MANAGING A MODERATING GULF

by

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A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of National Security Decision Making

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College, the U.S. Department of the Navy, or the Center for Naval Analyses

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15. Abstract:

The 3,000-word essay discusses how the United States should respond if Iran, Iraq, or both countries moderate their foreign policies. It asks: what should the United States do if "dual containment" actually succeeds? The text first describes current U.S. policies toward the Persian Gulf region. It then analyzes how they should change to exploit favorable developments in Iran or Iraq.

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Managing A Moderating Gulf

What would happen if the Clinton administration's policy of "dual containment" of Iran and Iraq succeeded? Perhaps the Iranian government will alter its foreign policy to end the U.S. trade ban and stave off economic collapse. Or perhaps a moderate segment of the Iraqi military will overthrow Saddam Hussein. What would American officials do then? How would they exploit such favorable developments to establish a more stable security environment in the Persian Gulf?[1]

CURRENT U.S. POLICIES

Since it assumed office in 1993, the Clinton administration has pursued a policy of "dual containment" toward Iraq and Iran. This strategy seeks to "contain" both countries simultaneously by limiting their military capacity and external influence. It involves the forward deployment of U.S. military forces in the Persian Gulf region on an unprecedented scale. American forces in the region typically include approximately 20,000 service personnel, the largest composite wing in the U.S. Air Force, and twenty warships, including a carrier battle group for about nine months a year. These figures increase dramatically during exercises and crises. (For example, over 50,000 troops deployed in theater during the 1994 crisis). The U.S. Army and the Marines currently assign a small number of ground forces to the Gulf on training and logistics missions. Should they need to return in force to the region, they can draw on the large quantities of military equipment pre-positioned in various Middle Eastern countries and afloat under various bilateral defense cooperation agreements. U.S. Central Command, which operates out of Tampa owing to the lack of permanent American

bases in the region, has access to military facilities in the six moderate states of the Gulf Cooperation Council (GCC). U.S. forces, partly to demonstrate a commitment to these governments' security in the absence of formal defense treaties or permanent bases, regularly conducts extensive military exercises with them.[2]

The imposition of broad economic sanctions against both Iran and Iraq constitutes another core element of American policy. The United States, in accordance with various U.N. Security Council resolutions in the case of Iraq, imposes a comprehensive embargo on all trade (including arms sales) and investment with either country.[3] The sanctions aim to both weaken the economic and military potential of the two target countries and induce them to moderate their policies. The "dual containment" strategy also entails an aggressive policy aimed at preventing Iran or Iraq from acquiring weapons of mass destruction (WMD). The administration complements these military and economic measures with vigorous diplomatic efforts to attain lasting peace agreements between Israel and its Arab neighbors (including the Palestinians).

The Clinton administration adopted a "dual containment" strategy, with its forward deployment of substantial U.S. military forces, because it concluded other approaches had failed or become obsolete.[4] The traditional U.S. policy of relying on London to manage Gulf security ended with the British military withdrawal in 1971. The Nixon-Carter policy of using Iran as an U.S. proxy in the Gulf collapsed with the 1979 Iranian Revolution. The Reagan strategy of helping Iraq fight Iran ended in 1991, when Baghdad employed its imported weapons against the United States and its allies. The Bush administration rapidly abandoned its campaign for a military alliance among Egypt, Syria, and the six GCC members (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the United Arab Emirates). The endeavor could not

overcome regional rivalries, diverging threat perceptions, disputes over burden sharing, and the enormous gap in military power between Iraq and Iran on the one hand, and the less populated pro-Western Gulf states on the other.[5]

The Department of Defense's *United States Security Strategy for the Middle East*, issued in May 1995, identifies a range of U.S. interests in the region. These include: maintaining unimpeded oil shipments, forestalling WMD proliferation, combating terrorism, encouraging democracy and human rights, promoting U.S. commerce, and preventing regional conflicts. The best way to advance these objectives will depend on future developments in Iran and Iraq.

IRAN MELLOWS

The administration accuses Iran of supporting international terrorism and attempting to subvert other governments, undermine the Arab-Israeli peace process, develop WMD, and acquire advanced conventional weapons that exceed its legitimate defense needs. U.S. officials condition any rapprochement between Washington and Tehran on Iran's abandoning these policies.[6]

Following the election in May 1997 of moderate Hudjat-ul-Islam Muhammad Khatami as President, speculation has increased that external and internal pressures would induce Iran to alter its foreign policies. The Taliban's triumph in neighboring Afghanistan and the USSR's collapse to Iran's north have presented Iranians with new security challenges outside the Persian Gulf. Iran's relations with Pakistan have been deteriorating, and Pakistan's recent nuclear tests have alarmed Iranian officials. The U.S. trade embargo, government mismanagement, and other factors have hindered Iranian commerce and foreign investment.

The economy has suffered from two decades of low growth, high inflation, and widespread unemployment. Explosive population growth combined with stagnant production has resulted in Iran's per capita GDP falling to about 57% of its 1976 level.[7] Restless citizens increasingly vote for perceived moderates and identify with Iranian nationalism rather than religious fundamentalism. Some members of the divided clergy favor a withdrawal of religious leaders from government administration.

President Khatami has praised the American people and expressed a desire to improve relations with Washington. Although Iranian leaders including Khatami have rejected proposals for an official government-to-government dialogue, and many influential Iranians oppose a reconciliation with the United States, U.S.-Iranian cultural exchanges have blossomed since Khatami's election. Providing Khatami can consolidate sufficient power to overcome anti-American forces in the Iranian parliament and among the clergy, he might moderate Iran's foreign policies if he perceived sufficient benefits.[8]

SADDAM LEAVES THE SCENE

The Clinton administration stipulates that Baghdad take several steps before U.S.-Iraqi relations can improve. The Iraqi regime must stop threatening its neighbors, violating human rights, or supporting international terrorism. It also must compensate Kuwait for damages resulting from the Gulf War, account for Kuwaiti prisoners and missing in action, and accept its borders as permanent. Finally, it must implement in full U.N. Security Council Resolution 687 (1991), which established the criteria for the cease-fire agreement at the end of the Persian Gulf War. The resolution requires Iraq not to develop or deploy ballistic missiles with ranges exceeding 150 kilometers. Iraq also must destroy its nuclear, chemical, and biological

weapons and the facilities involved in their development and production. In private, administration officials maintain that Washington and Baghdad will not enjoy normal relations until Saddam Hussein leaves office. In the interim, the United States has sought to weaken Saddam through international sanctions, U.N. inspections of potential Iraqi WMD-related facilities, and limited military strikes.[9]

The regime has proven surprisingly durable.[10] Saddam Hussein has survived international isolation, economic collapse, regional rebellions, a protracted war with Iran, a brutal defeat in Kuwait, plots within Iraq's military, and high-level defections. He has continued to seek WMD despite this policy's resulting in severe U.N. sanctions that have deprived Iraq of approximately $120 billion of forfeited oil revenues since 1990.[11] American efforts to promote a more effective political opposition among Iraqi exile groups, including CIA attempts to construct an armed resistance movement, have thus far failed.[12] Nevertheless, being mortal, Saddam could leave office tomorrow from disease or assassination. Although any successor regime probably would be authoritarian given Iraqi political tradition and other factors, it would have strong economic and diplomatic incentives to try to improve relations with Washington and the GCC countries. Ironically, the domestic obstacles to such a reconciliation would be weaker than in Iran, where proposals to improve U.S.-Iranian relations remain inflammatory.

DOOMED TO DISCORD

Even if both Iran and Iraq moderated their foreign policies, the United States would still face considerable security challenges in the Persian Gulf. The region seems doomed to discord. The Gulf states suffer from serious economic problems, especially their excessive

dependence on oil exports. Tremendous gaps in wealth and income exist both within and between countries. They also differ in size, ruling ideology, and sectarian composition. These differences encourage rivalry and conflict. The major Persian Gulf governments (Iran, Iraq, and Saudi Arabia) regularly challenge one another for regional predominance. Almost all the regimes—coveting their neighbors' oil deposits, arable land, and sources of fresh water—are involved in border disputes. Islamic fundamentalists, believing that Muslims comprise a single nation, deny the validity of existing state frontiers altogether.[13] The GCC countries confront the challenge of modernizing their traditional political and socioeconomic practices in the face of conflicting pressures from Islamic extremists and liberal reformers. Not even a resolution of the Arab-Israeli conflict would overcome these deep-rooted problems.

Despite its conflict-prone nature, the region likely will remain a major security concern for the United States and other countries. Forecasts show that, at least for the next few decades, only continued Persian Gulf oil exports will satiate the world's increasing demand for energy.[14] No other region of the world has so vast proven deposits of oil and gas (approximately one-half and one-third of proven global reserves, respectively). Even if the companies and countries involved manage to overcome the serious technical and political problems associated with extracting more energy from the Caspian Basin, its deposits likely will amount to only a small proportion of the Gulf's energy reserves.[15] A side effect of the vast amount of money flowing to the oil-producing states is that these countries can afford to acquire advanced conventional weapons and perhaps WMD. Such proliferation can undermine regional stability and allow governments there to threaten the United States and important American allies such as Israel and Western Europe. The emergence of a regional

hegemon able to exert inordinate influence over world oil supplies and prices, and convert additional revenue into further weapons acquisition, would compound these problems.

PROMOTING NONPROLIFERATION, NOT DEMOCRACY

The probable persistence of Persian Gulf instability, even with regime change in Iran or Iraq, should underpin the regional priorities of any U.S. administration. In particular, it makes it imperative to curb WMD proliferation there. The United States should continue to pursue a vigorous WMD nonproliferation campaign whatever the policies of Iran or Iraq. It should do so notwithstanding international resistance to its export control policies. WMD proliferation represents the most serious threat today to the United States and its allies. Any administration must make it clear to the Gulf states and their external arms suppliers (such as Russia, China, and North Korea) that efforts to acquire WMD will trigger U.S. countermeasures, while restraint in this area will engender U.S. goodwill and economic benefits. This will require making nonproliferation a more consistent priority even when it conflicts with other American objectives.

Such a policy has already proven its feasibility. U.S. pressure on China, combined with offers to resume sales of American nuclear power plants and technology, resulted in Beijing's pledging in early 1998 to halt its own assistance to Iran's nuclear programs. Similarly, at U.S. urging, Russian President Boris Yeltsin, dependent on U.S. support for his economic reform program, signed a directive to strengthen Russia's export controls on the transfer of missile and nuclear technology to Iran. Yeltsin also took steps to guard against any Iranian effort to exploit Russia's nuclear reactor sales to Iran for military purposes. Russian educational institutions no longer permit Iranians to study nuclear physics and missile science.

Ukraine also acceded to U.S. requests not to supply turbines to the Russian nuclear reactor project at Bushehr.[16]

Coordinating U.S. policies toward the Persian Gulf with countries outside the region will prove challenging in other respects as well. Motivated by economic considerations and genuine conviction, many government officials in Europe, Russia, China, and Japan believe that a less confrontational policy toward even an unreformed Iran or Iraq best promotes their long-term interests in the region. Although other countries have adhered to U.N. sanctions against Iraq, even close U.S. allies have refused to join the unilateral U.S. trade ban against Iran.[17] In response to Congressional frustrations at this state of affairs, President Clinton signed in August 1996 the Iran-Libya Sanctions Act. It imposes penalties on foreign firms that invest $40 million or more a year in Iranian (and Libyan) oil and gas projects.[18]

Despite these differences, one can envisage a mutually advantageous policy trade-off. U.S. officials could stop opposing other countries' economic ties with even an anti-American Iran or Iraq, no matter how much these connections helped develop these two states' economies and by extension their conventional military potential. In return, these countries would have to conform to U.S. policies on the all-important issue of preventing WMD and ballistic missile proliferation. Such support probably would need to include halting all assistance to Iran's civilian nuclear power program, given that country's past interest in WMD and ballistic missiles.[19] For similar reasons, it must involve an agreement not to resume nuclear cooperation with Iraq. The success of Iraqi nuclear deception before the Gulf War, the problems with the U.N. inspection system in Iraq since 1991, and the difficulties associated with the Agreed Framework with North Korea demonstrate a crucial point. Neither the

existing nonproliferation regime nor ad hoc agreements can prevent a determined government from using a civilian nuclear power program to further its nuclear weapons ambitions.[20]

It would obviously be preferable to focus U.S. nonproliferation measures against Iran and Iraq, the Gulf's most likely proliferators, than against third parties. Effective measures would require these two countries to permit rigorous on-site monitoring with challenge inspections, the kind the United Nations has demanded of Iraq since its defeat in Desert Storm. But in the absence of their losing another war, neither Iran or Iraq, whatever their governments, would likely accede to such demanding measures unless other Middle Eastern states, including Israel, accepted similar conditions. Israel will not do so, at least for the next few decades. Israeli leaders across the political spectrum believe they must retain the option of rapidly deploying nuclear weapons to defend against a surprise attack. Domestic political factors within the United States would make it difficult for any U.S. administration to attempt to coerce Israel into renouncing its WMD and accept on-site inspectors. Rather than trying to implement such a fruitless policy, the administration should focus its efforts on preventing third-party transfers of WMD-related material to Iran or Iraq, however moderate their regimes. Past Iraqi and Iranian (both under the Shah and the current regime) attempts to acquire WMD warrant placing them under such international probation. (The United States and other countries should pursue similar policies toward Pakistan and India for the same reason.) U.S. officials could justify exempting Israel on the grounds that Israel's nuclear deterrent facilitates its making territorial concessions since the country does not need to rely on defense-in-depth. Enhanced U.S. pressure on Israel, combined with greater Israeli flexibility regarding its territorial disputes with Syria and the Palestinians, would strengthen the plausibility of such an argument.

U.S. efforts to promote democracy in the Persian Gulf should remain a low priority even if Iran or Iraq moderates its foreign policies. Improving how the Gulf countries behave toward other countries is both more important and more amenable to U.S. influence. Their historical traditions, their vulnerability to separatism and aggression, their structural economic problems, and their adherence to Islam work against their democratization.[21] The scholarly community has been unable to agree on how one country can best promote democracy in another (apart from outright military conquest, as with Germany and Japan in the 1940s). Aggressive U.S. attempts to push democratic values could backfire, either by discrediting local democrats or by undermining the region's pro-Western but autocratic governments (as with Iran in the late 1970s). U.S. representatives must likewise continue to refrain from criticizing Islam in public or suggesting that American policy presumes an inevitable clash between the Muslim and Western civilizations.[22] They also should continue to oppose separatism among the Kurds or other minorities in the region. Both the Iraqi opposition and the other Gulf governments, no matter how much they deplore Saddam Hussein, oppose Iraq's partition. The country's disintegration also would remove a barrier to Iranian expansionism, stimulate a disruptive struggle for influence among neighboring countries, and contribute to humanitarian disasters and WMD nonproliferation.[23]

Under present condition, U.S. officials can at best encourage the Gulf regimes to respect individual and group rights. They also should not object to their adopting policies similar to those of the Jordanian government, which allows its political opponents and other members of civil society limited freedoms.[24] On the other hand, the United States has no interest in resisting regime change among its allies, providing that such transformations do not

result from foreign-sponsored subversion. Any independent government that ruled Saudi Arabia or the other GCC states would continue to sell its oil—what else could it export?

REDUCING THE U.S. MILITARY FOOTPRINT

The United States should try to minimize its military presence in the Gulf. The constant forward deployment of U.S. military assets, even if not technically in "bases," antagonizes national and Muslim extremists. The former accuse the host governments of compromising their independence; the latter of allowing unbelievers to violate their nations' sacred borders. Such animosity could undermine domestic support for the very pro-Western regimes that Washington seeks to defend. For these reasons, most Gulf governments prefer that the U.S. military adopt a low profile in country and rely on an "over the horizon presence" whenever possible.[25]

U.S. troops based in the region also provide tempting targets for terrorist attacks. Admittedly, the Saudi Arabian bombings that killed 5 U.S. military advisers in Riyadh in November 1995 and 19 Americans in Dhahran (wounding almost 400 others) in June 1996 did not change U.S. strategy. But a strike on the scale of the October 1983 bombing of a Marine barracks in Lebanon, which killed 250 people, could undermine American public support for any U.S. military involvement in the region. A terrorist attack involving WMD would prove especially disruptive, particularly given that, aside from the British, the other NATO allies have provided little visible support for U.S. policies toward the region. Another problem with "dual containment" is that the forward deployment of large U.S. military forces in the Gulf costs the U.S. Treasury billions of dollars annually that could go to other priorities.[26] In addition, a reduction of U.S. troops in the region would ease the requirements

and increase the credibility of the administration's official strategy of being able to fight two major theater wars nearly simultaneously.

Unfortunately, as long as the United States remains committed to containing both Iran and Iraq, Washington cannot substantially reduce American military deployments in the Gulf.[27] The resource gap between a potentially aggressive Iran or Iraq and the GCC states, the distance between the Gulf and the continental United States, and the need for both a rapid and weighty military response requires that extensive U.S. forces remain in the region. Even if they formed a close military alliance, which seems unlikely given past experience, the GCC members cannot defend themselves from a rearmed and hostile Iran or Iraq without outside help.[28] Their already high military spending (which includes payments to offset the costs of U.S. military deployments) during a period of low oil prices risks undermining their fiscal and social stability.[29] Other NATO countries show little enthusiasm for increasing their own military operations in the Gulf. Even if they had such a desire, only the British possess the power projection capacity to make a meaningful contribution to Gulf security.[30] If Iraq or Iran alone moderated its foreign policies, the Pentagon still would need to retain the capacity to rapidly redeploy adequate military forces back to the region in case the moderating country reversed course or did not prevent its rival from committing aggression.

The only scenario under which the United States could substantially reduce its military deployments would be if "dual containment" succeeded in moderating *both* countries' security policies. Washington then could try to induce all the militarily important Gulf states to accept limitations on their armed forces and establish an effective operational arms control regime. The former would prevent Iraq or Iran, which currently are in a rough military equilibrium,[31] from further rebuilding their armed forces following their respective defeats in

Desert Storm and the 1980-88 Iran-Iraq War. These limitations would apply especially to any Iranian efforts to expand its thus far minimal amphibious capacity or to Iraqi attempts to rebuild its heavy armored divisions. They also would restrict other Gulf countries' military capacity to the same level. The latter confidence building measures would circumscribe military deployments in the region and could entail requirements, such as the advanced notification of large-scale military exercises and the widespread use of military observers, to promote military transparency. The Gulf governments might even create an OSCE-like body to anticipate and avert armed conflicts. The United States too could assume a more proactive role in resolving border disputes and other regional conflicts, including between its GCC allies. (The most salient border disputes within the Gulf today currently involve Iran and Iraq, Iraq and Kuwait, and Iran and the United Arab Emirates.[32] Boundary disputes that earlier led to armed clashes also exist within the GCC, including between Bahrain and Qatar, and between Saudi Arabia and Yemen.) As part of the above arrangement, the United States and other non-Gulf states would have to subject their military deployments to the same limitations and restrictions. Washington and the other arms exporting countries also would have to agree to constrain their weapons transfers to the Gulf states (perhaps along the lines of President Bush's 1991 proposal for a Middle East arms supplier restraint agreement).[33]

Under such conditions, the GCC members might be able to field a combined military force sufficiently powerful to prevent a rapid military victory by the treaty-limited armies of Iran or Iraq. Demographic trends are enhancing their ability to match the size of the Iraqi and Iranian military establishments. For example, the World Bank forecasts that in 2025, Saudi Arabia's population will almost equal that of Iraq (a projected 44 million versus Iraq's expected 48 million).[34] The United States only needs to ensure through pre-positioning, the

stationing of warships near the Gulf, and other measures that it could redeploy forces to the Gulf rapidly enough should Iran or Iraq violate these arms control measures, which would serve as warning indicators of possible future military aggression. Iraq and Iran might accept such an arrangement in return for an end to U.S. sanctions, a reduced U.S. military presence in the Gulf, and the fact that the arms control measures would bolster their security against each other.

The following table provides an unclassified estimate of the most important military resources and forces of the Persian Gulf states.

Table I. The Existing Military Balance (as of 1996-97)

country	*GDP*	*Defense Expenditures*	*Army*	*Navy*	*Air Force*
Iran	$67.3bn	$3.4bn	350,000 soldiers 120,000 revolu- -tionary guards 1390 MBT	18,000 sailors 3 diesel subs 1 destroyer 3 frigates	30,000 airmen 114 FTR 150 FGA
Iraq	$15bn	$1.3bn	350,000 soldiers 2,700 MBT	2,500 sailors 2 frigates	35,000 airmen 180 FTR
Bahrain	$5.1bn	$107m	8,500 soldiers 106 MBT	1,000 sailors 1 frigate	1,500 airmen 12 FTR 12 FGA
Kuwait	$27.8bn	$3.6bn	11,000 soldiers 167 MBT	0 PSC	2,500 airmen 40 FTR/FGA
Oman	$12.3bn	$1.9bn	25,000 soldiers	2 corvettes	4,100 airmen 17 FGA
Qatar	$7.4bn	$775m	8,500 soldiers 34 MBT	1,800 sailors 0 PSC	1,500 airmen 11 FGA/FTR
Saudi Arabia	$136bn	$17.4bn	70,000 soldiers 1055 MBT	8 frigates	139 FTR 128 FGA

UAE	$40.0bn	$2.1bn	59,000 soldiers 231 MBT	1,500 sailors 0 PSC	4,000 airmen 22 FTR 52 FGA
Yemen	$9.7bn	$362m	61,000 soldiers 1,125 MBT	1,800 sailors 0 PSC	3,500 airmen 28 FTR 27 FGA

SOURCE: The International Institute for Strategic Studies, *The Military Balance 1997/98* (London: Oxford University Press: 1997), pp. 123-144.

(Abbreviations: MBT=main battle tanks; FTR=fighter aircraft; FGA=fighter/ground-attack aircraft; PSC=principal surface combatants such as destroyers, frigates, etc.)

The table shows the clear local military superiority of Iran and Iraq, especially with respect to main battle tanks and the size of their ground forces, in the absence of an external balancer such as the U.S. armed forces. For political and military reasons, one cannot even confidently aggregate all the GCC states' military assets. First, it is uncertain they would all rally behind any member who came under attack (especially if the scenario involved a less blatant case of aggression than in 1990). Aggregating GCC national totals without a discount factor also would fail to take into account that, in fighting as allies rather than under a single national command, the Coalition members would confront problems of interoperability that could substantially reduce their military effectiveness.

The next table shows how the United States could alter its force structure under a scenario in which both Iran and Iraq moderate their policies. It lists those military forces that are now and could be in the future on long-term deployments in the region. The table does not include those military forces that are or would be deployed in the region as part of bilateral or multilateral exercises or during crises.

Table II. U.S. Forces under Central Command

Scenario	*Current U.S. Order of Battle*	*Reduced Forces given a moderating Gulf*
U.S. Army Troops under CC	2,070	2,500
U.S. Army Troops in Gulf	574	0
Average Forward Deployed 5th Fleet Naval Forces (in Indian Ocean, Persian Gulf, and the Red Sea)	1 CV/CVN 2 CG/CGN 2 DD/DDG 1-2 AO/AOE/AE 2 SSN	1 CV/CVN 2 CG/CGN 2 DD/DDG 1-2 AO/AOE/AE 2 SSN
USAF Assets in Saudi Arabia	3,000 airmen varying numbers of aircraft on rotational assignment	0 airmen 0 aircraft based in region

SOURCE: The International Institute for Strategic Studies, *The Military Balance 1997/98* (London: Oxford University Press: 1997), p. 26.

The most important recommended changes in U.S. deployments concern the number of U.S. ground forces and USAF assets permanently deployed in theater. These would decline to zero, though the U.S. Army and USAF would need to maintain robust exercise programs to ensure their ability to operate effectively in the Gulf with local allies. The United States also would need to maintain an extensive airlift and sealift capacity to ensure that military forces based in the United States or in other regions could rapidly re-deploy to the Persian Gulf in a crisis. It is possible that U.S.-based USAF "Air Expeditionary Forces" dedicated to Persian Gulf operations could reduce the number of 5th fleet ships (especially carriers) required to maintain constant coverage of the region. But at present the effectiveness of the USAF's new "Air Expenditionary Force" program remains unclear. The USAF in any case would retain substantial assets in Incirlik, Turkey, provided the Turkish government continued to grant access to this facility. These assets could operate against Iran, Iraq, or other Gulf states if Turkey approved their use.

EXPLOITING OPPORTUNITIES

Besides reducing U.S. defense expenditures for Gulf security, Iranian or Iraqi moderation would present other opportunities for the attainment of U.S. security and economic objectives in the region. For example, since all countries profit from the free flow of oil, they could cooperate to guarantee freedom of navigation and commerce in the Gulf. In addition, the world probably will need increased Iraqi and Iranian oil production to meet the expected rise on global energy production. Such increases require additional Western (including perhaps American) investment in these countries' energy complexes. Washington also might persuade Iranian or Iraqi officials to downplay their opposition to the Arab-Israeli peace process and refrain from promoting terrorism or subversion against other governments. Continued support for nonviolent anti-Israeli or pro-Islamic political movements in the Middle East would be acceptable; training terrorists or inciting the overthrow of nearby regimes would not.

Relaxing U.S. economic sanctions could both reward and encourage Iran or Iraq should they moderate their foreign policies. Prompt economic help could prove especially important in bolstering any moderate government that emerged in either country.[35] American officials could release Iranian funds frozen in the United States since the hostage crisis or permit U.S. firms to trade or invest in Iran. They also could allow Iraq to export more oil or partly excuse a post-Saddam government from Iraq's reparations and war debts. After either or both regime had demonstrated a commitment to moderation, the U.S. government could lift its prohibition on American investment in energy production and other areas. In return for such concessions, these regimes would have to limit their armament programs (especially in the area of WMD and ballistic missiles), which could otherwise benefit from the resulting

inflow of cash. While U.S. sanctions have weakened the Iraqi and Iranian economies, and have provided incentives for both countries to moderate their foreign policies, their main impact has been to entangle Washington in unproductive disputes with other governments. It might prove possible to apply selective sanctions against hostile elements within the Iranian or the Iraqi elite, but third parties that continue to transfer WMD-related technology to the Gulf states would present a better target.[36]

American policy toward Iran should reflect that country's influence on the future of the newly independent countries in the Caucasus and Central Asia. An aggressive Iran could promote anti-Western Islamic fundamentalism in these volatile regions. Russian officials could perceive a threat to Moscow's south and respond with forward troop deployments and other measures that could threaten these countries' independence. Turkey, Saudi Arabia, and other states opposed to the spread of Iranian religious influence also could intervene. These developments could exacerbate or incite additional sectarian conflicts among the nations living there. In contrast, a moderate Iran could work with other governments to prevent, contain, or end conflicts in the Caucasus and Central Asia (as well as in Afghanistan and Bosnia).[37] In such a case, the United States and Western countries could profitably cooperate with Iran, Russia, and the other riparian states to exploit the vast energy resources of the Caspian Basin. (At present, U.S. sanctions inhibit such cooperation.) The Central Asian states also would gain increased flexibility and independence from having an additional export route for their oil and gas—a goal shared by both Tehran and Washington.[38]

The probable persistence of conflict in the Persian Gulf, combined with its vital oil supplies, means that the region will remain an international security problem for years to come. Nevertheless, Iranian or Iraqi moderation could provide excellent opportunities for the

United States to promote its most important goals in the region, especially the prevention of WMD proliferation. To exploit these opportunities, American officials need to consider now how best to promote U.S. objectives in a moderating Gulf.

Notes

[1] A critic of current U.S. strategy has observed that, "Dual containment offers no guidelines for dealing with change in the Gulf, and its ties American policy to an inherently unstable regional status quo" (F. Gregory Gause, III, "The Illogic of Dual Containment," *Foreign Affairs*, vol. 73, no. 2 (March/April 1994), p. 57). This essay attempts to offer such guidelines.

[2] For a discussion of current U.S. military policy in the Middle East see Michael Collins Dunn, "Five Years after Desert Storm: Gulf Security, Stability and the U.S. Presence," *Middle East Policy*, vol. 4, no. 3 (March 1996), pp. 31-33; and J.H. Binford Peay III, "The Five Pillars of Peace in the Central Region," *Joint Force Quarterly*, no. 11 (Autumn 1995), pp. 31-36.

[3] In May 1995 President Clinton banned by executive order all trade and investment with Iran.

[4] Anthony Lake lays out the administration's justification for its "dual containment" policy in his article, "Confronting Backlash States," *Foreign Affairs*, vol. 73, no. 2 (March/April 1994), pp. 45-55. Thoughtful critiques of the strategy include Zbigniew Brzezinski, Brent Scowcroft, and Richard Murphy, "Differentiated Containment" *Foreign Affairs*, vol. 76, no. 3 (May/June 1997), pp. 20-30; and Graham E. Fuller and Ian O. Lesser, "Persian Gulf Myths," *Foreign Affairs*, vol. 76, no. 3 (May/June 1997), pp. 42-52.

[5] For more on the Bush plan see James A. Baker, *The Politics of Diplomacy: Revolution, War & Peace, 1989-1992* (New York: G. P. Putnam's Sons, 1995), pp. 413-414; and Harvey Sicherman," The Strange Death of Dual Containment," *Orbis*, vol. 41, no. 2 (Spring 1997), p. 226.

[6] See for example the administration's latest National Security Strategy, *A National Security Strategy for a New Century* (Washington, D.C.: The White House, October 1998), pp. 52-53. For a critique of U.S. policy toward Iran see Fawaz A. Gerges, "Washington's Misguided Iran Policy," *Survival*, vol. 38, no. 4 (Winter 1996-97), pp. 5-15. For proposals on how the United

States and Iran could improve relations see Shahram Chubin and Jerrold D. Green, "Engaging Iran: A US Strategy," *Survival*, vol. 40, no. 3 (Autumn 1998), pp. 153-169; and Robin Wright and Shaul Bakhash, "The U.S. and Iran: An Offer They Can't Refuse?," *Foreign Policy*, no. 108 (Fall 1997), pp. 124-137.

[7] Hamid Zangeneh, "The Post-Revolutionary Iranian Economy: A Policy Appraisal," *Middle East Policy*, vol. 6, no. 2 (October 1998), p. 116. For a review of the Iranian regime's various economic and political problems since the 1979 Revolution see Laurent Lamote, "Iran's Foreign Policy and Internal Crises," in *Iran's Strategic Intentions and Capabilities*, edited by Patrick Clawson (Washington, D.C.: Institute for National Strategic Studies, National Defense University, April 1994), pp. 5-25; and Edward G. Shirley, "The Iran Policy Trap," *Foreign Policy*, no. 96 (Fall 1994), pp. 75-93.

[8] For more on President Khatami's reform agenda, and the difficulties he is encountering, see Jahangir Amuzegar, "Khatami's Iran, One Year Later," *Middle East Policy*, vol. 6, no. 2 (October 1998), pp. 76-94; Eric Hooglund, "Khatami's Iran," *Current History*, vol. 98, no. 625 (February 1999), pp. 59-64; Shireen T. Hunter, "Is Iranian Perestroika Possible without Fundamental Change?," *The Washington Quarterly*, vol. 21, no. 4 (Autumn 1998), pp. 23-41; and R. K. Ramazani, "The Shifting Premise of Iran's Foreign Policy: Towards a Democratic Peace?," *Middle East Journal*, vol. 52, no. 2 (Spring 1998), pp. 177-187. For a review of how Iranian isolationists have undermined earlier efforts at U.S.-Iranian reconciliation during the past two decades see Charles Kurzman, "Soft on Satan: Iranian-U.S. Relations," *Middle East Policy*, vol. 6, no. 1 (June 1998), pp. 63-72.

[9] For a review and critique of U.S. policy toward Iraq see Eric Roleau, "America's Unyielding Policy toward Iraq," *Foreign Affairs*, vol. 74, no. 1 (January/February 1995), pp. 59-72. For a discussion about how the United States could more effectively compel Iraq to desist from certain

undesirable acts see Daniel Byman, Kenneth Pollack, and Matthew Waxman, "Coercing Saddam Hussein: Lessons from the Past," *Survival*, vol. 40, no. 3 (Autumn 1998), pp. 127-151.

[10] On how U.S. officials repeatedly underestimated Saddam's ability to survive his defeat in Desert Storm and other pressures see Robin Wright, "America's Iraq Policy: How Did It Come to This?," *The Washington Quarterly*, vol. 21, no. 3 (Summer 1998), pp. 53-70.

[11] Joseph Marty in "Symposium: U.S. Gulf Policy: How Can It Be Fixed?," *Middle East Policy*, vol. 6, no. 1 (June 1998), p. 2.

[12] On the difficulties associated with any Iraqi exile-led military operation see Daniel Byman, Kenneth Pollack, and Gideon Rose, "The Rollback Fantasy," *Foreign Affairs*, vol. 78, no. 1 (January/February 1999), pp. 24-41.

[13] Zachary Karabell, "Fundamental Misconceptions: Islamic Foreign Policy," *Foreign Policy*, no. 105 (Winter 1996-97), pp. 77-90.

[14] Geoffrey Kemp, "The Persian Gulf Remains the Strategic Prize, *Survival*, vol. 40, no. 4 (Winter 1998-99), p. 138.

[15] For a discussion of the obstacles connected with increasing Caspian energy production see Amy Myers Jaffe and Robert A. Manning, "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy," *Survival*, vol. 40, no. 4 (Winter 1998-99), pp. 112-129

[16] Amuzegar, "Khatami's Iran," p. 86; and Mahmood Monshipouri, "Iran's Search for the New Pragmatism," *Middle East Policy*, vol. 6, no. 2 (October 1998), pp. 96, 98-100.

[17] For a discussion of Germany's ties with Iran see Charles Lane, "Germany's New Ostpolitik," *Foreign Affairs*, vol. 74, no. 6 (November/December 1995), pp. 77-89.

[18] The administration waived these penalties for European firms after their governments agreed to tighten their export controls on dual-use goods to Iran (Monshipouri, "Iran's Search," p. 105). "Dual use" goods are those that have both civilian and military applications.

[19] Iran's WMD and ballistic missile programs are discussed in Zalmay Khalilzad, "The United States and the Persian Gulf: Preventing Regional Hegemony," *Survival*, vol. 37, no. 2 (Summer 1995), pp. 104-106; and Monshipouri, "Iran's Search," p. 96. Chubin and Green discuss the questionable energy and economic rationale for Iran's nuclear energy program ("Engaging Iran," pp. 161-162). Even Russian authorities have expelled Iranian citizens for illegally seeking to acquire nuclear technology.

[20] The amazing scale of Iraq's undetected weapons of mass destruction programs before Desert Storm are described in David A. Kay, "Iraq Beyond the Crisis du Jour," *The Washington Quarterly*, vol. 21, no. 3 (Summer 1998), p. 11.

[21] On the difficulties the United States would face in trying to more vigorously promote democracy and human rights in the Gulf see Martin Kramer, "What You Should Know about Muslim Politics and Society," in *America and the Muslim Middle East: Memos to a President*, edited by Philip D. Zalikow and Robert B. Zoellick (Washington, D.C.: The Aspen Institute, 1998), pp. 19-32. For an analysis of the factors currently affecting countries' prospects for democratization see Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

[22] For evidence that both Western and Muslim leaders nevertheless interpret their relations in this manner see Augustus Richard Norton, "Rethinking United States Policy toward the Muslim World," *Current History*, vol. 98, no. 625 (February 1999), p. 53.

[23] Saddam Hussein's various policies aimed at holding Iraq together are discussed in Ofra Bengio, "The Challenge to the Territorial Integrity of Iraq," *Survival*, vol. 37, no. 2 (Summer 1995), pp. 74-94. For one analyst's proposal to dismember Iraq and its alleged advantages see Masoud Kazemzadeh, "Thinking the Unthinkable: Solving the Problem of Saddam Hussein for Good," *Middle East Policy*, vol. 6, no. 1 (June 1998), pp. 73-86.

[24] For a discussion of the Jordanian government's policies of co-opting its opposition through partial and controlled democratization see Lawrence Tal, "Dealing with Radical Islam: The Case of Jordan," *Survival*, vol. 37, no. 3 (Autumn 1995), pp. 139-156. On how other Middle East countries have, with varying degrees of success, attempted to deal with Islamic extremism see Max Rodenbeck, "Is Islamism Losing Its Thunder?," *The Washington Quarterly*, vol. 21, no. 2 (Spring 1998), p. 177-193.

[25] For a review of the growing dissatisfaction among Gulf intellectuals and political activists with the U.S. military presence see Abdullah Al-Shayeji, "Dangerous Perceptions: Gulf Views of the U.S.-Role in the Region," *Middle East Policy*, vol. 5, no. 3 (September 1997), pp. 1-13.

[26] Analysts estimate that the United States spends about $40-50 billion annually on defending the Persian Gulf; see Adam Garfinkle, "The U.S. Imperial Postulate in the Mideast," *Orbis*, vol. 41, no. 1 (Winter 1997), p. 17; and Laura Myers, "Containing Saddam Costs U.S. $7B Since '91," *Pacific Stars And Stripes*, November 19, 1998, p. 1.

[27] The possible military challenges Iran or Iraq could present to their neighbors are reviewed in Anthony H. Cordesman, "The Changing Military Balance in the Gulf," *Middle East Policy*, vol. 6, no. 1 (June 1998), pp. 25-44.

[28] Some of the factors that have weakened the GCC states' military potential are reviewed in John Duke Anthony, "The U.S.-GCC Relationship: A Glass Half-Empty or Half-Full?," *Middle East Policy*, vol. 5, no. 2 (May 1997), pp. 27-28; and Rolin G. Mainuddin, Joseph R. Aicher, Jr., and Jeffrey Elliot, "From Alliance to Collective Security: Rethinking the Gulf Cooperation Council," *Middle East Policy*, vol. 4, no. 3 (March 1996), pp. 40-45.

[29] For a discussion of the GCC states' financial problems see F. Gregory Gause III, "The Gulf Conndrum: Economic Change, Population Growth, and Political Stability in the GCC States," *The Washington Quarterly*, vol. 20, no. 1 (Winter 1997), pp. 145-165; and Gary Sick, "The Coming

Crisis in the Persian Gulf," *The Washington Quarterly*, vol. 21, no. 2 (Spring 1998), pp. 195-212. Fiscal constraints have caused the GCC states to reduce their level of arms imports in recent years.

[30] For a proposal on how to involve the United States' European allies in the military defense of the Gulf see David Gompert and Richard Kugler, "Free-Rider Redux: NATO Needs to Project Power (and Europe Can Help), *Foreign Affairs*, vol. 74, no. 1 (January/February 1995), pp. 7-12.

[31] Cordesman, "Changing Military Balance," pp. 29, 31, 37.

[32] The last dispute is discussed in Dan Caldwell, "Flashpoints in the Gulf: Abu Musa and the Tunb Islands," *Middle East Policy*, vol. 4, no. 3 (March 1996), pp. 50-57.

[33] For a range of arms control proposals for the Middle East and the Persian Gulf see Shai Feldman and Ariel Levite, eds., *Arms Control and the New Middle East Security Environment* (Boulder, Colorado: Westview Press, 1994); Kenneth Katzman, *Searching for Stable Peace in the Persian Gulf* (Carlsle, Pennsylvania: Strategic Studies Institute, U.S. Army War College, February 2,1998), pp. 22-26; and Alan Platt, ed., *Arms Control and Confidence Building in the Middle East* (Washington, DC: United States Institute of Peace Press, 1992).

[34] Robert Satloff, "What about Saudi Arabia Should (or Shouldn't) Concern You," in *America and the Muslim Middle East: Memos to a President*, edited by Philip D. Zalikow and Robert B. Zoellick (Washington, D.C.: The Aspen Institute, 1998), p. 55.

[35] The importance of providing rapid economic assistance to any new moderate Iraqi regime that might arise is discussed in Phebe A. Marr, "Iraq: Troubles and Tension," *Strategic Forum*, no. 123 (July 1997).

[36] For a critique of U.S. policy toward Iran, which nevertheless admits that U.S. sanctions have succeeded in weakening the Iranian economy, see Jahangir Amuzegar, "Adjusting to Sanctions," *Foreign Affairs*, vol. 76, no. 3 (May/June 1997), pp. 31-41. Further details of the economic effects

of the sanctions are discussed in Jahangir Amuzegar, "Iran's Economy and the US Sanctions," *Middle East Journal,* vol. 51, no. 2 (Spring 1997), pp. 185-199; and Zangeneh, "Post-Revolutionary Iranian Economy," p. 126. For a broader discussion on the most appropriate use of economic sanctions see Richard N. Haass, "Sanctioning Madness, *Foreign Affairs*, vol. 76, no. 6 (November/December 1997), pp. 74-85.

[37] Thus far Iranian peacekeeping efforts have been mostly unilateral and directed at conflicts involving Muslim belligerents.

[38] The favorable effects an U.S.-Iranian reconciliation might have on Caspian energy production are discussed in Jaffe and Manning, "Myth of the Caspian 'Great Game'," p. 117.