The U.S. and Britain said earlier this year that the Fallujah-3 pesticide plant, destroyed in a 1998 military campaign, had been rebuilt and was producing chemical weapons. But plant chief Haidar Taha told reporters: "This is all for civilian use, nothing else is produced here."

Another 25 U.N. arms inspectors, mostly from the IAEA, arrived in Baghdad Sunday to reinforce the current team. A spokesman for the inspectors said a further 20 to 30 experts, mostly

from the U.N. Monitoring, Verification and Inspection Commission (UNMOVIC), would arrive Tuesday.

**SIGNIFICANCE:**

**The timeline set up by the UN Security Council continues as follows:**

- The inspectors are expected to analyze and issue a response to the Iraqi declaration of the weapons it possesses within 7-10 days.
- Before **26 January 2003** the UN weapons inspectors are required to report on their progress to the Security Council. The resolution specified that the inspectors had to report on their work within 60 days of the start of the first substantive inspection on 27 November. At any point the inspectors can decide that their work is being obstructed and report on that before the 60-day deadline.

If weapons inspectors find that Iraq has failed to co-operate with their work, then the US would discuss the consequences with Security Council members, but Washington has indicated that it would not have to wait for another UN resolution before taking military action.

The US would have to take into account that a prolonged debate at the Security Council would see conditions for allied troops fighting in Iraq begin to become dangerously hot as winter ends and summer approaches. Temperatures in the Iraqi desert will begin to heat up by March. In July and August, the average temperature is higher than 120 degrees Fahrenheit. According to GlobalSecurity.org, troops will have to be dressed in chemical protection gear the whole time, which will become unbearably hot. Also, April marks the beginning of Iraq's windy season, when sandstorms could severely reduce air operations. The weather would not cool down again until October.

However, senior officials have warned that the hot weather does not necessarily mean that a military campaign will be delayed.

## Economic Shake-Up

--Treasury Secretary Paul O'Neill and advisor Lawrence Lindsey announced his resignation Friday in a shakeup of President Bush's economic team amid concern about the ailing economy.

### **BACKGROUND:**

The United States Treasury Department has a broad range of duties and functions. In addition to monetary functions such as budgets, taxes, and currency production and circulation, Treasury also oversees critical functions in law enforcement, economic policy development, and international treaty negotiation.

The Treasury Department includes the Office of the Secretary and the Departmental Offices. This is where all of the policy-making offices are found. Each office has an Assistant Secretary directly responsible for its activities.

In addition, there are many bureaus with different responsibilities. For instance, the Bureau of Engraving and Printing (BEP) makes our paper currency and the United States Mint produces our coins. The Internal Revenue Service (IRS) collects income taxes and other forms of Federal Government revenue. Law enforcement functions fall under the jurisdiction of the United States Customs Service, the Bureau of Alcohol, Tobacco, and Firearms (ATF) and the United States Secret Service. Maintaining the Federal Government's accounts is the job of the Financial Management Service (FMS). Processing the sale and redemption of Treasury bonds, notes and bills is the responsibility of the Bureau of the Public Debt. Finally, the Treasury must oversee and regulate savings institutions and National banks. The Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS) each handle these tasks.

For Fiscal Year 1999, the Treasury Department and its bureaus have a combined estimated budget authority of \$401.0 billion and employ approximately 147,900 full-time civilian employees. The Office of Management and

Budget publishes The Budget of the United States Government every year.

### **STORY:**

Treasury Secretary Paul O'Neill, whose outspokenness often landed him in hot water, announced his resignation Friday in a shakeup of President Bush's economic team amid concern



about the ailing economy. Lawrence Lindsey, head of the White House's National Economic Council, also resigned, a senior White House

official said.

"I hereby resign my position as secretary of the Treasury," Mr. O'Neill wrote in a letter to President Bush. "It has been a privilege to serve the nation during these challenging times. I thank you for that opportunity. I wish you every success as you provide leadership and inspiration for America and for the world."

Presidential advisers do not blame O'Neill, but they've long recognized that a shakeup of the economic team would help indicate Bush was doing everything he could to improve matters. Just after elections, White House advisers began speculating that Lindsey and O'Neill would be asked to leave. Bush said at the time: "My economic team came in during very difficult times. There was a recession, terrorist attack, corporate scandals. We have done a lot to return confidence and to provide stimulus through tax cuts ... and for that he deserves a lot of credit."

At the White House, press secretary Ari Fleischer said the president credits O'Neill and Lindsey with playing key roles in securing tax cuts and legislation promoting free trade and guaranteeing terrorism insurance to businesses.

### **SIGNIFICANCE:**

Bush expects to quickly fill the vacancies created with the resignations Friday of Treasury

Secretary Paul O'Neill and Larry Lindsey, the director of his National Economic Council. Two senior White House officials, speaking on condition of anonymity, said late Friday that the president has a candidate in mind to replace O'Neill. While they refused to disclose a name because a formal job offer has not been extended, the officials said Bush's tentative pick is known on Wall Street and has experience with both the economy and government but is not necessarily a household name.

These officials said Lindsey's replacement to head the National Economic Council is expected to be Stephen Friedman, a former co-chairman of the investment banking firm of Goldman Sachs, where he had worked for three decades. Friedman's co-chairman at Goldman Sachs, starting in the late 1980s, was Robert Rubin, who left the firm in 1993 to serve as President Clinton's first economic director and then replaced Lloyd Bentsen as Clinton's second Treasury secretary.

The Washington rumor mill went into overdrive following O'Neill's resignation, spitting out scores of possible replacements, including retiring Sen. Phil Gramm, R-Texas; former New York Mayor Rudolph Giuliani; and Charles Schwab, head of the discount brokerage bearing his name. But the administration officials said none of these is Bush's first choice, a person they described as not a current or former politician.

The departures of O'Neill and Lindsey now add to a list of administration economic vacancies that already included Securities and Exchange Commission Harvey Pitt, forced to resign under fire last month, and William Webster, the former FBI director who had been picked to head a new accounting industry oversight board.

Sen. Charles Grassley, R-Iowa, incoming chairman of the Senate Finance Committee that will have to confirm O'Neill's replacement, said he hoped to move the administration's choices

quickly through his panel so that Congress can then turn its attention to making Bush's 2001 tax cuts permanent.

That effort is expected to spark a huge battle in Congress, where Democrats contend the huge price tag — \$1.35 trillion for just the first decade — will add to the return of massive government deficits.

In addition to pushing to make the 2001 tax cuts permanent, administration officials said that when Congress returns in January the president will put forward a new stimulus package aimed at providing a jump start for the lagging recovery from last year's recession.

Just an hour before O'Neill's resignation was announced, the Labor Department reported that the nation's unemployment rate shot up to 6 percent in November, matching the highest level it has reached during the recession and weak economic recovery. Analysts predicted the jobless rate will rise even more in coming months, probably topping out at 6.5 percent in the spring.

To provide stimulus to boost demand and get people back to work, the administration is being urged by the Business Roundtable to offer workers a payroll tax holiday that would exempt the first \$10,000 in wages from the Social Security, at a cost of \$129 billion next year.

The group also wants the administration to speed up the income tax rate reductions that aren't scheduled to go into effect until 2004 and 2006 and also exempt stock dividend payments to investors from taxation, a goal Republicans have long sought.

While these are all ideas the administration wants to pursue, private economists caution that Congress could end up doing long-term harm to the economy in the name of providing quick economic stimulus if rising government deficits drive up interest rates and increase borrowing costs for corporate America.

**ENTERTAINMENT:****Miss World Crowned**

A 21-year-old Turkish model and dancer took the Miss World crown on Saturday in a contest moved to Britain from Nigeria after deadly

Muslim-Christian riots sparked by controversy over the pageant.

"I am so happy and excited," Azra Akin, 21, said after winning the 2002 title and \$157,000 prize money ahead of Miss Colombia, Natalia Peralta, in second and Miss Peru, Marina Mora Montero, in third place.

The gala show in Alexandra Palace in London went ahead despite calls for its cancellation that followed last month's violence in Nigeria that killed more than 200 people. About half a dozen competitors withdrew.

Akin, who was brought up in the Netherlands and lists belly-dancing and German flute-playing among her interests, said she had been "shocked" by the carnage in Nigeria but did not believe the Miss World was responsible.

Muslim opposition to the pageant, originally planned to be held in Nigeria on the same day, boiled over after a local journalist wrote that Islam's Prophet Mohammad would have approved of Miss World and possibly married a competitor. Rioting broke out in the northern city of Kaduna, forcing shocked organizers to pull out of Nigeria.

Although sniffed at by many as anachronistic and sexist -- and not even broadcast in the event's home country Britain -- the show remains popular. Alexandra Palace, where the show was held, was sold out, and millions watching it on television in 142 countries. In keeping with Miss World's new slogan for a politically correct age, "Beauty with a Purpose,"

the contestants sought to stress brains and social conscience as much as physical assets.

China will be the host nation for Miss World 2003.

**THIS WEEK IN HISTORY:**

**December 9, 1958**

## **John Birch Society founded**

In Indianapolis, retired Boston candy manufacturer Robert H.W. Welch, Jr., establishes the John Birch Society, a right-wing organization dedicated to fighting what it perceives to be the extensive infiltration of communism into American society. Welch named the society in honor of John Birch, considered by many to be the first American casualty in the struggle against communism. In 1945, Birch, a Baptist missionary and U.S. Army intelligence specialist, was killed by Chinese communists in the northern province of Anhwei.

The John Birch Society, initially founded with only 11 members, had by the early 1960s grown to a membership of nearly 100,000 Americans and received annual private contributions of several million dollars. The society revived the spirit of McCarthyism, claiming in unsubstantiated accusations that a vast communist conspiracy existed within the U.S. government. Among others, the organization implicated President Dwight D. Eisenhower and Supreme Court Chief Justice Earl Warren.

However, after the debacle of Senator Joseph McCarthy's public hearings in the early 1950s, America became more wary of radical anti-communism, and few of the society's sensational charges were taken seriously by mainstream American society. The John Birch Society remains active today, and its members seek "to expose a semi-secret international cabal whose members sit in the highest places of influence and power worldwide."

## SPORTS:

## Bowl Games Announced

No surprise in the Fiesta Bowl: It's No. 1 Miami vs. No. 2 Ohio State in the BCS national title game.

The Rose Bowl will feature Pac-10 champion Washington State against Big 12 winner Oklahoma. The Sugar Bowl matches SEC champion Georgia against ACC champion Florida State to complete the pairings in the four Bowl Championship Series games.

The Orange Bowl, with the first pick after the Fiesta Bowl pairing, chose Iowa. And when it came time for its second pick, both the Orange and Sugar wanted USC. However, a BCS rule states that if two bowls want the same team, the bowl with the higher payoff has the option. So the Orange went for the Trojans, and set up a game between co-champions of the Pac-10 and Big Ten conferences.

### Here's the rest of the bowl lineup:

New Orleans (Dec. 17): North Texas (7-5) vs. Cincinnati (7-6).  
 GMAC (Dec. 18): Marshall (10-2) vs. Louisville (7-5).  
 Tangerine (Dec. 23): Clemson (7-5) vs. Texas Tech (8-5)  
 Las Vegas (Dec. 25): UCLA (7-5) vs. New Mexico (7-6).  
 Hawaii (Dec. 25): Tulane (7-5) vs. Hawaii (9-3).  
 Insight (Dec. 26): Oregon State (8-4) vs. Pittsburgh (8-4)  
 Motor City (Dec. 26): Toledo (9-4) vs. Boston College (8-4).  
 Holiday Bowl (Dec. 27): Kansas State (10-2) vs. Arizona St. (8-5).  
 Houston (Dec. 27): Oklahoma State (7-5) vs. S. Mississippi (7-5)  
 Independence (Dec. 27): Nebraska (7-6) vs. Mississippi (6-6)  
 Alamo (Dec. 28): Colorado (9-4) vs. Wisconsin (7-6)  
 Continental Tire (Dec. 28): West Virginia (9-3) vs. Virginia (8-5)  
 Music City (Dec. 30): Minnesota (7-5) vs. Arkansas (9-4)  
 Seattle (Dec. 30) Wake Forest (6-6) vs. Oregon (7-5)  
 Humanitarian (Dec. 31): Iowa State (7-6) vs. Boise State (11-1)  
 Liberty (Dec. 31) Colorado State (10-3) vs. TCU (9-2).  
 Peach (Dec. 31): Maryland (10-3) vs. Tennessee (8-4).  
 San Francisco (Dec. 31): Air Force (8-4) vs. Virginia Tech (9-4).  
 Silicon Valley Classic (Dec. 31): Fresno State (8-5) vs. Georgia Tech (7-5)  
 Sun (Dec. 31): Washington (7-5) vs. Purdue (6-6)  
 Cotton (Jan. 1): LSU (8-4) vs. Texas (10-2)  
 Outback (Jan. 1): Michigan (9-3) vs. Florida (8-4).  
 Capital One (Jan. 1): Penn State (9-3) vs. Auburn (8-4).  
 Gator (Jan. 1): Notre Dame (10-2) vs. N. Carolina State (10-3).

## WHO YOU NEED TO KNOW:

## PAUL H. O'NEILL

### SECRETARY OF THE TREASURY



Paul O'Neill was chairman and CEO of Alcoa from 1987 to 1999, and retired as chairman at the end of 2000. Prior to joining Alcoa, O'Neill was president of International Paper Company from 1985 to 1987, where he was vice president from 1977 to 1985.

O'Neill's experience transforming an old economy firm into a new economy success has been chronicled as a study by the Harvard Business School, and studied in business schools across the nation. O'Neill has gained valuable insights into international finance and the global economy as head of a major corporation with 140,000 employees spread across 36 nations.

O'Neill's mastery of federal budget details and process stems from his tenure at the US Office of Management and Budget. He joined OMB in 1967, and was deputy director of OMB from 1974 to 1977. He began his public service as a computer systems analyst with the US Veterans Admin., where he served from 1961 to 1966.

He received a bachelor's degree in Economics from Fresno State College in California, and a master's degree in Public Administration from Indiana University. O'Neill and his wife Nancy have four children and 12 grandchildren. Mr. O'Neill was born in St. Louis, Missouri, on December 4, 1935.

Paul H. O'Neill was sworn in as the 72nd Secretary of the Treasury on January 20, 2001. More than most cabinet officers, he spoke his mind with little apparent regard for the effect his comments had on the markets or whether they conveyed the policy of the Bush administration.

## FEATURE:

## *Historic Cutty Sark in Need of Urgent Repair*

Cutty Sark, the world famous sailing ship that in the heyday of the wool trade regularly recorded the fastest time for the voyage from Australia to Britain, is rotting away and may have to be sold abroad.



The London landmark which swapped the seven seas for a concrete dry dock in Greenwich on the banks of the River Thames 50 years ago has been given just four years before the rot and rust becomes so bad that the ship disintegrates.

"We need to raise a minimum of eight million pounds (\$12.6 million) for the preservation work or we will have to put her up for sale -- probably to a foreigner," Cutty Sark Trust chief executive Richard Doughty told Reuters on Friday.

"The ship is virtually unique. She is part of a World Heritage site and classed as a Grade I listed building. It would be a shame to lose her, but if we can't raise the money we need we may have to sell her and see her taken abroad," he said.

The famed clipper was launched in 1869 on Scotland's River Clyde to make the run to China for the tea trade but switched to fetching wool from Australia to feed England's mills. She was sold in 1895 to a Portuguese company when

the wool trade was no longer lucrative, and spent the next three decades running cargoes between Oporto, Rio de Janeiro, New Orleans and Lisbon.

Acquired by an English sailing fanatic in the 1920s, she was bequeathed to the nation in 1938 and finally put out to grass in Greenwich in 1951. Originally designed to last just 30 years, Cutty Sark is a rare construction with a wrought iron frame clad in timber. But an explosive combination of salt encroachment during her years at sea and a badly fitted top deck during a refit in the 1950s has resulted in a rust attack that is literally blowing the ship apart.

"It is particularly bad down in the bilges where the rust is very severe," Doughty said. "We suspect that in some places it is only the fact that the timbers have been in place for 133 years that is holding the ship together.

"The structure of the ship could just ping apart if it goes on," he added.

The trust, formed to preserve the elegant sailing ship which has already been visited by more than 15 million people from all over the world, is gambling virtually all its scarce money in a bid to get the necessary funds from the Heritage Lottery Fund.

If it fails, not only will it be in effect bankrupt, but it will be forced to consider finding a buyer to take the ship away from the soaking British weather to a dryer climate where she will have an extended life.

The Heritage Lottery Fund uses money from the National Lottery to support local, regional and national projects to preserve Britain's historical buildings and landmarks.

"We will be putting in our bid for funds to the Heritage Lottery Fund in December 2003. It usually takes about six months to make a decision, so we should know if we have been successful or not by mid-2004," Doughty said. "The Cutty Sark is of international significance. It deserves a world class solution," he added.

*Quote of the Week:*

The U.S. income tax code is "9,500 pages of gibberish.

-Paul O'Neill

*Fact of the Week:*

41% of Americans eat cereal for breakfast.

*Word of the Week:*

Recreant (rec'ri\*ant) a., Craven, yielding to an enemy; cowardly; mean-spirited.

Thank You For Reading

And

Have a Great Week!

To order by **credit card**, please visit us at  
[www.theweeklyreport.com/gift.htm](http://www.theweeklyreport.com/gift.htm)

To order by **check**, please send

- Name and e-mail address
- Check for \$15.00 (*CA Residents: \$16.09*)  
For a 3 month subscription

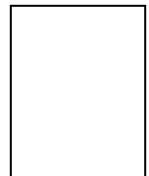
To: New Accounts; The Weekly Report;  
19 Elda Drive; San Rafael, CA 94903

Please visit our web site at:

[theweeklyreport.com](http://theweeklyreport.com)

We will tell you  
What You Need To Know!

The Weekly Report  
19 Elda Drive  
San Rafael, CA  
94903



TO:

Empty rectangular box for recipient name and address.