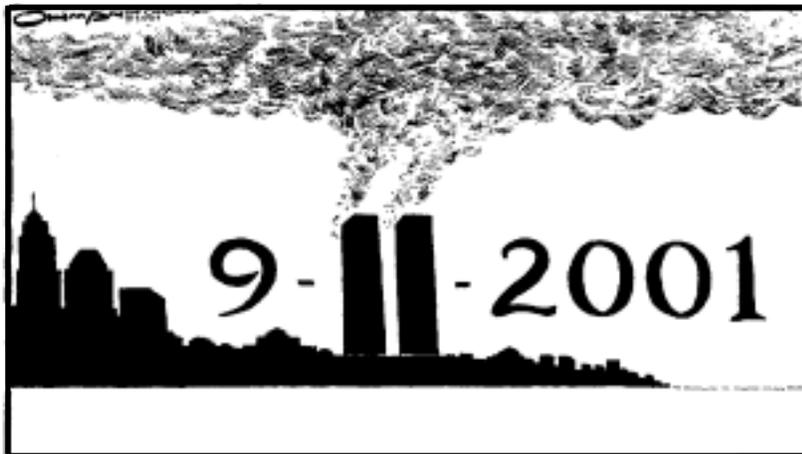


October 25, 2001

Dear PCM Client:

Tradition prevailed again this year, when the usual "suspects" shared the duck opener at the Hawick duck camp described in our October 1999 letter. Present for the event, besides the three of us, were Perk's longtime friends, Dave Hyduke and Chris Dahl, Harry "Dead Eye" Lindberg, Alan Hoiseth, and Tony Rocheford, Dana's son. Only Mark Donahoe, a soccer refugee, was among the missing. And, once again, we celebrated the tradition of the first weekend of the duck hunting season, which included some great action, with plenty of mallards flying on a beautiful sunny day. Moving through the slough was worse than usual due to the thick wild rice cover, coupled with low water; the low water, of course, is what created the good wild rice crop, and that in turn is good habitat for the ducks. That opening afternoon (on opening day shooting begins at noon and closes at 4 p.m.) was followed by the usual cocktail hour, steak and mushroom dinner, and then the after dinner bonfire with conversation, and Kathy Hyduke's apple pie. That evening, however, the conversation was less about the day's activities and more about the terrorist acts a few weeks earlier in New York and Washington. Although none of the hunters had friends or family who perished in the World Trade Center destruction, we all were very sad when thinking of those who lost their lives in this senseless act, and the wives, husbands, and children who lost a spouse or parent. We all were grateful that our respective businesses were far away from that epicenter. And so, we were all the more appreciative of our beautiful surroundings, our companionship, and our ability to once again share a special day with relatives and friends.

That date, September 11, 2001, will go down in history because of an act more reprehensible than Pearl Harbor on December 7, 1941. That attack was on military personnel, but this one was focused on innocent victims in the airplane bombs, the World Trade Center towers and the Pentagon, and then, unfortunately, the firefighters and rescuers. This attack will never be forgotten, and will be revenged over many years to come. That is the problem. This is likely to be a war that may never end. It will be very difficult to ferret out and kill or bring to trial all of the terrorists, and even if this is accomplished, more of them will pop up, just like targets in a shooting gallery. For all Americans, 911 is the



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emergency number to dial for help. That day in September, they dialed it for all of us, and it is still ringing and will continue to ring until terrorists all over the world are found and put out of business. We must take a page from the book of the life of Margaret Thatcher. In the middle of the night on October 12, 1984, a large bomb exploded in the Grand Hotel in Brighton, England where most of the British cabinet was staying, including part of the Napoleon Suite where Margaret Thatcher was staying, and the bathroom that she had been in just two minutes earlier. But the Prime Minister was undaunted. Less than an hour later she appeared before the television cameras, and said, "life must go on," and indeed it must, although it will be very different for a very long time.

ANOTHER UNWANTED GEOGRAPHY LESSON

In 1990 and 1991 during the Mideastern war, which resulted from the invasion of Kuwait by Iraq, we were all forced back to our geography books. We knew where Saudi Arabia was and perhaps Iran, but what about Iraq and Kuwait? And where was Qatar, the UAE and Oman? We soon learned. Now we are faced again with countries whose names we can't even pronounce, much less know where they are. Afghanistan, yes, because it is on every front page, and we know Pakistan borders India on the east, and Afghanistan on the west. What do we know about these countries other than Afghanistan? What about Kazakhstan? Or, Kyrgyzstan, Uzbekistan, Turkmenistan or Tajikistan? Very little, but it would be a good a good idea if we did, for then we might understand how they think and what they stand for. Unfortunately, we will be learning this new geography lesson whether we like it or whether we don't.

As you have noticed the names of most of these countries end in "stan." Why? The suffix "stan" is formed from the old Iranian root "sta," which is translated as "to stand or stay" and means "a place where one stays," i.e., homeland or country. Thus, names such as Afghanistan are formed by adding the suffix "stan" to the name of the people living



there, as in Afghani, the plural of Afghan, which then becomes Afghanistan.

WHY DO THEY HATE US?

Upon learning of the World Trade Center attack, Palestinians danced in the street, and in Pakistan thousands demonstrated by burning American flags, raising clenched fists, and holding aloft banners such as the one shown in the photograph here. "AMERICANS,



THINK! WHY ARE YOU HATED ALL OVER THE WORLD?" And, Americans are thinking, trying to understand, but right now revenge seems more appropriate and important than understanding. But still, upon examination, America doesn't understand, especially in light of the fact that we are all taught that Muslims follow a religion of peace, mercy, and forgiveness that could not tolerate such acts of violence against the innocent. The extremists, e.g., the Taliban, take a very strict view of their religion that will not allow any tolerance of Western values or

other religions. Furthermore, hatred and resentment exist because of a complicated web of U.S. policy, poverty, and religious fundamentalism. There is resentment over U.S. economic, military, and political power; there is discontent in the male dominated Muslim world over the strong role women play in America, and especially the suggestive way they dress. The West, especially America, is seen as a corrupting influence on the Muslim world. They see their cultures being invaded by powerful outside forces, like social mobility, and modern thinking that can undermine the authority of religious elders and dictators. We call these new influences freedom, but other societies have other names for them, such as "culture illness" and "Westernization" which can lead a villager astray, for example, by leaving for the city to drink Pepsi Cola and watch a movie. America is portrayed by the religious elders as a land of Sodom and Gomorrah, a land of evil, where sex is used to sell everything from shampoo to cigarettes. In Afghanistan, women may not reveal their faces in public, not even their eyes. It is a place where females are never



educated and where most of the men are illiterate. This all plays well to a generation of Muslims growing up with few civil rights or comforts, and yet aware of the free sexuality and material wealth of the West. Frustrated by repressive leadership in their own countries and facing a hopeless future, they buy into anti-American sentiment, and some of them into the extremist groups. Inevitably, some lay the blame for much of this hatred on the new era of globalization, hastened by technology, television from satellites, and a



desire for a "oneness" of all people. The level of wealth elsewhere is so much more visible in poor countries now through television and movies. There is a profound sense of being left out. These are people who don't have hope of ever getting out of their state of poverty, and so they are willing to do something desperate. And maybe the era of globalization, which has really just started, is already over. This was recently summed up by London's School of Economics Professor John Gray, who said, "led by the United States, the world's richest countries have acted under the assumption that people everywhere want to live as they do. The ideal of universal civilization is a recipe for unending conflict, and

it is time it was given up." But the end of globalization, despite the September 11 tragedy, is unlikely. Like all revolutions, globalization involves a massive shift of power from one group to another and what is presented as resistance to an evil is, in fact, a shift in power. We all know that globalization is the democratization of communication, finance, and technology, which increases access to and lowers the cost of quality of life for people all over the world. In our opinion, this trend is too strong to be reversed, even with the fanatics who are willing to die to prevent it. There is an overwhelming and inherent aspiration of the world's population to want a higher standard of living. That is something that has governed our lives in America. And this force toward a higher standard of living will continue to move forward with inevitable certainty despite the hatred that religious zealots espouse. In the end freedom, and globalization, will prevail.

MARKETS AFTER CRISIS EVENTS

Over the years, there have been many "crisis events" which have resulted in market declines - - some were very deep, such as the 34% decline during the 1987 financial panic. Other crisis events also resulted in severe declines, as the table shows, while in several instances there was only a small loss or even a gain. These statistics are very revealing, and show one expected result, i.e., gains 22, 63 and 126 market days after the event with only a very few instances where there was no gain or a loss. One of those instances was Pearl Harbor, which we think was quite different from today's terrorist war, since the world could have changed very dramatically with Japanese and German forces literally taking over the free world. Almost all of the other instances have resulted in

CRISIS EVENTS, DJIA DECLINES AND SUBSEQUENT PERFORMANCE						
Event	Reaction Dates	Date Range % Gain/Loss	DJIA Percentage Gain Days After Reaction Dates			
			22	63	126	
Fall of France	05/09/1940 - 06/22/1940	-17.1	-0.5	8.4	7.0	
Pearl Harbor	12/06/1941 - 12/10/1941	-6.5	3.8	-2.9	-9.6	
Truman Upset Victory	11/02/1948 - 11/10/1948	-4.9	1.6	3.5	1.9	
Korean War	06/23/1950 - 07/13/1950	-12.0	9.1	15.3	19.2	
Eisenhower Heart Attack	09/23/1955 - 09/26/1955	-6.5	0.0	6.6	11.7	
Sputnik	10/03/1957 - 10/22/1957	-9.9	5.5	6.7	7.2	
Cuban Missile Crisis	10/19/1962 - 10/27/1962	1.1	12.1	17.1	24.2	
JFK Assassination	11/21/1963 - 11/22/1963	-2.9	7.2	12.4	15.1	
U.S. Bombs Cambodia	04/29/1970 - 05/26/1970	-14.4	9.9	20.3	20.7	
Kent State Shootings	05/04/1970 - 05/14/1970	-4.2	0.4	3.8	13.5	
Arab Oil Embargo	10/18/1973 - 12/05/1973	-17.9	9.3	10.2	7.2	
Nixon Resigns	08/09/1974 - 08/29/1974	-15.5	-7.9	-5.7	12.5	
U.S.S.R. in Afghanistan	12/24/1979 - 01/03/1980	-2.2	6.7	-4.0	6.8	
Hunt Silver Crisis	02/13/1980 - 03/27/1980	-15.9	6.7	16.2	25.8	
Falkland Islands War	04/01/1982 - 05/07/1982	4.3	-8.5	-9.8	20.8	
U.S. Invades Grenada	10/24/1983 - 11/07/1983	-2.7	3.9	-2.8	-3.2	
U.S. Bombs Libya	04/15/1986 - 04/21/1986	2.6	-4.3	-4.1	-1.0	
Financial Panic '87	10/02/1987 - 10/19/1987	-34.2	11.5	11.4	15.0	
Invasion of Panama	12/15/1989 - 12/20/1989	-1.9	-2.7	0.3	8.0	
Gulf War Ultimatum	12/24/1990 - 01/16/1991	-4.3	17.0	19.8	18.7	
Gorbachev Coup	08/16/1991 - 08/19/1991	-2.4	4.4	1.6	11.3	
ERM U.K. Currency Crisis	09/14/1992 - 10/16/1992	-6.0	0.6	3.2	9.2	
World Trade Center Bombing	02/26/1993 - 02/27/1993	-0.5	2.4	5.1	8.5	
Russia Mexico Orange County	10/11/1994 - 12/20/1994	-2.8	2.7	8.4	20.7	
Oklahoma City Bombing	04/19/1995 - 04/20/1995	0.6	3.9	9.7	12.9	
Asian Stock Market Crisis	10/07/1997 - 10/27/1997	-12.4	8.8	10.5	25.0	
U.S. Embassy Bombings Africa	08/07/1998 - 08/10/1998	-0.3	-11.2	4.7	6.5	
Russian LTCM Crisis	08/18/1998 - 10/08/1998	-11.3	15.1	24.7	33.7	
Mean		-7.1	3.8	6.8	12.5	
Median		-4.6	3.9	6.7	12.1	

Source: Ned Davis Research, Inc.

significant gains down the road and we hope that this time won't be any different. Obviously, no one knows how this will all play out, and some think this time may indeed be different, because the market was coming down off a bubble and the economy was already in a recession. The Fed has been trying to jump-start the economy all year with no success and now, after the September 11 terrorist attacks, has cut rates again another 50 basis points, and could do so once more on November 6.

We are inclined to compare the current time and situation with 1990-91. Iraq invaded Kuwait on August 2 and, as measured by the S&P 500, the market declined 13.9% over the next 17 days, about the same as the 13% decline from September 17 when the market reopened to the low on September 21. After a 6.6% rally in 1990, the S&P then went to a new lower low. This is often the case. After an initial decline and rally, the market then often "tests" the old low, sometimes stopping near or at it, but often going to a new low thus washing out the sellers who were timid earlier, but who finally can't take the punishment anymore, and a final washout ensues. All of this is part of a "base building" process. As this is being written we have had a good rally, but have not yet tested the September lows. However, we suspect that we will, either before or after you read this. You can see from the chart of the 1990-91 time period that the initial stopping point and subsequent moves to new lows was part of a "textbook" base building process; in fact, it turned out to be a multiple "head and shoulders" bottom, which we have drawn for you on



the chart. When Desert Storm began on January 17, the market took off like a scalded dog and quickly reached the level from which the August 2 decline began and then went on higher into 1992. Obviously, we don't know how this market will play out, as future unknown events will influence the day-to-day movements. And again, this time may be different because of where the economy is and the still relatively high P/E ratios for many stocks. In our July letter, we clearly stated that the current market reminded us of the 1970/1974 market, when after the initial decline (wave A) the market then rallied (wave B) before the final haircut to the 1974 low (wave C). This time could be similar. When we do find a bottom somewhere here, we will then have a sustainable bear market rally, probably back to the 10,000 plus level in the Dow and 1200 plus in the S&P 500. Following that B wave bear market rally, we will be faced with the C wave decline to a final bear market low that we project for the end of 2004. This will complete the market cycle from the March 2000 top to a late 2004 bottom. Bear markets usually retrace about 50%, or sometimes more, of the gain from the previous low where it all started. This wonderful bull market that we have been in for 18 years started in 1982 at the low of 776. From there the Dow rose to a bull market high of 11,722 in 2000 for a gain of 10,946 points. Half of that is 5,473 and adding that to 776 takes us to the midpoint of the bull market at about 6,250. So if the bear market was to wipe out one-half of the gain it will ultimately fall to at least 6,250 and certainly could go lower than that. If you count the bull market from the 1974 low of 570, then a 50% retracement results in a midpoint of 6,150. There is an area of support at Dow 4,000 and another at Dow 3,000. Are we likely to go that low in wave C? We doubt it, but we think there is every possibility of getting close to the 6,000 level. But there will be

plenty of opportunities to make money during this period, especially in many of the small- and mid-cap stocks which have held here fairly well, and therefore having given a good account of themselves, could be star performers in the rally.

CHANGE CREATES OPPORTUNITY

In our PCM brochure, we describe our investment philosophy as one of trying to identify and capitalize on change, as we view change as the key word in our lives. In stock selection, change is the catalyst much like the yeast that makes the bread rise. Change can be found in both industries and companies and can be a new trend to capitalize on, a new product, process, or even new management. A significant change was thrust upon us September 11, one that we would have preferred to live without. But there is, and will be, BIG CHANGE whether we like it or not. And to ignore it or not capitalize upon it would be foolish indeed.

There are many industries and companies where change is being wrought as a result of the September 11 tragedy, some of which is negative, such as in travel companies, hotel chains, cruise lines, while positive in defense, and especially security. There are many companies whose products will be in increased demand for years to come as America and the world work to shore up their defenses against terrorism. At PCM we have emphasized the identification/authentication section of security. We believe that smart cards such as those made by Datakey and biometric identification systems, such as made by Visionics will be broadly utilized. There is growing talk of a national (or perhaps universal) smart card that would contain all pertinent information on the individual bearer. Smart cards are now essential for identification and access in many companies and government agencies, and such use is likely to be expanded significantly over time. Visual identification, via facial biometrics, is the other technology which we have embraced. We expect that eventually all airports will employ a system that captures facial images via multiple cameras, sorts the images at speeds of hundreds per second and matches them with a picture database of known terrorists and criminals. This system works today and will soon be deployed at major airports. Visionics also has a fingerprint identification division, Digital Biometrics, here in Minneapolis, which will be utilized in combining both facial and fingerprint technology. One thing is certain - - you will be hearing more about companies engaged in advanced identification technology.

THE DOWN 90 PERCENT CLUB

As an investor, you didn't want to have shares in the companies that belong to this club as they were getting their memberships. Wow. Look at that list. It contains quite a few familiar names, not just obscure companies of which no one has ever heard. ADC Telecommunications is down 94% from its high (a Twin Cities company), Amazon.com down 94% and Nortel down 94%. By the way, these percentages have been rounded to the nearest even number, except for CMGI, which is down 99.57% which rounded to the nearest whole number is down 100%. Most of the highs were in early 2000, primarily

<u>COMPANY</u>	<u>HIGH PRICE</u>	<u>LOW PRICE</u>	<u>PERCENT DECLINE</u>
ACTERNA CORP	\$41.38	\$2.60	94%
ADC TELECOMMUNICATIONS INC	\$47.06	\$3.01	94%
AKAMAI TECHNOLOGIES INC	\$327.63	\$2.65	99%
AMAZON.COM INC	\$106.69	\$5.97	94%
ARIBA INC	\$168.75	\$1.64	99%
BROADCOM CORP -CL A	\$273.63	\$18.77	93%
BROADVISION INC	\$90.67	\$0.71	99%
CMGI INC	\$163.22	\$0.71	99.57%
COLT TELECOM GROUP PLC -ADR	\$259.38	\$3.92	98%
COMMERCE ONE INC	\$135.63	\$2.29	98%
CONEXANT SYSTEMS INC	\$124.42	\$7.07	94%
CORVIS CORP	\$108.06	\$1.30	99%
DOUBLECLICK INC	\$134.00	\$5.40	96%
EXTREME NETWORKS INC	\$124.00	\$6.42	95%
FOUNDRY NETWORKS INC	\$207.56	\$5.80	97%
GLOBAL CROSSING LTD	\$61.38	\$0.83	99%
GLOBESPAN INC	\$164.50	\$8.28	95%
12 TECHNOLOGIES INC	\$110.44	\$3.00	97%
INCYTE GENOMICS INC	\$140.25	\$8.28	94%
INFOSPACE INC	\$130.53	\$1.11	99%
INTERWOVEN INC	\$65.44	\$3.60	95%
JDS UNIPHASE CORP	\$146.53	\$5.35	96%
JUNIPER NETWORKS INC	\$243.00	\$9.29	96%
LEVEL 3 COMMUN INC	\$130.19	\$1.98	98%
LIBERATE TECHNOLOGIES	\$128.53	\$7.09	94%
LUCENT TECHNOLOGIES INC	\$82.31	\$5.31	94%
MARVELL TECHNOLOGY GROUP LTD	\$101.50	\$8.53	92%
MCLEODUSA INC -CL A	\$34.83	\$0.31	99%
NETWORK APPLIANCE INC	\$148.63	\$6.54	96%
NORTEL NETWORKS CORP	\$83.88	\$4.98	94%
NOVELL INC	\$43.06	\$3.10	93%
NTL INC	\$109.10	\$2.00	98%
OPEN WAVE SYSTEMS INC	\$200.75	\$6.64	97%
PALM INC	\$95.06	\$1.46	98%
PLUG POWER INC	\$149.75	\$6.70	96%
PMC-SIERRA INC	\$245.44	\$9.87	96%
QLOGIC CORP	\$190.44	\$11.78	94%
RAMBUS INC	\$117.38	\$4.86	96%
REALNETWORKS INC	\$93.44	\$3.34	96%
RED HAT INC	\$143.13	\$3.02	98%
REDBACK NETWORKS INC	\$191.03	\$1.20	99%
SAPIENT CORP	\$72.75	\$3.55	95%
SYCAMORE NETWORKS INC	\$189.94	\$3.29	98%
TIBCO SOFTWARE INC	\$138.19	\$5.81	96%
TRANSWITCH CORP	\$74.31	\$2.23	97%
VIGNETTE CORP	\$99.00	\$3.38	97%
VIRATA CORP	\$99.31	\$8.24	92%
WEBMD CORP	\$105.00	\$3.24	97%
WEBMETHODS INC	\$308.06	\$6.32	98%
WILLIAMS COMMUNICATIONS GRP	\$59.00	\$1.14	98%
YAHOO INC	\$237.50	\$8.11	97%

March, and almost all of the lows in September and October 2001. And of course, there are many others that belong to the Down 100% Club, i.e., they're just plain out of business. We discussed that in our last October letter in THE .COM GRAVEYARD. A year ago, there were over 100 members of that club; today we understand the number to be much larger.

Are some of the 90% Club members buys at these bombed out prices? Probably, but we would prefer to see bottoms formed and pay up a little rather than throwing darts. But, we have put our toe in the ADC Telecommunications water recently since we saw a nice little "head and shoulders" bottom forming.

There have been some humorous e-mails about some club members, Nortel in particular, where \$1,000 invested about a year ago would now be worth about \$70. But if you would have bought \$1,000 worth of Budweiser beer (the beer, not the stock) at the same time, drank all the beer and traded in the cans for the nickel deposit, you would have \$79. So what should we do? Invest or drink beer?

VENTURALAND

Never a dull moment in Minnesota, otherwise known as VenturaLand. Recently our governor has decided to postpone disclosure concerning whether or not he will seek reelection until after the 2002 legislative session, and in fact, he says he might not make

any announcement until next summer's filing deadline. He says that he's responding to the will of the people who tell him to "stick to business, do your job, and worry about the election next year." We don't see it quite that way. The actual effects of this are 1) to enable him to continue billing the state for the cost of all of his travels, even those that are disguised campaign events; 2) it lets him do his weekly radio show without giving into equal time demands from opponents; 3) of course, it prevents potential opponents from making plans based upon what he may do. Minnesota has its own set of problems, particularly that the state's largest employer, Northwest Airlines, has laid off thousands of workers, not to mention the fact that over 22,000 state employees have been on strike. Wherever you look there are complex issues that call for strong leadership, but here we have our Governor Ventura, instead of working on the problems and despite a case of chronic hip problems from his wrestling days, packing off to New York City in early October to inspect the World Trade Center disaster. The disaster about all of this, however, was that he really went to have an appearance on Good Morning America, for he loves to be on network television, and yet on his radio show he boasted that "I saved the state quite a few bucks" since the network paid for his trip. What he didn't mention is that the trip still cost taxpayers money because there were seven other people who accompanied him whose bills were paid by Minnesota. This is "poor form" in our opinion.

By the way, the *St. Paul Pioneer Press* runs a VenturaLand cartoon strip. One that we liked very much is reprinted here with permission of the artist, Kevin Lenagh.



BOMB AFGHANS BACK TO THE STONE AGE?

You may have read about Tamim Ansary in *USA TODAY* or in your local newspaper, as we did, or perhaps on the Internet. Mr. Ansary is a 52-year-old Afghan-American writer from San Francisco, who awoke September 12 feeling angry about the attack on his

country and later that day spent 20 minutes dashing off an e-mail to 15 to 20 friends about the situation, because he just wanted to share his views. This e-mail went from friend to friend, and then from stranger to stranger in an exponentially expanding circle, and it soon took on a life of its own. By the end of the week, he had become an internationally known spokesman for a little-understood country called Afghanistan. He is the son of an Afghan father and an American mother, and was born in Kabul; he spent much of his youth in a remote Afghan town. He moved to America when he was 16 and has been here ever since, but never lost touch with what was going on in his native country. There have been many editorials and other e-mails written, many of which we have read, but none of them have seemed as resolute as what Ansary wrote. So we are printing his words as our addendum to this month's letter. And, in America, we always give equal time to the other viewpoint so, with that in mind, we will share with you what Osama bin Laden wrote in 1998, and also his response to the September 11 attack, which was aired on an Arab TV station. He is also resolute in his viewpoint, which is shocking.

Finally, to lighten things up a little, we share with you a cartoon which speaks eloquently to the airline crisis.

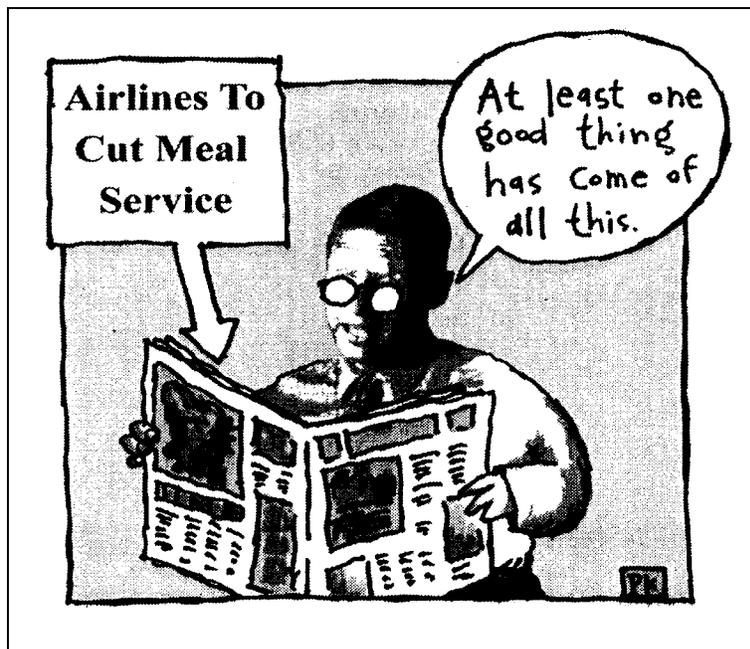
Sincerely,

Richard W. Perkins, C.F.A.
President
Senior Portfolio Manager

Daniel S. Perkins, C.F.A.
Vice President
Portfolio Manager

Richard C. Perkins, C.F.A.
Vice President
Portfolio Manager

RWP:DSP:RCP/jah



LOOK BEFORE LEAPING by Tamim Ansary

Last week I heard a lot of talk about "bombing Afghanistan back to the Stone Age." Ronn Owens, on KGO Talk Radio, allowed that this would mean killing innocent people, but "we're at war, we have to accept collateral damage." Later I heard a TV pundit discussing whether we "have the belly to do what must be done." I thought about these issues hard because I am from Afghanistan. And even though I've lived here for 35 years, I've never lost track of what's going on there. So I want to share a few thoughts with anyone who will listen.

I speak as one who hates the Taliban and Osama bin Laden. There is no doubt in my mind that these people were responsible for the atrocity in New York. I fervently wish to see those monsters punished. But the Taliban and bin Laden are not Afghanistan. They're not even the government of Afghanistan. The Taliban is a cult of ignorant psychotics who captured Afghanistan in 1997 and have been holding the country in bondage ever since. Bin Laden is a political criminal with a master plan. When you think Taliban, think Nazis. When you think bin Laden, think Hitler. And when you think "the people of Afghanistan," think "the Jews in the concentration camps."

It's not only that the Afghan people had nothing to do with this atrocity. They were the first victims of the perpetrators. They would love for someone to eliminate the Taliban and clear out the rat's nest of international thugs holed up in their country. I guarantee it. Some say, if that's the case, Why don't the Afghans rise up and overthrow the Taliban themselves? The answer is, they're starved, exhausted, damaged, incapacitated. A few years ago, the United Nations estimated that there are 500,000 disabled orphans in Afghanistan -- a country with no economy, no food. Millions of Afghans are widows of approximately 2 million men killed during the war with the Soviets. And the Taliban has been executing these women for being women and has buried some of its opponents alive in mass graves. The soil of Afghanistan is littered with land mines and almost all the farms have been destroyed. The Afghan people have tried to overthrow the Taliban. They haven't been able to.

Now for the question of bombing Afghanistan back to the Stone Age. The trouble is, it's already been done. The Soviets took care of it. Make the Afghans suffer? They're already suffering. Level their houses? Done. Turn their schools into piles of rubble? Done. Eradicate their hospitals? Done. Destroy their infrastructure? Cut them off from medicine and health care? Too late. Someone already did all that.

New bombs would only land in the rubble of earlier bombs. Would they at least get the Taliban? Not likely. In today's Afghanistan, only the members of the Taliban eat, only they have the means to move around. They'd slip away and hide. (They have already I hear.) Maybe the bombs would get some of those disabled orphans; they don't even have wheelchairs. But flying over Kabul and dropping bombs wouldn't really be a strike against the criminals who did this horrific thing. Actually it would be making common cause with the Taliban -- by raping once again the people it has been raping all this time.

So what else can be done? Let me now speak with true fear and trembling. The only way to get bin Laden is to go in there with ground troops. I think that when people speak of "having the belly to do what needs to be done," many of them are thinking in terms of having the belly to kill as many as needed. They are thinking about overcoming moral qualms and killing innocent people. But it's the belly to die, not kill, that's actually on the table. Americans will die in a land war to get bin Laden. And not just because some Americans would die fighting their way through Afghanistan to bin Laden's hideout. It's much bigger than that, folks. To get any troops to Afghanistan, we'd have to go through Pakistan. Would they let us? Not Likely. The conquest of Pakistan would have to be first. Will other Muslim nations just stand by? An invasion would flirt with a global war between Islam and the West.

And that is bin Laden's program. That's exactly what he wants and why he did this thing. Read his speeches and statements. It's all right there. At the moment, of course, "Islam" as such does not exist. There are Muslims and there are Muslim countries, but no such political entity as Islam. Bin Laden

believes that if he can get a war started, he can constitute this entity and he'd be running it. He really believes Islam would beat the West. It might seem ridiculous, but he figures if he can polarize the world into Islam and the West, he's got a billion soldiers. If the West wreaks a holocaust in Muslim lands, that's a billion people with nothing left to lose, even better from bin Laden's point of view. He's probably wrong about winning. In the end the West would probably overcome - - whatever that would mean in such a war; but the war would last for years and millions would die. Who has the belly for that? Bin Laden, yes, but anyone else?

I don't have a solution. But I do believe that suffering and poverty are the soil in which terrorism grows. Bin Laden and his cohorts want to bait us into creating more such soil, so they and their kind can flourish. We can't let him do that.

BIN LADEN'S 1998 ORDER: KILL AMERICANS

Praise be to God, who revealed the Book, controls the clouds, defeats factionalism, and says in His Book "But when the forbidden months are past, then fight and slay the pagans wherever ye find them, seize them, beleaguer them, and lie in wait for them in every stratagem (of war); and peace be upon our Prophet, Mohammed Bin-Abdallah," who said, "I have been sent with the sword between my hands to ensure that no one but God is worshipped, God who put my livelihood under the shadow of my spear and who inflicts humiliation and scorn on those who disobey my orders."

The Arabian Peninsula has never -- since God made it flat, created its desert, and encircled it with seas -- been stormed by any forces like the crusader armies now spreading in it like locusts, consuming its riches and destroying its plantations. All this is happening at a time when nations are attacking Muslims like people fighting over a plate of food. In the light of the grave situation and the lack of support, we and you are obliged to discuss current events, and we should all agree on how to settle the matter.

No one argues today about three facts that are known to everyone; we will list them, in order to remind everyone:

First, for over seven years the United States has been occupying the lands of Islam in the holiest of places, the Arabian Peninsula, plundering its riches, dictating to its rulers, humiliating its people, terrorizing its neighbors, and turning its bases in the Peninsula into a spearhead through which to fight the neighboring Muslim peoples. If some people have in the past argued about the fact of the occupation, all the people of the Peninsula have now acknowledged it. The best proof of this is the Americans' continuing aggression against the Iraqi people using the Peninsula as a staging post, even though all its rulers are against their territories being used to that end, but they are helpless.

Second, despite the great devastation inflicted on the Iraqi people by the crusader-Zionist alliance, and despite the huge number of those killed, in excess of 1 million... despite all this, the Americans are once again trying to repeat the horrific massacres, as though they are not content with the protracted blockade imposed after the ferocious war or the fragmentation and devastation. So now they come to annihilate what is left of this people and to humiliate their Muslim neighbors.

Third, if the Americans' aims behind these wars are religious and economic, the aim is also to serve the Jews' petty state and divert attention from its occupation of Jerusalem and murder of Muslims there.

The best proof of this is their eagerness to destroy Iraq, the strongest neighboring Arab state, and their endeavor to fragment all the states of the region such as Iraq, Saudi Arabia, Egypt, and Sudan into paper statelets and through their disunion and weakness to guarantee Israel's survival and the continuation of the brutal crusade occupation of the Peninsula.

All these crimes and sins committed by the Americans are a clear declaration of war on God, his messenger, and Muslims. And ulema (authorities in Islamic law) have throughout Islamic history unanimously agreed that the jihad is an individual duty if the enemy destroys the Muslim countries. On that basis, and in compliance with God's order, we issue the following fatwa to all Muslims.

To kill Americans and their allies, both civil and military, is an individual duty for every Muslim who is able, in any country where this is possible, until the Aqsa Mosque in Jerusalem and the Haram Mosque in Mecca are freed from their grip and until their armies, shattered and broken-winged, depart from all the lands of Islam, incapable of threatening any Muslim. This is in accordance with the words of Almighty God, "and fight the pagans all together as they fight you all together," and "fight them until there is no more tumult or oppression, and there prevail justice and faith in God." This is in addition to the words of Almighty God "And why should ye not fight in the cause of God and of those who, being weak, are ill-treated (and oppressed) -- women and children, whose cry is 'Our Lord, rescue us from this town, whose people are oppressors; and raise for us from thee one who will help!'"

We -- with God's help -- call on every Muslim who believes in God and wishes to be rewarded to comply with God's order to kill the Americans and plunder their money wherever and whenever they find it. We also call on Muslim ulema, leaders, youths, and soldiers to launch the raid on Satan's U.S. troops and the devil's supporters allying with them, and to displace those who are behind them so that they may learn a lesson.

Almighty God said, "O ye who believe, give your response to God and His Apostle, when He calleth you to that which will give you life. And know that God cometh between a man and his heart, and that it is He to whom ye shall all be gathered."

Almighty God also says "O ye who believe, what is the matter with you, that when ye are asked to go forth in the cause of God, ye cling so heavily to the earth! Do ye prefer the life of this world to the hereafter? But little is the comfort of this life, as compared with the hereafter. Unless ye go forth, He will punish you with a grievous penalty, and put others in your place; but Him ye would not harm in the least. For God hath power over all things."

Almighty God also says "So lose no heart, nor fall into despair. For ye must gain mastery if ye are true in faith."

BIN LADEN'S STATEMENT AFTER SEPTEMBER 11

"I bear witness that there is no God but Allah and that Mohammed is his messenger.

There is America, hit by God in one of its softest spots. Its greatest buildings were destroyed, thank God for that. There is America, full of fear from its north to its south, from its west to its east. Thank God for that. What America is tasting now, is something insignificant compared to what we have tasted for scores of years. Our nation (the Islamic world) has been tasting this humiliation and this degradation for more than 80 years. Its sons are killed, its blood is shed, its sanctuaries are attacked, and no one hears and no one heeds.

When God blessed one of the groups of Islam, vanguards of Islam, they destroyed America. I pray to God to elevate their status and bless them.

Millions of innocent children are being killed as I speak. They are being killed in Iraq without committing any sins and we don't hear condemnation or a fatwa (religious decree) from the rulers. In these days, Israeli tanks infest Palestine - - in Jenin, Ramallah, Rafah, Beit Jalla, and other places in the land of Islam, and we don't hear anyone raising his voice or moving a limb.

When the sword comes down (on America), after 80 years, hypocrisy rears its ugly head. They deplore and they lament for those killers, who have abused the blood, honor, and sanctuaries of Muslims. The least that can be said about those people, is that they are debauched. They have followed injustice. They supported the butcher over the victim, the oppressor over the innocent child. May God show them His wrath and give them what they deserve.

I say that the situation is clear and obvious. After this event, after the senior officials have spoken in America - - starting with the head of infidels worldwide, Bush, and those with him - - they have come out in force with their men and have turned even the countries that belong to Islam to this treachery, and they want to wag their tail at God, to fight Islam, to suppress people in the name of terrorism.

When people at the ends of the earth, Japan, were killed by their hundreds of thousands, young and old, it was not considered a war crime; it is something that has justification. Millions of children in Iraq, is something that has justification. But when they lose dozens of people in Nairobi and Dar es Salaam (cities in Kenya and Tanzania, where US embassies were bombed in 1998), Iraq was struck and Afghanistan was struck. Hypocrisy stood in force behind the head of infidels worldwide, behind the cowards of this age, America and those who are with it. These events have divided the whole world into two sides: the side of believers and the side of infidels, may God keep you away from them. Every Muslim has to rush to make his religion victorious. The winds of faith have come. The winds of change have come to eradicate oppression from the island of Mohammed, peace be upon him.

To America, I say only a few words to it and its people. I swear by God, who has elevated the skies without pillars, neither America nor the people who live in it will dream of security before we live it in Palestine, and not before all the infidel armies leave the land of Mohammed, peace be upon him.

God is great, may pride be with Islam. May peace and God's mercy be upon you."