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THE UNITED STATES IN THE MIDDLE EAST:

DEVELOPING A POLICY FOR THE 1990S

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Troy Shawn Thomas

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THE UNITED STATES IN THE MIDDLE EAST: DEVELOPING A POLICY FOR THE 1990S

by

TROY S. THOMAS, B.S.

REPORT

Presented to the Faculty of the Graduate School of

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24 JULY 1992

PREFACE

Given the dynamic nature of Middle Eastern politics, it is not possible to address every issue or to stay abreast of the rapidly changing environment. I have sought to focus on what I consider to be the three most salient issues from the perspective of US national interests: the Arab-Israeli conflict, the access to oil and Gulf security, and arms control. These interests are enduring, and while the tactics for securing them may alter as new situations arise, the objectives remain the same.

I am aware that these issues can be examined from various perspectives. On the one hand, it is quite possible and often appropriate to argue that the US should pursue a particular policy because it is morally and ethically preferable. The US does stand for certain principles, particularly human rights and democracy. On the other hand, it is also true that statesmen pursue agendas, because doing it is in their state's national interest, defined in terms of economic vitality and territorial security. Although it has been my intent to make policy recommendations reflecting American principles, the arguments are rooted in realistic considerations dedicated to securing US national interests.

Several personal experiences, involving discussions with Arab and Jewish colleagues and diplomatic exchanges, reveal the degree to which emotions affect reasoned analysis of the issues. I have tried to express an appreciation for these factors, as well as for the basic motivations that underly the policies and attitudes of Middle Eastern states and their peoples. It is my belief that the US can assist in overcoming obstacles to a "lasting peace" and secure its interests by encouraging compromise and with policies that are clearly consistent, balanced, and objective.

24 JULY 1992

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CHAPTER 1

Introduction: Laying a Foundation

Operation Desert Storm ended on February 27, 1991, six weeks after the start of the air war and only 100 hours after the commencement of ground operations. President Bush declared victory for the allied coalition, the United Nations (UN), mankind, the rule of law, and what is right.[1] Washington hoped to follow victory with successful efforts in four familiar areas; movement toward a genuine peace in the Arab-Israeli conflict, control over the proliferation of weapons of mass destruction, economic development, and a Persian Gulf security arrangement.[2]

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[1]President George Bush, "Kuwait is Liberated," The Gulf War Reader. ed. Sifry and Cerf, (New York: Times Books, 1992), pg. 449.

[2]Richard K. Herrman summarizes the policy agenda posited by President Bush from "President Bush's Address on End of the Gulf War," *New York Times*, March 7, 1991, pg. 8, in *International Security*, Fall 1991, pg. 42.

While this post-war agenda focuses on key factors undermining Middle East peace and stability, progress has been gradual at best. The Middle East remains a volatile region, where US interests continue to face challenges. Saddam Hussein survives as the dictator of an economically ravaged but well-armed state. Iran has emerged as the dominant Gulf power with its own renewed thirst for military hardware. Arms control initiatives are undermined by a lack of compliance incentives and enforcement mechanisms. Proposed security arrangements fail when confronted with state-centric nationalism and anti-imperialist sentiments.[3] Although the peace process is historic for bringing conflicting parties together, it has yet to bear fruit. In many respects, the Gulf War appears a "hollow victory."

Pursuing US interests in the post-Gulf War Middle East requires the development of a realistic

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International Security, Fall 1991, pg. 42.

[3]Paul C. Noble provides a more detailed discussion of the declining saliency of pan-Arab nationalism and the increase in political polarization begun in the early 1980s and crystalized by the Gulf War. "The Arab System," The Foreign Policies of Arab States: The Challenge of Change. ed. Korany and Dessouki, (Boulder, CO: Westview Press, 1991), pgs. 58-59, 89-91.

policy strategy based on a reevaluation of past interests and a definition of new priorities. This essay begins by providing such an examination and then turns to a more critical look at the factors impinging on policy generation and implementation. Given the uncertainty inherent in the Middle Eastern political environment, the recommendations are limited to the ensuing decade. They reflect potential threats and are posited as initial steps toward preserving US interests into the early 21st century. The essay is also limited in scope and does not presume to address every US interest, or all of the issues complicating the region. The US cannot anticipate or handle every contingency. Henry Kissinger's statement that the US "must be selective, husbanding its resources as well as its credibility", is entirely appropriate; establishing priorities is fundamental.[4]

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[4]Henry A. Kissinger, "A False Dream," The Gulf War Reader, pg. 464.

Reevaluating US Interests

A consensus on US interests in the Middle East developed following World War II and endured throughout the Cold War period. Three emerged as the most salient:

1. Checking Soviet influence as part of an overall containment strategy;

2. Preserving the unrestrained flow of oil resources at market rates;

3. Ensuring the security of Israel.[5]

Other agendas did exist. Economic concerns have included industrial development, opportunities for foreign investment, and unrestricted access to markets for US exports. The imperative of an American "missionary spirit" involved a commitment to democratization, liberalism, and human rights. A legacy of religious/cultural ties also exists.[6] Each of these received varying emphasis during

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[5]While these interests are iterated in numerous works, Gershon R. Kieval and Bernard Reich provide a particularly lucid discussion in "The United States," The Powers in the Middle East: The Ultimate Strategic Arena. ed. Bernard Reich, (New York: Praeger, 1987), pgs. 58-61.

[6]The area encompassing the Levant, Israel, and the Arabian Peninsula gave birth to the world's three largest religions: Islam, Christianity, and Judaism.

successive administrations, but as collateral interests. Policy tended to reflect these interests only when the first three basic ones were perceived as secure [7]

A strategy for the 1990s must reexamine the relevance of these interests and where required, suggest new focuses for policy. Looking at each in turn, the Soviet threat is non-existent and is unlikely to reemerge in the near future. The global consensus that materialized as a result of Iraq's invasion of Kuwait demonstrates the continued saliency of the oil interest. There is little indication that industrial and developing nations are willing or capable of abandoning oil-driven economies.[8] The Gulf states are critical in this

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[7]President Carter's efforts to condition relations on a state's human rights record, when applied to his relationship with Reza Shah of Iran, is such an example. James A. Bill, in The Shah, the Ayatollah, and the US, 1988, discounts the role of Carter's human rights policy in pressuring the Shah to make political and economic reforms. In fact, Carter failed to condemn the Shah's human rights abuses, particularly the Black Sunday incident, which only convinced Shi'ite leaders that the US condoned these actions. US interests in Iran as a regional pillar against communist expansion, an interest inherited from Nixon's Twin Pillar strategy, supplanted Carter's "missionary" agenda. See also, Gary Sick, All Fall Down: America's Tragic encounter with Iran, 1985, or Barry Rubin, Paved with Good Intentions: The American Experience in Iran, 1980.

[8]For an excellent accounting of oil's emergence as factor

context since they maintain almost 70% of the world's proven oil reserves.

US interest in the unrestricted flow of oil from the Arab members of the Organization of Petroleum Exporting Countries (OPEC) is greater than an import figure of 14% suggests.[9] Gulf oil enters a global oil market where the price is set for every consumer and the effects of a rapid price increase can have undesirable short-term economic effects. For example, Iraq's invasion of Kuwait abruptly eliminated 4 million barrels a day from the market (6% of the world supply), reducing the United States' GNP by .5% to 1% and with inflation rising nearly 1% in 1991.[10] The economy was also damaged by similar consequences for its trading partners, many of whom are more dependent on Gulf oil.[11]

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in national power and global power politics, see Daniel Yergin, The Prize: The Epic Quest for Oil, Money and Power, 1991. He makes a compelling case for the continued preeminence of oil as the primary global energy source based on increasing consumption patterns and the expense of developing alternative energy sources.

[9]Michael Sterner, "Navigating the Gulf," *Foreign Policy*, Fall 1990. pgs. 41-44.

[10]Ibid., pg. 43.

[11]The European Community, for example, imports approximately 40% of its oil from the Middle East, and 70% from all of OPEC (1987 figures). Despite Japan's comparative advantage if prices were to rise, derived from its higher

Economic setbacks can be limited, as was the case in 1990-1991, by a production increase elsewhere and by tapping into strategic reserves. A gradual increase in price is also manageable. The oil boycott of 1973-1974 demonstrated that suppliers are subject to market forces. Price increases can lead to increased conservation measures and the development of alternative fuels. The greatest challenge for policy is to prevent the monopolization of oil resources by anti-Western regimes that might manipulate its price and therefore industrial economies for political purposes. Iraq would have been capable of pursuing such an agenda had Kuwaiti oil remained under its control.

US support for Israel is derived from an ideological commitment to Israel's democratic structure, similar national experiences, profound emotional sentiment, and the domestic influence of

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efficiency rating, it imports 65% of its crude oil from the region, making it vulnerable to a rapid price increase. Bernard Reich and Patrick Coquillon, "Europe," pg. 153 and Reich and Cheryl Cutler, "Japan," pg. 295. The Powers in the Middle East.

an over six million-member Jewish community.[12] Relations also rest on the perception of Israel as a valuable strategic ally in an unstable region.[13] It has not been an inexpensive relationship, costing the US $3 billion a year in financial aid and millions more in loan guarantees.[14] It has also handicapped US relations with Arab regimes, many of which staked a degree of their legitimacy on an anti-Israeli agenda.

Several factors necessitate a reconsideration of the relationship. The Soviet threat has disappeared. Israel was valuable in the Gulf War

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[12]Kieval and Reich detail these factors in "The United States," pgs. 61-65. Steven L. Spiegel gives an excellent historical critique of the competing philosophies governing US-Israeli relations; idealism versus *realpolitik*, in "America and Israel: How Bad Is It? Will It Get Worse," *The National Interest*, Winter 1990/1991.

[13]As pointed out by Spiegel, Israel was not taken seriously as a strategic ally until the Soviet invasion of Afghanistan and the Iranian Revolution. Ibid., pg. 15.

[14]As a whole, US aid has totaled more than $30 billion, to include $16.5 billion in military loans and guarantees, $6.5 billion in loans and grants through the Security Assistance Program, and over $2 billion for Food and Peace, housing assurances, Export-Import Bank loans, and aid for resettling Soviet Jews. This aid commitment is rooted in Camp David, as a means to encourage an Israeli-Egyptian peace treaty. From Anthony Cordesman, "The Uses and Abuses of Military Power in the Middle East," The Middle East in Global Perspective. ed. Judith Kipper and Harold H. Saunders, (Boulder: Westview Press, 1991), pg. 174, and Kieval and Reich, "The United States," pg. 101.

only to the extent that it stayed on the sidelines.[15] Israel's reliability as a trustworthy military ally is also brought into question by a recent State Department report, which documents the unauthorized transfer of restricted-access US military technology by Israel to other countries.[16] Moreover, US domestic opinion has undergone a transformation, reflecting a less attractive Israeli image. Some reasons include Israel's invasion of Lebanon in 1982, the USS Liberty incident, the Pollard affair, and human rights abuses associated with the *intifada*.[17]

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[15]One must consider, however, that Israeli's choice to refrain from attacking Iraq was largely motivated by military considerations. That is, the US refused to provide the Israeli Air Force with the Friend or Foe (FOF) codes that would prevent accidentally engaging coalition aircraft. A detailed account of Israel's attempts to acquire these codes can be found in Triumph Without Victory, 1992, by editors from US News and World Report.

[16]Rumors of unauthorized transfers first appeared in the Wall Street Journal and were later confirmed by the State Department's Inspector General, Sherman Funk. Thomas L. Freidman provides an accounting of administration and Israeli responses in *The New York Times*, March 15, 1992. Richard H. Curtis indicates in "Altered States: Will Technology Stealing Charges Against Israel Change the U.S.-Israeli Relationship?," *The Washington Report on Middle East Affairs*, April/May 1992, that similar investigations were conducted by a CIA-chaired inter-agency committee, and the RAND Corporation under Pentagon contract, pg. 7.

[17]Spiegel mentions most of these in "America and Israel," pg. 21.

These developments do not eliminate Israel as an important strategic partner, but suggest that the US-Israeli relationship should be reconstituted to reflect the changing political environment and broader US interests.[18] These include promoting regional stability and improving relations with moderate Arab states. Both are linked to progress in resolving the Arab-Israeli conflict, particularly the question of Palestinian self-determination, and on the US's ability to engage the process as an "honest broker."

An additional interest receiving recent attention, not among traditional regional objectives, is arms control. Past efforts have been consistently undermined by regional tensions, supplier economic incentives, and political considerations. The unrestricted transfer of

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[18]Spiegel lists several reasons that Israel will remain an important ally, arguing that "collaboration in intelligence, anti-terrorism, and now anti-drug efforts; the utilization of Israeli port facilities at Haifa; the refinement and exercising of desert fighting skills; maintenance of American equipment, prepositioning of material, and upgrading of older equipment; joint Mediterranean exercises; food, R & R, and medical services for US troops stationed in the area; and research and development on the most advance conventional weapons" will all continue. Ibid., pg. 17.

weapons to the Middle East has created the largest regional concentration of military forces since the East-West German border build-up after WWII. In fact, the fourteen year period prior to the Iraqi invasion witnessed the accumulation of over $163.2 billion in military hardware, with Iraq as the largest recipient ($52.8 billion).[19] The Gulf War is profound evidence of the need to make an aggressive arms control campaign a policy priority.

In sum, this paper revises the traditional interests and identifies three priority areas for future US foreign policy efforts:

1. Progress toward resolving Arab-Israeli conflict and the question of Palestinian autonomy;[20]

2. Secured access to oil resources at reasonable markets rates;

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[19] Denise Cabrera, "Study says Mideast got $163.2 billion in arms," *New York Times*, May 6, 1991.

[20] Geoffrey Kemp also suggests this interest in his own evaluation of the US's post-Gulf War foreign policy goals in The Control of the Middle East Arms Race. (New York: Carnegie Endowment for International Peace, 1992), pg. 48.

3. Regulating and restricting the proliferation of the most destructive and destablizing weapon systems and technologies.

Although each of these will be addressed separately, the issues are obviously interrelated and the Arab-Israeli conflict is often at the crux. Unless there is progress toward resolving the Arab-Israeli conflict, it will extremely difficult to achieve the other objectives. Somewhere between ending this historic conflict and "mitigating the other problems lies the hope for a less-explosive" Middle East.[21]

Factors Conditioning Policy

Policy options and the means to pursue them are conditioned by numerous factors, originating in the domestic, regional, and international environments.

The debate over the preferred paradigm for US foreign policy, isolationism versus internationalism, has been renewed in the post-Cold and Gulf War era.[22] The outcome is likely to reveal

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[21]Muhammad Muslih and Augustus R. Norton, "The Need for Arab Democracy," *Foreign Policy*, Summer 1991, pg. 19.

[22]Strobe Talbot distinguishes these trends in "Post Victory Blues," *Foreign Affairs*, Fall 1991. He adds that the internationalists are further divided as to whether policy should be guided by the American version of *realpolitik* or a

a US that is still actively engaged in global affairs, but constrained by budget realities and public attitudes that portend a trend toward greater internal preoccupation. The implications for Middle East policy are clear. First, limited resources demand the prioritization of global concerns. Given the absence of any near-term threats to US interests, the Middle East will again take a back seat to other national security concerns.[23] Second, both constraints necessitate a reduction in foreign commitments. Not only is there pressure to reduce financial aid programs, as well as to reorient them, but dramatic reductions in the defense budget limit the US's ability to project its military forces.[24]

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new brand of *moralpolitik*, pg. 56. For more information on realist theories see Kenneth Waltz, Theory of International Relations, 1979, or Robert Keohane, Neorealism and its Critics, 1986. *Moralpolitik* is derived from the US's liberal values, which is elucidated as a factor in foreign policy by Louis Hartz in The Liberal Tradition in America, 1955.

[23]Cordesman correctly asserts that US resources will be preoccupied with interests arising out of concerns with the future of the ex-Soviet republics, economic relations with Europe and Japan, and changing relations with China and the Philippines. "The Uses and Abuses of Military Power," pg. 156.

[24]The Senate voted on April 2, 1992 not to cut President Bush's proposed budget cut of $50 billion through 1995. House Democrats, however, are pushing for reductions of between $80 and $100 billion. Rick Maze, "Bush may offer 'January surprise' defense cut" and "Senate panel OKs '93 Bush defense spending plan," *Air Force Times*, January 13, 1992, pg. 3 and

A realistic policy strategy for the 1990s must reflect changing capabilities.

Domestic constraints can often be countered by opportunities in the international environment. The UN has been "revived," and with it an emphasis on coalition politics. US policy can capitalize on the UN's emergence as a legitimizing instrument for state action, but only where a mutuality of interests exists among the permanent members of the Security Council. Multilateral efforts reduce US commitments, but may not always be as forthcoming as during the Gulf War. Policy should rely on multilateralism only when and where its breakdown would not directly threaten US national security.[25]

The disintegration of the Soviet Union has also broadened the scope of policy options. It has eliminated a perceived need to expend resources on

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April 13, 1992, pg. 7.

[25]One can posit that the US would have acted to reverse the Iraqi invasion without UN or multinational support. In fact, the absence of cooperation would have rendered an economic boycott ineffective, necessitating a transition to offensive military operations prior to January 15. Similar suggestions can be found in Triumph Without Victory, by the editors from U.S. News and World Report, (New York: Times Books, 1992), which also argues that the US used the UN to circumvent a Congressional debate over going to war, pg. 198.

regimes that oppose communism, even if doing so undermines and contradicts other interests. Moreover, Middle Eastern states can no longer benefit from the superpower rivalry, manipulating the US and Soviet Union for economic, military, and political support.

The Gulf War catalyzed numerous changes in the regional environment. There have been calls for greater political participation, particularly in Saudi Arabia and Kuwait. Iraq's defeat and the Arab League's impotence throughout the crisis shattered most illusions of pan-Arab unity. In some Muslim societies, public dissatisfaction with the inability of Arab leaders to resolve the situation without foreign involvement has reinvigorated the fundamentalist movement that began in the late 1970s.[26] An additional outcome has been greater hostility toward foreign interference, suggesting that overt political, economic, and military

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[26]I use the word "fundamentalism" with extreme caution to loosely refer to religious movements that seek a purification of Islam through the elimination of undesirable Western values. Richard Herrman makes the similar point that the Gulf War catalyzed "popular empowerment" in "The Middle East and the New World Order", pg. 61.

involvement may fuel anti-Western and anti-imperialist sentiments. Finally, oil- exporting regimes face renewed challenges to their legitimacy from other Arab states, critical of the inequitable distribution of wealth.

Overview

The Bush administration deserves credit for asserting a policy agenda that reflects changes in US interests and current political conditions. This essay focuses on the three issues that I judge to be the most salient and critical to the protection of US interests in the Middle East over the long-term. The question now becomes one of examining and weighing the appropriate means to achieve these objectives.

Chapter 2 focuses on the Arab-Israeli conflict, based on a continued, but revised US commitment to Israeli security, and the cultivation of relations with moderate Arab regimes. Policies address Palestinian autonomy, the Golan Heights and the future of Israeli-Syrian relations, and broader Arab-Israeli issues. Chapter 3 recommends policies

for protecting US oil interests in three respects: policy should support the political and economic integrity of the Gulf Cooperation Council (GCC) states, prevent renewed Iraqi aggression, and initiate a new relationship with Iran. Chapter 4 proposes policies for arms control, while acknowledging that arms transfers will continue to be an important component of US relations with its allies. Regulations should be pursued along three lines: enhancing the enforcement capabilities and comprehensiveness of supplier treaties, providing for the security of US allies, and facilitating regional initiatives. Chapter 5 offers a summary of the essential components of this policy strategy.

CHAPTER 2

The Arab-Israeli Conflict

The Arab-Israeli conflict has been a priority on successive US administrations' Middle East foreign policy agenda. The efforts devoted to resolving the conflict, however, have been intermittent and mostly unsuccessful, with the possible exception of the Camp David Accords.[1] The peace process that began in Madrid on October 30, 1991, is the latest attempt. While success is not yet in sight, the mere fact that the conflicting parties have enlisted in the negotiating process suggests a changed atmosphere. This chapter examines the contemporary situation and posits a policy strategy that reflects US interests in resolving this historic conflict.

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[1]There have been other diplomatic successes in the history of Arab-Israeli relations, such as the Israeli-Egyptian (Sinai Accords) and Israeli-Syrian disengagements in 1974. Camp David was the only formal peace treaty.

The incentives for achieving a political resolution are more numerous then those noted in Chapter 1. A breakdown in the peace process is certain to cause a conservative shift in positions that will make future efforts more difficult. For example, the June election in Israel granted the Rabin-led, Labor party the mandate to pursue a settlement. A failed process could revitalize the *intifada*, providing a political victory to the Likud Party and possibly necessitating a national unity government or lending to a Likud victory in 1996.[2] The Palestine Liberation Organization (PLO) may also shift toward a more extremist position. Yasser Arafat, representing the Palestinian National Liberation Movement (Fateh), has staked his legitimacy as leader of the PLO on a negotiated settlement. A failure is likely to erode the tenuous support of the Popular Front for the Liberation of Palestine (PFLP) and the Democratic

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[2]Israel's Fateful Hour, (New York: Harper & Row Publishers, 1988), by Yehoshafat Harkabi, provides an astute assessment of the effects to Israel caused by the occupation of the West Bank and Gaza Strip. He also examines the changes in the domestic political situation that are necessary for a withdrawal.

Front for the Liberation of Palestine (DFLP).[3] While this may allow Arafat greater flexibility, it would also undermine his legitimacy as leader of a unified Palestinian nation.[4]

Although Syria has demonstrated moderation since the Gulf War, it has not rescinded its demands for an Israeli withdrawal from the Occupied Territories and the Golan Heights.[5] A breakdown would reinforce its rejectionist position, which is based on a doctrine of "strategic parity." Meaning: Syria would continue to pursue the accumulation of

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[3]Harkabi makes the argument that Arafat will not be able to restrain extremist tendencies indefinitely. Ibid., pg. 66. The precarious position of Arafat and the Fateh manifests from the collegiate nature of policy-making in the PLO. Both the PFLP and the DFLP are militant factions that pursue a terrorist agenda. They are financially supported by Syria and Libya and both recently renounced the peace talks. "Corrupt and Inept", *The Middle East*, May 1992, pg. 11. Barry Rubin offers a examination of the PLO's evolving policy through 1985 in The PLO's New Policy: Evolution Until Victory?. (Washington: The Washington Institute for Near East Policy, 1989).

[4]Three articles also offer a critical examination of the PLO, supporting this point; Mohammed E. Selim, "The Foreign Policy of the PLO," The Foreign Policies of Arab States; Rashid Khalidi, "Policymaking Within the Palestinian Polity", The Middle East in Global Perspective and "The Palestine Liberation Organization", The Middle East: Ten Years after Camp David.

[5]Secretary of State James Baker has sought to convince both Syrian President, Hafez al-Assad, and Israeli Prime Minister, Yitzhak Shamir, to relax their positions on the Golan Heights since April, 1991 (Cherif Cordahi, "Syria: Patient but Unyielding," *Middle East International*, May 3, 1991, pg. 13).

military forces capable of deterring perceived Israeli expansionism and potentially retrieving the Golan by force.[6]

Syria's $2 billion effort to increase its military arsenal not only encourages Israel to reciprocate, but has a domino effect extending to the Persian Gulf.[7] The animosity between the Ba'ath parties of Syria and Iraq is one factor inciting Iraq to circumvent the UN boycott on military transfers (Resolution 687, paragraph #24). This further catalyzes Iran's purchasing efforts and threatens the Gulf Cooperation Council (GCC) states. While arms-racing is a short-term result, renewed conflict is not an inconceivable long-term consequence. Egyptian President Sadat's decision to initiate the 1973 Yom Kippur War as a means to create diplomatic inertia provides an enduring example that military action may be necessary to

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[6]Ahmed S. Khalidi and Hussein Agha, in "The Syrian Doctrine of Strategic Parity," The Middle East in Global Perspective, provide an assessment of Syrian foreign policy toward Israel based on this doctrine.

[7]Syrian purchases include Scud missiles from North Korea, shipped via Iran, which were financed by the money it received from Saudi Arabia for its support during the Gulf War. "Corrupt and Inept," pgs. 10-11.

achieve political ends.[8]

Peace is also critical to the stability required for regional economic development, which allows US allies to pursue moderate foreign policy. An active US role based on UN resolutions, and hence international consensus, also reinforces perceptions of the US "as a power that genuinely stands for the principles it helped write into the UN Charter."[9] Finally, the US cannot afford to be disengaged from the process. As argued by William Quandt, "benign neglect from Washington is a recipe for trouble in the Middle East."[10]

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[8]For additional information on Anwar Sadat's use of the October 1973 war to break the "'diplomatic impasse", see William B. Quandt, Camp David: Peacemaking and Politics, 1986, and The Middle East: Ten Years after Camp David, 1988. Fred J. Khouri provides a concise assessment of the war's effects on regional politics in The Arab-Israeli Dilemma, 1985.

[9]Harold Saunders, The Other Walls: The Politics of the Arab-Israeli Peace Process. (Washington: American Enterprise Institute for Public Policy Research, 1985). This statement is pertinent, given US reliance on UN resolutions to legitimize its war against Iraq. pg. 112.

[10]William B. Quandt, "US Policy Toward the Arab-Israeli Conflict," The Middle East: Ten Years After Camp David (Washington: The Brookings Institute, 1988), pg. 383. He suggests that the US exacerbated matters during the 1980s by "standing on the sidelines during crucial moments," which included the Lebanese crisis (1982), the joint Jordanian-PLO resolution (1985), and the Peres-Hussein Agreement (1987).

Recognizing these imperatives and the opportunities provided by the Gulf War victory, the Bush administration began actively pursuing a settlement in the spring of 1991. The result is the current "two-track" peace process, a practical delineation of the issues into bilateral and multilateral negotiations within a comprehensive format. Future US involvement requires a prioritization of the issues. Bilateral talks between Israel and Palestine remain, as always, out front. Advances in other areas will be limited until a satisfactory interim self-governing arrangement (ISGA) has been reached.[11] The "Palestinian question" is the focus of this chapter.

Israeli-Syrian relations are a second priority for several reasons. Syria has already demonstrated a willingness to act as a "spoiler", impairing the process at both levels.[12] The potential for renewed conflict exists if the Golan Heights issue remains

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[11]In fact, Saudi Arabia and the GCC states acceded to Syrian demands not to sign any regional with Israel prior to progress on this bilateral issue. Thomas R. Mattair, "The Arab-Israeli Conflict: The Madrid Conference and Beyond," *American-Arab Affairs*, Summer 1991, pg. 19.

[12]Syria and Lebanon boycotted the first round of multilateral talks in Moscow on February 28-29, 1992.

unresolved. Lastly, the Lebanese situation is largely a function of Israeli-Syrian animosity and more directly, Syrian policy.[13] For this reason, I have omitted a lengthy discussion of the United States' role in Israeli-Lebanese negotiations beyond outlining necessary preconditions for peace.

Multilateral issues will be addressed briefly, except for arms control, which is discussed at length in Chapter 4. The latest round of multilateral negotiations in Moscow demonstrated that substantive arrangements are impossible prior to an ISGA.[14]

While the US is able unilaterally to affect the peace process in many respects, success will demand international cooperation. The multilateral and

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[13]Syria was granted an official mandate by the Arab League on October 25, 1976 to provide law and order until the government stabilized. Prior to 1975, Syrian support was for the PLO and Lebanese National Movement. However, when their victory seemed imminent, Hafez al-Assad shifted support to the Maronite faction and has been an active force in Lebanese policy since. Congressional Quarterly (CQ), The Middle East, (Washington: Congressional Quarterly, Inc, 1990), pg. 191.

[14]This argument is supported by the results of the latest round of multilateral talks. Drew Harrison reports in "Surrender, not success," *The Middle East*, May 1992, that the talks "seem unlikely to achieve more than the compiling of files on current data and definitions, and a common agenda for action once political accord on the bilateral level permits." pg. 7.

multinational format of the present talks reflect this fact.[15] A comprehensive approach, which many argued would isolate the US and Israel as a result of the Cold War conflict, it is now more tenable. It produces incentives for compromise through multilateral sanctions as well as bilateral pressures, and it offers security assurances that the US cannot unilaterally provide.

The "Palestinian Question"

There can be no Middle Eastern peace except through a resolution of the "Palestinian question" based on the principle of "land for peace" and security for all parties. It is a principle enshrined with purposeful ambiguity in UN Resolutions 242 and 338. Although it has been the backbone of US policy since 1967, its enforcement has not been consistently pursued. The Bush administration, however, has made it the basis for bilateral negotiations, with President Bush

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[15]The peace process is jointly sponsored by the US and the ex-Soviet Union, now CIS. The UN has a peripheral observer role, while the European Community (EC) representative has a seat in multilateral issues. Richard K. Herrman, "The Middle East and the New World Order," *International Security*, Fall 1991, pg. 73.

recently stating, "territorial compromise is essential for peace."[16]

Applying the "land for peace" principle will require some form of Palestinian autonomy independent of Israel and formal security guarantees. The US can support no other option. Not only does regional stability hinge on some form of Palestinian independence, but continued occupation threatens Israel's very nature as a Jewish state. Israel's former chief of military intelligence, Yehoshafat Harkabi, cites demographic data, contending that Israel faces the strategic problem of an Arab majority within a decade.[17] The only other options are annexation or expulsion. Annexation would require either affording all

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[16]This remark was made in his opening statement at the Madrid Conference. Louis J. Salome, "With skill, Bush works for Israeli, Arab Peace," *Austin American-Statesman*, October 31, 1991, pg. 11.

[17]Harkabi cites a report by the Demography Department of the Hebrew University, which has calculated that there will be 20% more Arab than Jewish children below the age of four by the year 2000. Israel's Fateful Hour, pg. 46. These estimates are supported by statistics indicating that the Arab population is growing at a rate of 5% a year, while the Jewish population is growing at 1% a year. Andrew North, "Israel's demographic dilemma," *The Middle East*, May 1992, pg. 12. North also points out that if 500,000 "'olim'" (immigrants) enter Israel by 2000, Arabs will still constitute 40.3 to 45% of the total population, pg. 12.

Palestinians a vote or establishing an apartheid state. Israel would not allow the former and the US cannot support the latter.[18] Expulsion would be completely unacceptable to the international community, including the US, and to a majority of the Israeli public.[19] It could also catalyze a fifth Arab-Israeli conflict.

Israel, however, is unwilling to accept a complete withdrawal to its pre-1967 borders, and thus far, the Palestinians will accept no alternative. An emphasis on UN 242, with its formula of "territories for peace" and purposeful ambiguity, allows both parties to participate in negotiations on an ISGA without sacrificing their respective positions on final status. It also avoids pinning the US to a specific policy, allowing

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[18]The influence of domestic opinion on the US's policy toward South Africa suggests that Washington would be required to exert similar pressures on Israel. Moreover, a recent *Wall Street Journal* poll reveals that 49% of all Americans favor an Israeli withdrawal from the Occupied Territories and the Golan Heights, with 31% opposed. Mattair, "Madrid and Beyond," pg. 29.

[19]Mattair also cites a *Yedoit Aharonot* poll, indicating that 37% favor Palestinian autonomy under continued Israeli occupation, 26% prefer a partial withdrawal, and 16% support a Palestinian state. Only 12% said Israel should "pay no price for peace." Ibid., pg. 13.

the US to offer assurances to each party without contradiction.[20]

Even without final status preconditions, the process is hindered by an inability to define the interim self-governing arrangement. Israel was the first to offer an ISGA plan, but it implied indefinite occupation by allowing Israel to continue settlement activities and to control both land and water rights.[21] These intentions are also found in paragraph A, Section 3 of the draft plan; "an ISGA should be achieved without prejudice to the final status."[22] The Palestinian plan, Expanded Outline: Palestinian ISGA: Concepts, Preliminary Measures, and Elections Modalities, of March 3, 1991, declared: "ISGAs are by definition transitional."[23]

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[20]Moshe Zak discusses the issue of "constructive ambiguity" involved in Secretary Baker's letters of assurance to all the parties and in UN 242 in "Madrid and After," *Global Affairs*, Spring 1992, pgs. 19-22.

[21]The draft plan was presented to the joint Palestinian-Jordanian delegation on December 6, 1991. It was rejected by the Palestinians because it did not differentiate between Jordanian and Palestinian issues, thus contradicting the two-track approach. A second edition was proffered on February 20, 1992. The plans are reprinted in "The Peace Process," *Journal of Palestinian Studies*, Spring 1991, pgs. 131, 133.

[22]Ibid., pg. 133.

[23]Palestinian Delegation, Expanded Outline: Palestinian ISGA: Concepts, Preliminary Measures, and Election Modalities, *Journal of Palestinian Studies*, Spring 1992, pg. 137.

Hence, autonomy must allow for a transfer of all Israeli authority.[24]

Breaking this impasse calls for compromises that require incentives and assurances from the US and the international community, and ones that consider each parties fundamental concerns. The greatest obstacle may be to overcome the religious claims, largely by immigrants from non-European states, to the Occupied Territories as part of greater Eretz Israel. Labor's electoral victory, however, which was partially based on a commitment to ending politically-motivated settlement activity, suggests that the religious claim is becoming less salient for a majority of Israelis. A more pressing concern is security. Security, however, is not dependent on territory, as was shown by Iraq's use of the Scud-B missiles against Israel during the Gulf War; leading Yitzhak Shamir to state, "the issue is not territory, but our existence."[25] On

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[24]The issue of water rights and land control are deemed especially critical to the Palestinians. Israeli land control allows for the acquisition of lands for settlement by eminent domain, while water control deprives the Palestinians of the regions most critical resource in proportion to its population.

[25]Yitzhak Shamir, "Opening Remarks in Madrid," *Journal of Palestinian Studies*, Winter 1992, pg. 131.

the other hand, the fundamental Palestinian concern is for the realization of "the legitimate rights of the Palestinian people."[26] These are defined to require independence of Israel, either as a separate state or in confederation with Jordan.

The Palestinians have already made unprecedented compromises in recognition of Israeli anxieties. The PLO made unilateral concessions in 1988, which were considered by both the US and Israel to be necessary for beginning negotiations.[27] It amended the Palestinian National Charter of 1964, which called for the eradication of Israel.[28] It also declared acceptance of UN 242 and 338, recognized Israel and its right to live peacefully, and renounced terrorism.[29] As part of the current process, the Palestinians accepted a five-year interim period, the option of a Palestinian-Jordanian confederation, limitations on

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[26]Palestinian Delegation, Expanded Outline, pg. 137.

[27]After Arafat's announcement to the UN in Geneva, the State Department instructed Ambassador Robert H. Pelletreau to begin a dialogue with the PLO in Tunisia. CQ, The Middle East. pg. 295.

[28]Neil C. Livingstone and David Halvey, Inside the PLO. (New York: William Morrow and Company, Inc., 1990), pg. 69.

[29]Palestinian National Council, "The Palestinian Declaration of Independence," 1988.

representation, and placement of the refugee issue on the multilateral agenda.[30] Each of these is a major step. Many Palestinians see an interim agreement as accepting the occupation, without assurance that it will end.[31] The Palestinians have done what Harold Saunders insists is necessary for progress; they have made an offer to negotiate that is so compelling the Israelis should have no choice but response.[32]

Prior to the June election, the Israeli response was not to offer compromise. Israeli settlement activity, as the primary obstacle to an ISGA, continued at its regular pace. With a policy of linkage, the Bush administration sought to encourage compromise by withholding $10 billion in loan guarantees. This act is not without historical precedent and is based on a long-standing U.S. position.[33] It also enjoys overwhelming domestic

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[30]The pre-Madrid agreement was that the Palestinian delegation could not consist of anyone officially connected with the PLO, nor living outside the West Bank and Gaza Strip, to include East Jerusalem.

[31]Mattair, "Madrid and Beyond," pg. 20.

[32]Saunders, The Other Walls, pg. 51.

[33]President Eisenhower implemented a policy of linkage in 1953 and 1957. In 1953, he withheld aid to Israel at the

support.[34] Moreover, no other nation has offered to provide guarantees. Israel's other funding source, the sale of Israeli Bonds, raised only $12 billion in 40 years ($993 million in 1991), far short of requirements.[35]

President Bush's linkage policy certainly contributed to Labor's victory, but Rabin has already backed away from his original commitment to end all settlements. His proposed freeze on "political" settlements does not include "security" settlements in the Jordan Valley and Golan

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request of the United Nations Truce Supervision Organization until Israel stopped work on a hydroelectric project on the upper Jordan. In 1957, he publicly addressed the nation, "systematically" arguing against support for Israel until Israel withdrew from the Sinai. On both occasions, he was successful. Steven Speigel, The Other Arab-Israeli Conflict. (Chicago: The University of Chicago Press, 1985), pgs. 63, 80.

[34]A *Wall Street Journal*/NBC News Poll in August, 1991 revealed that 11% do not think the US should provide the loan guarantees under any conditions, while 45% said yes only if Israel halts settlements (55% total). Nathan Jones, "Skepticism About Israel Accompanies Opposition to Loan Guarantees," *The Washington Report on Middle East Affairs*, April/May 1992, pg. 18. Bush also enjoys the support of several American Jewish organizations, to include the Jewish Peace Lobby and Americans for Peace, as well as Senator Leahy and Representative Obey, chairmen of the Senate and House appropriations subcommittees. Mattair, "Madrid and Beyond," pg. 28.

[35]Dennis J. Wamstead, "Loan Guarantees: The Choice is Israel's," *The Washington Report on Middle East Affairs*, April/May, pg. 15.

Heights.[36] Until all settlement activity is halted, at least for a year to allow negotiations to proceed, Washington must remain steadfast in its refusal to provide the guarantees. If this linkage policy continues to be ineffective, other incentives are available, to include a loosening of the Arab economic boycott against Israel. Saudi Arabia and Jordan have already offered to suspend their economic boycott in exchange for a complete settlement freeze.[37] This offer can be extended to include the Gulf Cooperation Council states and Egypt. The US could also escalate to support an international economic boycott. Two factors suggest that this might be possible: settlement activity violates the Fourth Geneva Convention, thus placing the issue in an international context; and there is broad, if not unanimous international consensus for halting settlements. As early as 1976, the UN Security Council passed a consensus statement calling on Israel to cease all settlement activity.

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[36]For more information on Rabin's changing position, see Russell Watson, "A Mideast Peace Deal by November?," *Newsweek*, July 6, 1992, pgs. 44-46.

[37]They made this offer at Secretary Baker's request in July, 1991. Mattair, "Madrid and Beyond," pg. 16.

A similar resolution was passed in the General Assembly by a vote of 118-2.[38]

Assuming that this obstacle can be overcome, the US should support an ISGA that accounts for each parties' primary concerns and its own interests. There are several key elements to such a plan. A transitional period of five-years has been accepted.[39] Any settlement activity during this period would undermine the entire process. The period should be used for confidence-building, so the two peoples may overcome psychological barriers and demonstrate an ability to live peaceably. The Palestinians must take steps to assuage Israeli fears over terrorist activity by Palestinian groups, which insist that there can be no settlement with Israel. The period should also involve the development of self-governing structures for a viable, autonomous Palestinian authority. This includes a termination of Israel's eminent domain

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[38]CQ, The Middle East, pg. 267.

[39]The peace process is based on a plan presented by the US. It calls for negotiations to begin on final status three years into the five-year transitional period, to be concluded by the fifth year.

policy, which allows confiscation of public and private lands. Programs are also necessary for the equitable distribution of water resources and juridical arrangements for Israeli settlers.[40]

As part of the agreement, the US should reiterate its commitment to Israeli security. One way to create "the military infrastructure for peace" is through US assistance for the creation of secure borders with improved warning, surveillance, and other low-level conflict technologies.[41] Any security forces involved should be under the UN flag. The Arab states, with the probable exception of Syria, Iraq, and Libya, could offer official recognition of Israel and an exchange of

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[40]The water issue will be especially critical. As it now stands, Israel and Israeli settlers use 83% of West Bank water. John Kolars points out that the disparity of 1,000,000 Arabs versus 100,000 Israelis carries over into consumption patterns. Israeli settlers consume 649 to 1,480 cubic meters per year per capita, Israelis consume 375, and the Palestinians only 107 to 156. "The Course of Water in the Arab Middle East," *American-Arab Affairs*, Summer 1990, pg. 66.

[41]Anthony Cordesman argues that the US can offer Israel various technologies that would secure pre-1967 borders. These include "smart" censors to be placed at key border points, AWACS or balloon-carried radars with high land-contrast capability, and a geosynchronous satellite. "The Uses and Abuses of Military Power," The Middle East in Global Perspective, edited by Kipper and Saunders, (Boulder: Westview Press, 1991), pg. 177.

ambassadors. The US will retain the option of conditioning aid on Israeli cooperation. The Arab states, particularly the GCC states, the EC, and possibly Japan, will have a critical role in terms of providing economic and political support to sustain the Palestinian polity.

Achieving a final status agreement will require the persistent dedication of the US, Russia, EC, and UN. Without continuing international pressure, the process will collapse. The US should be willing to accept any final status arrangement, except continued occupation; this is the basis for UN 242. Implementation will require many of the assurances proffered during the interim phase. The US and Israel must realize, however, that perfect security is impossible; the Palestinian delegation cannot guarantee how future Palestinian leadership will behave.

It is during this final phase that the Arab states must fulfill promises to sign a peace treaty. Israel must relinquish any remaining control it retains over the West Bank, Gaza Strip, and Al-

Himmah, either based on UN Resolution 181, or on negotiated boundaries.[42] While it may be fruitful to deny "official" PLO involvement in negotiations, it would be impossible to exclude them from any final governing arrangement.

Negotiations will also have to address Jerusalem's status. Keeping with its commitment to a process based on international agreements, the US should support UN 476, which declared the 1980 annexation of Jerusalem null and void. Arrangements would require profound creativity, but could be based on either the internationalization of Jerusalem under UN auspices or an administrative division based on a borough system. Given Jerusalem's religious significance, the US cannot support a permanent division or restrictions on freedom of movement in the city.[43] The refugee issue would also have to be added to the bilateral

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[42]Al-Himmah is a small section of land south of Lake Tiberias that extends to the East Bank ("The Peace Process," pg. 137). UN 181 was passed in 1947 and created two independent states of Israel and Palestine.

[43]Everett Mendelsohn argues that an arrangement should be based on purely administrative considerations, not on ideological or national sovereignty principles. A Compassionate Peace: A Future for Israel, Palestine, and the Middle East. (New York: Farrar, Straus, & Giroux, 1989). pg. 129.

agenda.[44]

Regardless of the eventual outcome, the US position is strengthened by its commitment to UN 242 and 338. US policymakers must realize, however, that the US cannot unilaterally force Palestinian autonomy on Israel nor would that erase anti-American sentiment among many Arabs.

Israeli-Syrian Relations

The Ba'ath Party of Syria, under the leadership of Hafez al-Assad, remains committed to Arab nationalism despite its the symbolic death during the Gulf War. This is at the root of Syrian attempts to cultivate a common Arab front at both bilateral and multilateral levels. Its implications for Israeli-Syrian relations are twofold. Syrian foreign minister, Faruk al-Sharaa, makes the first point; Syria will not make peace until Israel withdraws from "every inch of occupied Syrian Golan,

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[44]The refugee issue is certain to center on the Palestinian's demand that they be allowed a "right of return" similar to the Jewish "law of return." This demand, however, strikes at the heart of Israel's security concerns and must therefore be realistically addressed by the Palestinians. For example, the Palestinians might concede to a yearly limit on immigrations.

the West Bank, Jerusalem, the Gaza Strip, and southern Lebanon."[45] Second, the threat of retrieval by force remains. Sharaa recently stated that Israel's intransigence "is dragging the region into war."[46]

As for Israel, Shamir publicly stated that Israel would walk out of bilateral negotiations if Syria pressed the Golan issue.[47] Increased settlement activity and the construction of new listening posts near Jabal al-Shaikh are seen as evidence of Israel's continuing commitment to annexation.[48] Expanded fortification on the Heights also reflects an altered strategic situation. Iraq's defeat leaves Syria as Israel's strongest adversary, leading some Israeli defense officials to voice concerns that Syria might initiate an attack on the Golan to force the Palestinian issue.[49]

On the other hand, Labor's victory may lead to a more fruitful negotiating environment, especially

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[45]Faruk al-Sharaa, "Opening Statement at Madrid," *Journal of Palestinian Studies*, Winter 1992, pg. 139.

[46]Cordahi, "Patient but unyielding," pg. 13.

[47]Mattair, "Madrid and Beyond," pg. 19.

[48]Cordahi, "Patient but unyielding," pg. 14.

[49]Harrison, "Surrender, not success," pg. 6.

when one considers that many Israeli Northern Command generals argue that the Golan is not necessary for security. If progress is forthcoming on the Palestinian issue, there may be room for substantial dialogue, tempered with realistic expectations. While a formal peace treaty is unlikely, the US should support a non-belligerency agreement based on mutual compromises. Israel will be required to give up a portion, if not all of the Golan. Syria must be willing to reciprocate with a military withdrawal, possibly a few kilometers or even all the way to Damascus. The Golan demilitarized zone would be expanded and secured by UN peacekeeping forces. Issues to be resolved include the status of Israeli settlements, the division of agricultural land, and the use of water from the Litani river.

The potential for military conflict, however, will continue to loom on the horizon if the impasse persists. There are several avenues through which the US can seek to deter Syrian aggression, each a function of Syria's dependence on foreign aid.[50]

[50]Syria's dire economic situation, with a GNP of only

The US can deny favorable economic arrangements Syria may have hoped to gain for its Gulf War participation. The US can also encourage the GCC states to reduce their aid packages. Lastly, Russia (CIS), as joint sponsor of the process, could cancel any remaining military and technical assistance. As for assurances, the US can best demonstrate its commitment to pre-1967 borders, including a return of the Golan, by pressing the Palestinian issue.[51]

In the event of actual conflict, policy must reflect a commitment to both Israeli security and a withdrawal from the Golan based on UN 242. These considerations are addressed by a policy of non-interference unless Israel or Syria threatens to rearrange cease-fire lines or a Golan conflict is prolonged beyond a few days. US support for Israel in defense of the Golan would contradict UN 497 and

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$20.3 billion (1990) and a self-sufficient oil production capacity that ended in 1980, makes it heavily dependent on foreign aid. William Spencer, The Middle East, (Guilford: The Dushkin Publishing Group, Inc., 1990), pg. 121.

[51]The US commitment to a "land for peace" policy that included the Golan was outlined by Secretary Baker in a Letter of Assurance to Syria prior to the Madrid Conference. It also stated that the US does not "recognize or accept any unilateral action of the part of Israel vis-a-vis the extension of laws, sovereignty or administration to the territory of the Golan Heights." *Journal of Palestinian Studies*, Winter 1992, pg. 119.

would undermine any future role as an "honest broker."[52] Until the conditions for compromise emerge, deterrence will remain the basis for Israeli-Syrian relations.

US Policy for Lebanon

A resolution of the Lebanese situation is important, yet not critical from the perspective of the US interests. Nonetheless, the US should support a settlement if one is politically feasible. Numerous factors must be considered when attempting to create the preconditions for a Lebanese peace.

An Israeli withdrawal will require a reciprocal guarantee that its northern border is secure. Currently, the Lebanese government lacks the resources and the cohesion to extend its control into Southern Lebanon. It has been unable to arrest the raiding activities of the two Shi'ite groups, the Iranian-backed Hizbullah and the Syria-backed Amal, and the Palestinian refugees.[53] Control of

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[52]Resolution 497 declared the imposition of Israeli laws in the Golan Heights to be null and void and without basis in international authority", al-Sharaa, "Opening Statement," pg. 139.

[53]Hizbullah continues to demand "the disappearance of Israel" and has attacked both Israeli soldiers and its Lebanese

these groups necessitates Iranian cooperation, a factor that is often overlooked. It also requires financial support to provide the government services that can engender Shi'ite loyalty.[54]

Despite Lebanon's demand that an Israeli withdrawal not be linked with any other issue, it is impossible to disassociate Israeli-Syrian relations, given Syria's degree of control over the Lebanese political situation. Israel has refused to accept UN 425 without a Syrian withdrawal based on the Taef Accords.[55] Given this, the US should place its emphasis on fostering a reconciliation between Israel and Syria, with the hope that it will carry over into Lebanon.

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surrogates, the Southern Lebanese Army. Nabih Berri, leader of rival Shi'ite group, Amal, has even joined with the Hizbullah in guerrilla operations against Israel. Giles Trendle, "Arena for disruption," *Middle East International*, November 8, 1991, pg. 8.

[54]The Shi'ite community of Lebanon is traditionally neglected, both in terms of public services and political representation. An excellent assessment of the importance of the Shi'ite community to Lebanese stability can be found in Augustus R. Norton's book, Amal and the Shi'a: Struggle for the Soul of Lebanon, 1988.

[55]425 was passed by the UN Security Council on March 19, 1978. The Taef Accords require that Syria withdraw from Lebanon by September, 1992. Syria, however, has voiced an intent to remain based on the Brotherhood Treaty, which joined them in a mutual defense pact. "Corrupt and Inept," pg. 10.

Multilateral Issues

The multilateral agenda engages some of the most challenging Middle Eastern issues; arms control, water rights, refugees, economic development, and the environment. While formal agreements are likely to be wait on a normalization of relations, talks on this level serve many purposes. Progress on these agendas can encourage multilateral participants to apply pressure at the bilateral level. Action agendas have already been developed on several critical issues, including a commitment in principle to a nuclear, biological, and chemically free Middle East and to joint water desalinisation ventures.[56]

The multilateral process also involves non-Arab states, some with resources to commit and many that are important to an agreement.[57] Turkey, for example, has an integral role to play in negotiations over water rights and arms control. The EC has already acted on the refugee issue, committing $153 million in aid to Jordan, much of

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[56]Harrison, "Surrender, not success," pg. 7.

[57]The Moscow round of multilateral talks involved 24 countries, to include Japan, China, the EC, and Canada.

which will go to resettling Palestinians displaced by the Gulf War.[58] Third, the process itself is a confidence-building measure.

The US's role is simply to orally support equitable solutions and to offer assistance when possible. On environmental subjects, the US can offer technical assistance and training. US involvement in economic developments are likely to remain bilateral. Any multilateral efforts will be based on opening the entire region to foreign exports and investment. As for water rights, efforts must focus on developing distribution systems. Several options exist, to include the controversial Turkish "peace pipeline", which would distribute water from unused Turkish sources to Iraq, Syria, Jordan, and the GCC, or a similar system to Israel.[59]

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[58]Shada Islam, "Europe: Insisting on a role," *Middle East International*, November 8, 1991, pg. 11-12.

[59]Judith Vidal-Hall, "Wellsprings of Conflict," US Foreign Policy on Water Resources in the Middle East. (Washington: Center for Strategic and International Studies, 1989) in Spencer, The Middle East, pg. 167.

Conclusion

The US has an interest in resolving each element of the Arab-Israeli conflict. Effectively influencing the peace process, however, requires balancing, prioritization, and multilateral cooperation. The US must balance its commitment to Israeli security with its interest in Palestinian autonomy and cultivating positive US-Arab relations. The prioritization of resources and interests reflects the interrelation of the issues and the cascading effect one settlement may have on the others. International involvement creates a new set of incentives, assurances, and sanctions for compromise. It also complements the constraints on US policy. While the US can facilitate the process in many ways, a final resolution must come from within.

CHAPTER 3

The Oil Interest

The United States' single strategic interest in the Persian Gulf is oil. Concern is not only for continued access to oil at reasonable prices, but to prevent the manipulation of the oil market for political advantage. A threat of this type could emerge in several ways. The OPEC states, particularly its Arab members, might collude to drastically reduce production levels: the 1973 oil embargo scenario. An anti-Western regime could emerge from an internal struggle in the GCC states and Saudi Arabia, who alone have enough reserves to act as a swing producer: the Iranian case.[1] Iran or Iraq could also coerce a Gulf state to reduce production or a military conflict could lead to the destruction of oil fields; the Gulf War scenario.

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[1]As of January 1, 1988, Saudi Arabia controlled 21.1% of the world's known reserves of crude oil. Department of Energy, International Energy Annual, Energy Information Agency, 1987.

Based on a brief assessment of these threats, this chapter recommends policies for securing the oil interest.

The 1973 oil crisis marked a profound change in the relationship between producer and consumer states. The OPEC states exerted their sovereignty over their oil resources through the successful use of the oil weapon.[2] The current situation, however, suggests that OPEC will be unable to coordinate a dramatic price increase, let alone an embargo. OPEC was able to maintain high prices during the 1970s and early 1980s only because Saudi Arabia acted as swing producer, reducing it own production levels while others exceeded output quotas.[3] Saudi Arabia abandoned this role in 1985, opting for a market system that caused prices to drop from $16 to

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[2]Daniel Yergin provides an excellent account of the impact the 1973 embargo had on the US economy and foreign policy in The Prize, (New York: Simon & Schuster, 1991). Chapters 29-31. The boycott caused an increase in prices from $1.80 per barrel in 1970 to $11.65 in 1973, precipitating a global recession that lasted through 1975, pg. 625.

[3]Saudi Arabia's role during this period is discussed by Yergin and by Riad Ajami in "U.S. Oil Security: An Oil Imports Policy for the Turbulent 1990s," *Middle East Insight*, Tenth Anniversary Issue, 1990. Ajami points out that Saudi Arabia's effort to hold the organization together despite widespread cheating cost it a output reduction of 80%. pg. 59.

$13 per barrel.[4]

Post-Gulf War OPEC continues to face problems of coordination. Although members agreed to lower production levels in February 1992, Saudi Arabia immediately declared that it would not observe the new limits.[5] Once the Kuwaiti industry comes on line, it is certain to pump at full capacity in an effort to generate revenue for reconstruction. It appears that the only possibility for "hawkish" pricing policies might be from Iran and/or Iraq, if and when the UN embargo on Iraq is lifted.[6] Even

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[4]M.A. Adelman charts the price of Arab Light oil in current dollars from 1970-1990 in "Oil Fallacies," *Foreign Policy*, Spring 1991. The prices per barrel were: 1970- $3.75, 1978- $23, 1980- $54, 1986- $16. pg. 6.

[5]Saudi Arabia did agree to drop its daily production by 500,000 barrels in an effort to arrest the downtown in prices, but did not agree to a further 100,000 barrel reduction that would allow for a price increase to $21 per barrel. Sally Jacobsen, "Saudis reserved about OPEC output deal," *Austin American-Statesman*, February 16, 1992, pg. 14. Saudi Arabia's oil minister, Hisham Nazer, stated as early as July 1991, that it would not "'push it [$21 per barrel] on the market by deliberate creation of a shortage.'" "Opec," *The Middle East*, July 1991, pg. 33.

[6]Iran has traditionally sought price increases. In fact, Reza Shah threatened to halt production completely in 1970, despite being allied with the US, unless OPEC's shares in the "seven sisters'" oil companies were increased. Barry Rubin, Paved With Good Intentions: the American Experience and Iran, (New York: Penguin Books, 1980), pg. 131. For a further history of Iran's pricing practices, particularly in the 1980s, see Yergin, The Prize.

then, they would have direct control over only 13% of OPEC production.[7] The contemporary economic situation also suggests that an embargo similar to the one in 1973 would be less economically damaging.[8]

Prior to the Gulf War, US relations with the GCC states were often ambivalent. Strain resulted from several factors, particularly their participation (the GCC was founded in 1982) in the 1973 embargo and in the economic/political boycott of Egypt following Camp David. Moreover, there have been minor disagreements over access to GCC ports and air bases. For its part, the United States, arms sale policy was inconsistent and the its commitment to peninsular security lacked

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[7]Figures are based on a combination of Iraqi (12.5%) and Iranian (4.4%) reserves as a portion of the world's known oil reserves. Yergin, The Prize, pg. 772.

[8]Roy Licklider makes this argument based on an extensive study of the 1973 boycott's effect on the economy and foreign policy of five industrial nations; the Netherlands, Great Britain, Canada, Japan, and the United States. He asserts that it is extremely difficult to target a particular nation since oil enters a global market. Moreover, consumer states have pursued an understanding of the "precise relationship between oil supply and economic prosperity", resulting in increased exploration and the development of strategic reserves and alternative energy sources. Political Power and the Arab Oil Weapon: The Experience of Five Industrial Nations, (Berkeley, CA: University of Californian Press, 1988), pgs. 294-305.

credibility.[9] The Gulf War, however, erased any doubts about the US's reliability and the GCC's willingness to support US policy objectives. Indeed, the only threats to this relationship would be a dramatic reversal of US policy toward the Arab-Israeli conflict or a replacement of the ruling families by an anti-Western group.

There appears to be little near-term threat of coercion or aggressive military action by either Iraq or Iran. However, the Gulf War's deterrent effect will wear off and the economic boycott of Iraq will not be sustained indefinitely. Iran and Iraq have demonstrated a historical proclivity to threaten or seize neighboring territory.[10] Iran is

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[9]Arms sales to Saudi Arabia have been considered "litmus tests" of US friendship. While there have been many monumental sales: 60 F-15s in 1978, 5 AWACs in 1981, and Stinger missiles in 1986, each were reductions from original requests. Many have also been denied, to include 40 F-15s in 1986, resulting in the purchase of British Tornadoes. Nadav Safran makes the credibility argument in Saudi Arabia: The Ceaseless Quest for Security, (Cambridge, MA: The Belknap Press, 1985). She adds that these perceptions generated from the US's record on Afghanistan, Iran in 1979, and "its dubious contribution to the Yemen crisis," pg. 174.

[10]Iraq first claimed Kuwait as its 19th province in 1961 and then occupied two Kuwaiti islands near the Shatt al-Arab in 1971. Iran also seized the Tunb islands and Abu Masa in 1971 and later laid claim to Bahrain in both 1970 and 1979. For a more detailed history, see Sydney Fisher, The Middle East: A History, (New York: Alfred A. Knopf, 19795), pg. 597-603.

also rearming at an alarming rate and Iraq continues to assert its claim to Kuwait.[11] Coercive tactics and military threats are certain to remain long-term concerns.

The US cannot allow the current and relatively tranquil situation to lull it into complacency. While the respite does allow for a focus on the Palestinian issue, which if resolved would create a more favorable environment to pursue other objectives, the US must take steps to mitigate the potential for renewed threats to its oil interest.

One strategy, often posited as a means to reduce US dependence on foreign oil, entails the development of a comprehensive US energy policy. While this paper focuses on Gulf-specific policies,

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[11]Reports indicate that of Iraq's 60-70 divisions, 20-25 were never in the Kuwait Theater of Operations. Moreover, 4.5 divisions of the Republican Guard escaped unharmed, as did 700 tanks (500 T-72s), and thousands of armored personnel carriers (APCs) and infantry fighting vehicles (IFVs). U.S. News and World Report, Triumph Without Victory: The Unreported History of the Persian Gulf War. (New York: Random House, 1992), pgs. 412-413.

As recently as June 2, 1992, Iraq's Foreign Minister, Ahmed Hussein, stated that the U.N.-drawn border between Iraq and Kuwait was illegitimate and asserted a claim to the territory. "Iraq rejects border set in Gulf War cease-fire," *Austin American-Statesman*, pg. 3.

suffice it to say that a comprehensive National Energy Strategy (NES) would have these key elements: (1) developing renewable energy technologies and infrastructures for natural gas distribution, (2) increasing conservation, commercial and private efficiency ratings, and the Strategic Petroleum Reserve to 1 billion barrels, and (3) diversifying petroleum sources.[12]

These policies may reduce the United States' vulnerability to supply shocks, but will be insufficient to replace reliance on the global oil market. Barring sustained high prices by OPEC, Gulf oil will increase as a component of total Western energy consumption.[13] Thus, US energy interests are

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[12]Admiral James D. Watkins, US Secretary of Energy, outlines the objects of the Bush administration's NES, which contains many of these elements, in "Balance in US Energy Policy for the 1990s and Beyond," *Harvard International Review*, Winter 1991/92, pgs. 7-10. Senator Timothy Wirth (Dem., CO), member of the Senate Energy and Natural Resources Committee and Chairman of the Subcommittee on Energy Regulation and Conservation, critiques the strategy, arguing that it does not sufficiently anticipate environmental constraints and underemphasizes the development of alternative fuels. "The Need for a More Responsible Energy Policy," Ibid., pgs. 11-13.

[13]Although various figures exist, most converge on the fact that between 70% and 90% of the world's oil supply will come from OPEC, with an increasing portion from the Gulf region by the early part of the next century. "Armed Force and Imported Resources," *The Defense Monitor*, Vol. XXI, No. 2, 1992, pg. 4. I might add that these figures will depend on the

served by the stewardship of Gulf oil by Western-oriented states. Concern is less for a particular ruling elite than it is for the territorial, economic, and political integrity of US allies.[14] The US must also consider diversifying regionally by cultivating a pro-Western outlook when possible.

This strategy suggests three areas of focus for US policy. First, the US will remain committed to constructive relations with and the security of GCC states. Second, US interests are inextricably linked with Iraq's economic, political, and military future. Third, the US must consider the resurgence of Iranian influence and the possibility of capitalizing on the current moderation in Iran's foreign policy.

A Gulf strategy must also capitalize on multilateral cooperation. As clearly evidenced by the international response to the Gulf War and the coalition that developed, US interests are shared by

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fate of Russian and Azeri oil.

[14]This position is shared by Michael Sterner, ambassador to the United Arab Emirates from 1974 to 1976 and a deputy assistant secretary of state for Near East and South Asian affairs from 1977 to 1981. He makes a similar argument in "Navigating the Gulf," pg. 43.

most of the industrialized world, particularly the EC and Japan. The EC, based on 1987 figures, imported over 40% of its oil from the Middle East and 70% from OPEC in general.[15] Japan, 65% dependent on Gulf oil, has incurred a considerable trade deficit with the region.[16] Eastern Europe and the former Soviet republics are not only interested in Arab crude, but are actively seeking financial aid from the GCC states.[17] Shared interests are particularly critical as a factor in relations with Iran, and possibly Iraq, where US influence is limited. The US can reasonably anticipate that these multilateral partners will use their own diplomatic and economic resources to encourage stability.

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[15]Bernard Reich, The Powers in the Middle East: the ultimate strategic arena. (New York: Praeger Publishers, 1987), pg. 153.

[16]Ibid., pg. 295.

[17]The former Soviet Union received $5 million in aid from the UAE as recently as October, 1991. Judith Perera, "Economic Self-Interest," *Middle East International*, October 25, 1991, pg. 12.

GCC SECURITY

The United States' past experiences with Gulf security, particularly in its relations with Iran, implying several policy guidelines for US relations with the GCC states. GCC regimes are mortal, suggesting that US interests should not depend on the longevity of a particular ruling family.[18] Visible participation in the domestic and foreign affairs of a Gulf state can also encourage charges of Western imperialism. Lastly, formal military alliances with Western powers can attract criticism from other Arab states and from conservative domestic forces. When dealing with the GCC states, less is indeed more.[19]

Historically, GCC security has faced both regional and domestic challenges.[20] Beginning with

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[18]A similar point is made by Barry Rubin in Paved with Good Intentions, pg. 147.

[19]McNaugher argues that the maxim, "less is more" should guide US policy toward Arab states. Arms and Oil, pg. 162.

[20]Regionally, the GCC states have been the target of Iran, Iraq, South Yemen, and even Egypt. For a good summary of these past threats, see Thomas L. McNaugher, Arms and Oil: U.S. Military Strategy and the Persian Gulf, 1985. Domestic stability has been threatened by the military, conservative members of the ulema, shi'ite minorities, and democratic activists. Both Safran, in Saudi Arabia: The Ceaseless Quest for Security, and McNaugher summarize these traditional threats.

the Truman Doctrine, the US has employed various strategies to ensure their security. Prior to the Iranian Revolution, the US supported Reza Shah of Iran, who acted as both a buffer to Soviet expansion and as the Gulf's policeman. Saudi Arabia was enlisted as a force for stability in 1968 as part of Nixon's "Twin Pillar Doctrine."[21] The US, however, continued to rely almost exclusively on the Shah throughout the 1970s. The Iranian Revolution revealed the deficiencies in such a policy, ultimately leading to a reliance on the Carter Doctrine during the 1980s.[22]

The Carter Doctrine favored a regional balance of power that prevented either Iran or Iraq from dominating the Gulf. Moreover, it acknowledged the GCC's inability to provide for its own security, leading to the establishment of the Rapid Deployment Joint Task Force (RDJTF) and later, Central Command.[23] With the August 8, 1988, cease-fire in

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[21]For an excellent historical analysis of US policy from the perspective of US administrations, see Steven L. Speigel, The Other Arab-Israeli Conflict, 1985.

[22]Gary Sick accounts the flaws in US policy toward Iran in All Fall Down: America's Tragic Encounter with Iran, 1985.

[23]For a more detailed discussion of the Carter Doctrine see Gary Sick, All Fall Down, and the Kuniholm article. The

the Iran-Iraq War, the policy appeared to have worked; neither emerged as clear victor and both were left economically ravaged. However, the same policy that had provided Iraq with military hardware and intelligence, allowing it to repel Iranian gains in 1986, backfired in 1990.[24]

The post-War period is witnessing an attempt to construct a new security policy that reduces the need for foreign intervention, but that does not depend on any one Gulf state for stability. There are two possible approaches. First, the US can support a sub-regional security arrangement, if it does not exclude US access to facilities and joint military operations with the Gulf states. In fact, an Iranian role in any such arrangement is acceptable; ideally Iran would not threaten its new allies.

RDJTF was established on March 1, 1980 and was responsible for contingency operations world wide. CENTCOM was created in January, 1983 and was given jurisdiction over the Middle East and Africa. McNaugher, Arms and Oil, pgs. 12-14.

[24]In fact, some reports suggest that US support for Iraq, which included providing $5 billion in loan guarantees for Iraqi commodities purchases through the Department of Agriculture, allowed Iraq to fund its nuclear weapons and supergun programs. See Stephen Hedges and Brian Duffy, "IraqGate," *US News & World Report*, May 18, 1992.

Despite numerous proposals, the prospects for the implementation of such an arrangement are currently poor. The Damascus Declaration was the first security proposal to collapse. Its call for an alliance between the GCC, Egypt, and Syria, based on a joint peace-keeping force, immediately fell prey to inter-Arab disputes.[25] A subsequent proposal by Egypt to adopt a resolution on economic, political, security, and information cooperation was undermined by divergent views on the peace process and Iranian participation.[26] For its part, Iran is openly vying with Egypt to become the GCC's new protector, eschewing any role for the US in security issues.

A second approach entails strengthening the defensive capabilities of the GCC forces. This approach must respect the guideline for the United

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[25]The Declaration originally called for the continued presence of Egyptian and Syrian troops in Saudi Arabia and Kuwait along their borders with Iraq. Within a few months, Egypt unilaterally withdrew its troops in anticipation of a request by the GCC for removal. Talks reconvened between the signatories in November, 1991, only to conclude without any specific implementation proposals. Nadim Jaber, "The Gulf," *Middle East International*, November 22, 1991. pgs. 12-13.

[26]Although Egypt has openly decried Iranian involvement in any Gulf security arrangement, Egypt has recently undertaken effort to reduce bilateral tensions. Ibid., pg. 12.

States' regional arms control policy (Chapter 4). Emphasis should be less on acquiring massive quantities of weapons, as many Gulf leaders demand, and more on increasing effectiveness by focusing on basic operational problems. For example, organizational cleavages within and between states prevent effective joint operations and hardware diversity and close control over fuel and munitions create logistical problems. The forces are also insufficiently manned by indigenous Arabs, relying excessively on foreign soldiers and technical experts.[27]

Even with improvement, the Carter Doctrine remains salient. The bottom line is that any GCC force will be unable to repel an overland or sea attack, probably from the North or East, without foreign assistance. At best, it can hope to deter, stall, and limit damage until support arrives. Ultimately, security against military aggression will rest on the willingness of the US to reenter the region with military force. The rapid

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[27]McNaugher makes these points in his examination of the GCC forces and their capabilities, Arms and Oil. pgs. 146-148.

deployment concept should remain the basis of Central Command's contingency planning, thus reflecting US budgetary constraints and the disincentives for forward basing military forces on Arab soil.

In preparation, the US can pursue expanded access to peninsular ports and air bases. Moreover, a continued focus on infrastructure improves absorption capacity, which was critical to the deployment of coalition forces during Desert Shield. This focus also complements arms control efforts that emphasize defensive, non-destablizing force structuring.[28] Furthermore, the US must avoid a formal commitment to the security of any GCC state, which obligates military intervention even if US interests change.

The opportunity to achieve these objectives has never been greater: the GCC states are actively pursuing security assurances from the West. Kuwait signed a ten-year military cooperation agreement

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[28]For a testimony to the importance of pre-War infrastructure programs for the successful deployment of coalition forces, see Triumph Without Victory. For a detailed examination of the US's regional "access network" see Amitav Acharya, U.S. Military Strategy in the Gulf, 1989.

with the US on September 17, 1991. The agreement allows US access to Kuwaiti ports and covers troop status, arms prepositioning, and joint exercises; included, is a plan for making two Kuwait air bases inter-operable with the US Air Force. It avoids permanently stationing US forces in Kuwait and any explicit, formal commitment to Kuwait's defense. Similar agreements have been signed with Bahrain and Oman, which also include economic cooperation packages.[29] Ideally, the agreements could be extended to all six GCC states.

In terms of internal threats, the US should pursue a policy of non-involvement. The Gulf rulers have proven capable of handling most internal situations and have responded to recent demands for greater popular participation in government with limited, yet significant steps toward greater democratization.[30] The United States' role should

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[29]France and Britain are also looking into defense pacts with Kuwait, Bahrain, and possibly Qatar.

[30]A notable exception to Saudi Arabia's ability to handle domestic unrest without foreign invention was the Mecca Mosque riots of 1979-1980, when the US-trained Saudi Arabian National Guard (SANG) and French munitions experts were employed. McNaugher, Oil and Arms, pg. 162.

Qatar has had an operating *majlis al shura*, or

be limited to verbal endorsement for gradual democratization, realizing that unconditional support for a regime may result in either repression or revolution.[31] Although the US is interested in the continued rule of pro-Western regimes, it must not turn a blind eye to internal disturbances that might lead to a regime change. The United States' experience in Iran offers a lesson for this type of situation: the US must be willing to initiate contact with nationalist and religious opposition leaders, not to assist in their efforts, but to ensure that it has access to the new leadership.[32]

The US can, however, focus on other internal

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consultative assembly, since 1972 and Oman recently established one with both appointed and elected members. Kuwait is scheduled to hold elections in October, 1992, although democratic activists doubt the al-Sabeh family will carry through on its promises. "Whose Gulf is it Anyway?," *The Middle East*, July 1991, pg. 8. Saudi Arabia recently passed a new basic law on civil liberties and established the long-awaited Consultative Council. For more details on the changes in Saudi Arabia, see Michael Dunn, "Saudi Arabia's New Basic Law," *The Washington Report on Middle East Affairs*, April/May 1992, pg. 42.

[31]Richard Herrman argues this in "The Middle East and the New World Order," *International Security*, Fall 1991, pg. 74.

[32]James A. Bill describes the US's failure to meet with religious leaders in the years leading up to the revolution as a fundamental error. The Shah, the Ayatollah, and the United States. (New York: Foreign Policy Association Inc., 1988), pgs. 46-47.

security issues, such as security for oil installations and and protection against terrorist infiltration.[33] In such cases, the US and other European powers can offer technical expertise and technologies.[34] Lastly, the US should continue to develop relations along multiple channels. Emphasis should be placed on economic arrangements that preserve access to this lucrative market. Technology transfers, agricultural programs, and cultural exchanges are also essential to a constructive relationship.

IRAQ'S FUTURE?

Iraq poses a greater near-term threat to its own populace than it does to its neighbors, but there are factors making Iraq a potential long-term threat to US interests. Not only is Saddam Hussein still in power, but reports indicate that he is actively rebuilding the military.[35] Hussein has

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[33]McNaugher makes these suggestions based on an assessment of the internal security capabilities of the GCC states. Arms and Oil, pg. 163.

[34]Technologies include ground-surveillance radars, intrusion detection devices, computers, and other passive security measures focused on perimeter security, facility architecture, and the hardening of oil wells. Ibid., pg. 163

[35]A recent *Newsweek* report states that Iraq is

also reasserted Iraq's claim to Kuwait, declaring the UN-drawn borders to be illegitimate.[36]

There are three salient issues that policy should address as steps toward mitigating future Iraqi aggression. The US must first realistically consider Hussein's potential for survival. He has expanded his power base and opposition forces lack the strength and unity to seriously confront Ba'athist rule.[37] Apart from a large-scale external

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rehabilitating its lethal T-72 tanks in a 24-hour facility north of Baghdad, establishing front companies through Jordan to purchase computers and nuclear technology, and repairing military facilities with equipment from foreign companies. Douglas Waller, "Sneaking in the Scuds," *Newsweek*, June 22, 1992, pgs. 43-44.

[36]"Iraq rejects border set in gulf war cease-fire", pg. 3.

[37]On September 13, 1991, Iraq's prime minister, Sa'dun Hammadi, was dismissed and also dropped from the Revolutionary Command Council (RCC) for criticizing the regime's policies. He was replaced by another Shi'ite, Muhammad Zubaydi, who is known for his loyalty to the Ba'athist leaders. Hussein also fired his son-in-law and cousin, Hussein Kamil Hassan, on November 6, 1991 as Defense Minister, replacing him with another cousin, Ali Hassan al-Majid, known as the "Butcher of the Kurds." Al-Majid, who had been Interior Minister, was replaced by Saddam's half-brother, Wathban Ibrahim Hassan. Jim Muir, "Iraq and the Kurds," *Middle East International*, November 22, 1991, pg. 12. And, Gerald Butt "Strengthening His Power," *Middle East International*, September 27, 1991, pg. 10.

Over 200 opposition leaders, the self-titled Iraqi National Congress, recently met in Vienna, Austria to recruit international support and seek greater unity. Not only are the Kurdish representatives divided internally, but absent the largest Shi'ite faction, the Iranian-backed Supreme Assembly of the Islamic Revolution in Iraq. "Group seeks support in

military operation, which would be both costly and politically dangerous, Hussein is likely to retain control. This is not to suggest that the US should abandon its support for opposition movements, but only that policy must anticipate and prepare for Hussein's perseverance. In fact, some argue that a weak Hussein is less threatening than a legitimate Iraqi government.

The US must also evaluate the effectiveness of continued economic sanctions in light of their original purpose. The sanctions, embodied in UN Resolution 661, were designed to force the abdication or overthrow of Saddam Hussein, not to punish the Iraqi people.[38] The opposite has occurred; reports indicate that sanctions are having devastating humanitarian effects and are enhancing anti-Western sentiment.[39] US interests are not

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toppling Saddam," *Austin American-Statesman*, June 17, 1992, pg. 6.

[38]President Bush stated in his post-victory speech of February 27, 1991: "at every opportunity I have said to the people of Iraq that our quarrel was not with them but instead with their leadership and above all with Saddam Hussein. This remains the case. You, the people of Iraq, are not our enemy. We do not seek your destruction." Sifry and Cerf (ed.), The Gulf War Reader. (New York: Times Books, 1992), pg. 450.

[39]Without going into unnecessary detail, a Harvard Study Team revealed that agricultural output was down by 70% to 75%

served by an economically ravaged, yet well-armed Iraq. It may be wise to recall that a primary motive for invading Kuwait was a desperate need for revenue to recover from economic losses caused by the Iran-Iraq War.[40] The US must realize that Iraq cannot and should not be excluded from the international community indefinitely; doing so risks instilling revengeful intentions regardless of the leadership.

The first steps to easing the sanctions have already been taken by the UN (UN Security Council Resolution 706). The resolution calls for a gradual relaxation of sanctions, beginning with the sale of $1.6 billion in oil, to meet humanitarian concerns and for the reconstruction of public infrastructures. The UN hopes to retain some control over the use of revenues by placing them in an escrow account, and the funds can be withheld if

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from the previous year, 30% of children are malnourished, and that diseases, especially polio, were running rampant. Peter Feuilherade, "A brisk trade in recrimination," *The Middle East*, February, 1992, pg. 23.

[40]The Iran-Iraq War left Iraq's infrastructure and oil industry largely destroyed and with a $60 billion debt. Ahmad Yousef Ahmad, "The Dialectics of Domestic Environment and Role Performance: The Foreign Policy of Iraq," The Foreign Policies of Arab States, pg. 193.

there is detection of their use for unauthorized purposes. Iraq, however, has yet to agree to the quota, asking for $2 billion more in sales.[41]

The exact quotas are less important than ensuring that the funds are not used for rebuilding Iraq's military. The US must not delude itself; it will be difficult to monitor Iraq's use of the revenues, suggesting that the escrow account is an impractical measure, which is even drawing criticism as a imperialist practice. At a minimum the US should support retaining some degree of UN control over sales until inspection teams have satisfactorily destroyed Iraq's chemical, biological, and nuclear weapons. There will be a point of diminishing returns in these search and destroy efforts, suggesting that a realistic timetable should be set for achieving these objectives. Moreover, international consensus for

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[41]Iraq also rejected the stationing of UN personnel in its State Oil Marketing Organization to monitor sales. The UN dropped that point and is considering allowing Iraq to use it offshore terminal, Mina Al-Bakr, rather than a pipeline through Turkey to export the oil. For more information see, James Tanner, "Iraq Seeks to Export $2 Billion More in Oil Than U.N. Has Offered to Allow," *The Wall Street Journal*, Thursday, June 25, 1992, pg. 8.

enforcing sanctions will eventually dissolve. Humanitarian concerns are already dividing international opinion, and Iraqi oil will become increasingly important as the other OPEC countries exhaust their spare capacities and prices increase. Although the exact time period for the relaxation process will depend on many factors, to include the possible return of Russian oil to the international market, three to five years might be reasonable.

Relaxing economic sanctions does not have to entail a renunciation of the arms embargo. Once the sanctions are lifted, however, it will be difficult to gain Iraqi compliance with UN Resolutions 687, 699, and 707, which govern the destruction and use of its military. Efforts must then turn to the broader issue of arms control. One option is to seek international support for an effort similar to Operation Staunch, which aimed at limiting arm transfers to Iran from 1983-1988.

Preventing an aggressive Iraq will ultimately depend on deterrence, the effectiveness of multilateral arms supply restrictions, and removing the incentives for seizing neighboring territory.

US-IRANIAN RELATIONS

Iraq's defeat opened the door for the reassertion of Iranian influence in the Gulf. For the first time since the revolution, its policy appears to be guided less by ideology and more by rational calculus. Iran's eight-year war with Iraq was extremely expensive; some economists estimate the costs of recovery at over $100 billion.[42] In response, President Ali Akbar Hashemi Rafsanjani has spearheaded a program that entails an economic opening, or *intifah*, and a controversial reliance on foreign loans ($27 billion for the current 1990-1995 plan) and investment.[43]

The desire to encourage foreign assistance has also resulted in a moderation of Iran's foreign policy. Iran responded favorably to the Gulf crisis, supportin sanctions, denouncing Iraq, and free up oil reserves to keep a lid on price increases. The

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[42]"The Politics of Finance," *The Middle East*, July 1991, pg. 12.

[43]"The Politics of Finance" offers a detailed account of Iran's recovery program. A February, 1992, article in *The Middle East*, "A rich vein waits to be tapped," provides information of numerous joint-ventures with foreign firms, pg. 22.

April, 1992, parliamentary elections, the first since the death of Ayatollah Ruhollah Khomeini, consolidated Rafsanjani's power by eliminating many radical opponents from the Combatant Clergymen's Association.[44] Moreover, the "Great Satan" (US) verbiage, so familiar throughout the 1980s, has all but disappeared. Diplomatic relations have also been restored with the GCC states.[45] In a major effort to curry international respect, Iran helped to secure the release of all Western hostages in Lebanon, including the last two Germans in June, 1992. EC states and Japan have responded by promising to reestablish diplomatic ties. Numerous investment agreements have been signed, but most

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[44]Rafsanjani's Society of Combatant Clergymen took an overwhelming majority of the 270 *majlis* seats in the April 10th and May 8th elections. Rafsanjani is also supported by the Council of Guardians, six of whose members were appointed by Khamenei, and who assumed responsibility from the Interior Ministry for eliminating "unqualified" contestants. As a result, many of Rafsanjani's staunchest opponents were barred from the elections, to include the infamous "hanging judge," Hajatoleslam Sadegh Khalkhali. In fact, Khalkhali, known for picking through the remains of US serviceman from the aborted rescue attempt (May, 1980), was disqualified for failing a religious competency exam. Scheherazade Daneshku, "Rafsanjani sweeps the board," *The Middle East*, June 1992, pgs. 5-10.

[45]Iran offered 800,000 b/d of crude oil to supply Kuwait's domestic and overseas refineries. "Whose Gulf is it anyway?," pgs. 6-7.

remain to be implemented.[46]

These changes portend an opportunity to enlist Iran as a force for stability and possibly to initiate a rapproachment with an adversary. The US is in a unique position to encourage continued moderation; it currently controls approximately $10 billion Iranian assets, frozen by President Carter during the hostage crisis, and maintains a fairly strict trade embargo with Iran, with only $50 million traded in 1988.[47] Releasing these funds would indicate to the international banking system that the US now views Iran as an acceptable liability.[48] Moreover, US influence with the International Monetary Fund (IMF) is critical to Iranian access to compensation financing, extended facilities, and over $5.15 billion in loans.[49] Finally, the restoration of diplomatic ties would open the coffers of US Export-Import (Ex-Im) banks. In an era when market access is becoming

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[46]See "The politics of finance" and "A rich vein waits to be tapped."

[47]Figures are from "The politics of finance," pgs. 12, 14.

[48]Daneshku, "Rafsanjani sweeps the board," pg. 6.

[49]"The politics of finance," pg. 14.

increasingly important to industrialized economies, the US may need to consider the costs of relinquishing the Iranian market to the EC and Japan.

The US should act cautiously in exercising these options. Iran's situation is still unstable. Radical elements maintain a foothold in universities, and in some of the religious communities, which have taken the unprecedented step of criticizing Khomeini's successor, Ayatollah Ali Khamenei.[50] Although Iran supported the sanctions against Iraq, it openly condemned US intervention and has been critical of the peace process.[51] Tensions could also flare over competition for influence in Central Asia and the Caucusus, although most of these states have so far opted for the Turkish model of economic development and government. A more uncertain subject is Iran's

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[50]For more information, see Daneshku, "Rafsanjani sweeps the board."

[51]Several radical clergymen are still in parliament and have condemned the peace process, stating: "the Madrid conference was against Islam and that all those who participated in it, especially President Bush, would face the death penalty under Islamic law." Safa Haeri, "Iran: Anti-conference rhetoric," *Middle East International*, November 8, 1991, pg. 12.

thirst for military hardware, and the possibility that it has acquired two nuclear missiles from Khazkstan.[52]

Given all this, the full normalization of relations is not an early expectation. A gradual rapproachment, possibly over a five to ten-year period, would allow for confidence building and for some indication of Iran's ambitions. The US can initiate this process by releasing frozen assets. As a second step, it could lend its support to IMF participation, followed later by a relaxation of the trade embargo. The continuation of this process might be conditioned on Iran's openness to International Atomic Energy Association (IAEA) inspections and restraint in its defense spending. In fact, the World Bank's former president, Robert McNamara, has suggested conditioning IMF and World Bank assistance on a state's level of defense spending.[53]

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[52]Iran has recently purchased Scud-C missiles from North Korea, which can be fitted with chemical warheads, T-72 tanks from Czechoslovakia, two Kilo-class attack submarines and MiG-29 fighters from Russia, surface-to-surface missiles and F-7 aircraft from China, and is producing biological weapons. Waller, "Sneaking in the Scuds," pg. 42.

[53]William D. Hartung, "Curbing the Arms Trade: From

The US cannot unilaterally encourage Iranian moderation due to its limited influence: multilateral cooperation is required. However, Western allies, and especially the GCC states, share the United States' interest in a stable, non-threatening Iran. As pointed out earlier, several of these states are already gaining increased access to Iranian officials. The best hope is that Iran's economic needs will be successfully addressed by Rafsanjani, thus legitimizing both his economic and foreign policies. Nonetheless, the US must be prepared for a reversal, which could lead to a return of the more radical, revolution-exporting faction.

CONCLUSION

While the Gulf currently enjoys a respite from conflict, stability still faces long-term challenges. Iran's political moderation has opened the door to Western influence. In response, the US should consider a cautious rapproachment, balancing an interest in encouraging further moderation with

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Rhetoric to Restraint," *World Policy Journal*, Spring 1992, pg. 242.

concerns over Iran's military build-up. A policy for Iraq demands realistic expectations, calling for a gradual relaxation of economic sanctions and a focus on arms control. In regard to GCC security, the United States' role is simply to support the defensive capabilities of the GCC states, prepare for future military involvement if required, and as possible, seek to mitigate anti-Western perceptions while encouraging GCC leadership support for the United States' regional posture.

CHAPTER 4

Arms Control

The Gulf War fully exposed the dangers inherent in the unrestricted and unregulated transfer of military hardware to the Middle East. Rather than responding with restraint, the other regional governments have more than compensated for Iraq's departure from the international arms market. Iran, Syria, Israel, and the GCC states are each purchasing conventional systems and developing weapons of mass destruction at unprecedented rates.[1]

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[1]Iran has bought SCUD-C missiles from North Korea, which the CIA predicts will be armed with chemical warheads, T-72 tanks from Czechoslovakia, 2 Kilo-class attack submarines and MiG-29 fighter aircraft from Russia, and 90 CSS-8 surface-to-surface missiles, F-7 aircraft, and artillery from China. Syria also bought SCUD-Cs, 252 T-72 tanks, 48 MiG-29s, 24 Russian Su-24 attack planes, and 300 more tanks from Russia. Ukraine is also providing Syria with 11 II-76 transport planes. Saudi Arabia is focusing on the sale of 72 F-15s and M-1A2 tanks from the US, while Kuwait has ordered Patriot missiles and Mirage F-1 fighters from France. Oman and Bahrain are purchasing 2 antisub warships a piece from Great Britain and Germany, with the UAE is after Apache helicopters from the US. Douglas Waller, "Sneaking in the Scuds," *Newsweek*, June 22, 1992, pgs. 42-45.

Considering that there is no longer a Cold War rivalry to keep client states in check, it is clear that this purchasing pattern, when coupled with the escalation of any one of many regional tensions, could lead to a conflict far more destructive than the Gulf War.[2]

Recognizing that US interests are threatened by the continued accumulation of arms in the region, the Bush administration responded with a revised US arms control policy. It was announced during President Bush's commencement address at the US Air Force Academy on May 29, 1991 and had as its elements: a freeze and eventual ban on the purchase, production, and testing of surface-to-surface missiles, a global ban on chemical and biological weapons, the registration and reduced transfer of the most dangerous conventional weapons by the key suppliers, and a verifiable ban on the production and acquisition of weapons-grade plutonium and

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[2]Geoffrey Kemp provides a survey of other regional tensions that will persist, to include amity between Iran and Iraq, Iraq and Syria, Iraq and the GCC, the GCC and Iran, Saudi Arabia and Yemen, Bahrain and Qatar, Egypt and Libya, etc. The Control of the Middle East Arms Race, (New York: Carnegie Endowment for International Peace, 1992), pgs. 15-43.

uranium.[3]

The US has not, however, spear-headed a multilateral effort to achieve these objectives, but continues to lead the world in supplying arms to the Middle East.[4] Since the end of the Gulf War, the US has contracted to sell over $15 billion in arms to a host of Middle Eastern governments.[5] This figure does not include a yet-to-be approved decision to sell Saudi Arabia 72 McDonnell Douglas F-15 fighters worth $5.3 billion.[6] These sales are in addition to annual direct grants and loans for

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[3]Kemp reviews the speech. Ibid., pg. 1.

[4]Prior to the collapse of the Soviet Union the US was third in the world in terms of arms exports as a percentage of total exports (USSR-19.3%, China-6.5%, US- 4.4%) and second in total value of sales (USSR-$11.65 billion, US-$10.76 billion in 1989 figures). Ibid., pg. 56. Since the Gulf War, however, the US has emerged as the largest exporter to the Middle East in both categories. Stephen Budiansky, "Back to the arms bazaar," *US News and World Report*, April 1, 1991, pg. 21.

[5]US sales have included an original proposal to sell $20 billion worth of arms to Saudi Arabia, later scaled back to $7.5 billion. The sale of General Dynamic's F-16 fighter aircraft to Egypt, worth $1.6 billion, was announced in February, 1991, and was followed by a proposed $7 billion to over a dozen nations, including cluster bombs to Saudi Arabia, armored vehicles to Oman, and $2.8 billion in F-16s to Turkey in July 1991. William D. Hartung, "Curbing the Arms Trade: From Rhetoric to Restraint," *World Policy Journal*, Spring 1992. pgs. 224-225.

[6]Dennis Wamsted, "Israel Lobby Opposing Saudi F-15 Purchase," *The Washington Report on Middle East Affairs*, June 1992, pg. 26.

purchasing US arms, amounting to approximately $5 billion.[7]

Arms control requires more than rhetoric; it necessitates that the US comply with its stated objectives if it is to pursue a realistic policy. The most effective effort would be one that resolves regional conflicts, thus eliminating the primary incentives for arms racing. Indeed, this paper has argued throughout that the US should concentrate its efforts on the Arab-Israeli conflict, including multilateral negotiations proposed as part of the current peace process. The success of these talks would lay a foundation for future, regional restraint agreements. A commitment in principle to a nuclear, biological, and chemical free zone has already been made by the parties to the February 1992, round of negotiations in Moscow, although they were boycotted by Syria, Lebanon, and the Palestinians.[8]

While formal peace agreements are likely to depend on treaties between Israel and key Arab

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[7]Hartung, "Curbing the Arms Trade," pg. 239.

[8]Drew Harrison, "Surrender, not success," *The Middle East*, May 1992, pg. 7.

states, the US can facilitate the introduction of a confidence building process to reduce tensions and prepare nations for diplomatic agreement. This could include several of the CBMs employed by the Conference on Security and Cooperation in Europe (CSCE), such as declarations of force configurations, information exchanges, and prior notification of operations. Initiating a regional process is also critical to avoiding a policy that discriminates between Northern exporters and Southern importers; the "have" and the "have nots."

Most regional initiatives, however, will be limited in scope and more likely postponed until there is progress on the Palestinian issue. Thus near-term efforts should primarily focus on supply control in the form of specific limitations. Unilateral restraint by the US will be insufficient unless it is coupled with multilateral support, particularly by the major suppliers. The Big Five, which include the US, the former Soviet Union (Russia), France, Great Britain, and China, are the most critical since they control over 85% of the

global arms market.[9]

Multilateral arms control efforts traditionally have been divided into four categories: nuclear, chemical and biological, missile technologies, and conventional hardware. Policy, however, must prioritize according to systems most likely to be used extensively in future conflicts, particularly where such use threatens US interests. Both the Gulf War and current purchasing patterns suggest that conventional weapons will continue to be the backbone of regional militaries.[10] Various delivery systems, including surface-to-surface missiles, long-range artillery, and medium-range aircraft, were used extensively in the Iran-Iraq War, but did not receive multilateral attention until 1987, when missiles became the target of the Missile Technology Control Regime (MTCR).[11] Iraq's use of the SCUD-B against Saudi Arabia and Israel during the Gulf War was not militarily decisive, but it did carry a

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[9]Hartung, "Curbing the Arms Trade," pg. 237.

[10]For a good overview of recent sales, see Waller, "Sneaking in the Scuds."

[11]The MTCR prohibits the transfer of "conventional SSMs, space-launch vehicles, key subsystems for SSMs, and facilities and equipment to produce SSMs." Kemp, Controlling the Middle East Arms Race, pg. 133.

psychological impact that has made missiles attractive to other regional states, particularly Syria and Iran.

Biological and chemical weapons will continue to pose a threat since they are cheap and easily developed.[12] They are not, however, decisive in combat; adequate defenses can be constructed and it is technologically difficult to mount them on missiles.[13] Moreover, it can be reasonably assumed that their use in the Gulf War was deterred by Israel's unofficial nuclear capability and the threat of a US reprisal. Nuclear nonproliferation efforts have been relatively successful in preventing Middle East regimes from acquiring

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[12]Biological and chemical weapons were first subject to ban as part of the 1925 Geneva Protocol, which was enacted as a response to the devastating affect chemical artillery shells, mortars, bombs, grenades, and gas cylinders had during WWI; they caused about 100,000 fatalities and over 1,000,000 casualties. Pathogenic biological weapons are capable of causing 100 times the number of deaths as chemical weapons, depending on weather conditions and civil defense measures. Steve Fetter, "Ballistic Missiles and Weapons of Mass Destruction: What is the Threat? What Should Be Done?" *International Security*, Summer 1991, pgs. 15, 27.

[13]For a good analysis of the tactical disincentives and technological difficulties involved with using chemical warheads on surface-to-surface missiles, see Thomas L. McNaugher, "Ballistic Missiles and Chemical Weapons," *International Security*, Fall 1990.

nuclear capabilities. Israel is the only regional state known to have an operational nuclear capability and Iraq's program has been destroyed. Moreover, fissionable material and the appropriate technologies are expensive and difficult to acquire.[14]

Given the high probability that conventional arms and delivery systems will be the "weapons of choice" in any near-term conflicts, their controlled proliferation should be the first priority. Nuclear and chemical/biological weapons will continue to be a long-term concern, suggesting that policy should focus on improving existing regimes and treaties. These efforts can be complemented with an emphasis

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[14]In addition to the former Soviet Republics, particularly those in Central Asia, major uranium deposits are in the US, Canada, Sweden, South Africa, and Australia. Other significant deposits have been located in Spain, Portugal, France, Gabon, and Niger. Smaller deposits have been located in Argentina, Brazil, Finland, Greenland, India, Italy, Japan, Korea, Mexico, Turkey, Yugoslavia (Croatia, Serbia, Bosnia-Hergovia), and Zaire. Not only does it take several years to obtain enough fissionable material (10 years in the case of Pakistan), but the annual operation costs for building five to ten small bombs is estimated at well over $100 million. Moreover, few states have the delivery systems to deliver a bomb, let alone the technology to mount a nuclear warhead on a missile. Ernest W. Lefever, Nuclear Arms in the Third World: U.S. Policy Dilemma, (Washington: The Brookings Institute, 1979), pgs. 10-11, 15-17.

on restricting transfers to those states that are the most threatening to US interests, and using transfers to provide for the security of allies within the confines of supplier agreements.

As a final note, the policies recommended in this chapter assume that the US will work within the confines of international law and treaty stipulations. The use of unilateral military action to intercept or destroy any component of a state's arsenal without reasonable provocation is also ruled out. Military action is a tool of last resort, only justified if certain weapons systems are used threateningly or actually against an ally or national interest. Finally, it is obvious that any arms control arrangement will be imperfect; the US can only hope to limit and to delay proliferation. That time can then be used to develop the technologies and forces to counter potential threats.

CONVENTIONAL WEAPONS and DELIVERY SYSTEMS

A realistic attempt to control the proliferation of conventional weapons and delivery systems must first acknowledge that national armed forces will continue to exist. This is the reality of an anarchic world order in which states seek to increase or balance power and must be ultimately concerned with their own security. The inability of the GCC states to provide for their own physical security in the face of Iraq's aggression reinforced the perceived need to rapidly increase and improve Arab military forces. Moreover, conventional arms transfers will remain an effective tool for cultivating friendships, deterring aggression, and facilitating military cooperation between states.

Policy must also acknowledge and deal with the economic imperatives for exporting arms. The United States' declining defense budget is forcing arms manufacturers to rely on exports to keep production lines open. In fact, the 1993 Pentagon budget proposal eliminates funding for Abrams M-1 tanks, F-15s, Patriot missile systems, and other centerpieces

of the Gulf War.[15] Similar imperatives drive the exports of the other major suppliers, making multilateral cooperation difficult. French President Mitterrand publicly advocates restraint, but recently stated that arms export revenues were essential for financing domestic procurement, thus subsidizing France's defense industry.[16] Britain also plans to sell 500 Vickers Challenger tanks to Saudi Arabia despite Prime Minister Major's support of Bush's proposals.[17]

The former Soviet republics and Eastern European countries also face dire economic conditions, preventing them from closing military factories or converting them to civilian industries. In some cases, particularly Russia and Czechoslovakia, export revenues provide almost half the annual hard-currency income.[18] China's defense

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[15]Hartung details these reductions, pointing out that the Gulf War made these systems more attractive to Middle East regimes, in "Curbing the Arms Trade," pg. 233.

[16]Ibid., pg 226.

[17]Budiansky, "Back to the arms bazaar," pg. 21.

[18]The lack of conversion funds has forced Russian President Yeltsin and Czechoslovak President Havel to abandon pledges to end their traditional roles as arms exporters. Ironically, Havel approved the sale of 250 T-72 tanks to Syria and 300 T-72s to Iran to raise funds to convert military plants. Russian Vice President Rutskoi recently indicated that

establishment, which is semi-independent of government control, continues to sell nuclear and chemical technologies and missiles, arguing that its sales pale in comparison to those of Western countries.[19] These rationales also apply to other major suppliers, such as North Korea, Brazil, Italy, Poland, Argentina, and Israel.

Conventional arms limitation is also undermined by the indigenous production of conventional armaments and by co-production arrangements. Israeli production exceeds domestic demand, making it a global exporter, with 1988 sales exceeding $1.47 billion.[20] Since the cancellation of the Lavi jet program, the US and Israel have begun discussions on co-production of the F-16.[21] Egypt's

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Russia hoped to earn $15-$20 billion from foreign sales in 1992. Hartung, "Curbing the Arms Trade," pgs. 226-228.

[19]China's argument is not unfounded. Figures from 1989 indicated that China was ranked fourth in global sales with $779 million, only marginally ahead of Germany's $780 billion in sales. The USSR topped the list with $11.65 billion, followed by the US ($10.76 billion), France ($2.73 billion), and Britain ($1.62 billion). SIPRI 1990 Yearbook, Budiansky, "Back to the arms bazaar," pg. 21.

[20]Kemp points out that these sales went to over 61 Third World and Western nations. 1989 figures reveal that the sale of Israel Aircraft Industries were up 40%, 75% of which was in exports. Controlling the Middle East Arms Race, pg. 86.

[21]A citation to further information on this coproduction program is found in Kemp, pg. 83: Robert Salvy, "Updating Older

twenty-nine production industries generate nearly $1.5 billion in weapons each year, with the majority exported to other Arab states.[22] Egypt also produces the M-1A1 tank under US license, while Turkey produces the F-16. Both Iran and Iraq produce small arms and ammunition and operate missile upgrade programs.

Recognizing the various incentives for importing and exporting arms, it would be more realistic to seek control over the systems that are the most destructive and pose the greatest threat to regional stability.[23] Selective limitations on weapons with the fewest suppliers would also increase the potential for comprehensive restraint.[24]

Several conventional systems fit this classification, including heavy surface warships,

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Combat Aircraft: a Fiercely Contested Market," *International Defense Review*, December 1988, pp. 1590-91.

[22]Ibid., pg. 86.

[23]A destablizing system can be considered as any weapon that provides its possessor with a disproportionate military advantage and that is primarily used for offensive purposes.

[24]The idea for a classification matrix based on these two factors comes from Kemp. He correctly adds that this scheme does omit the difficulty of restricting access to sub-system components. Control of the Middle East Arms Race, pg. 140

submarines, heavy armed helicopters, Abrams class heavy tanks, and other exotic munitions.[25] Secondary emphasis can be placed on those systems that have more suppliers: medium-range artillery and rockets, medium and light tanks, cluster munitions, mines, and light surface ships.[26] All offensive delivery systems apply, to include surface-to-surface missiles, other missile technologies, long range artillery, and range-enhancing systems for aircraft.

Placing limitations on these specific weapons without banning all exports would restrict those that are the most technically advanced and offensively oriented. Moreover, it allows for the transfer of defensive systems, such as theater missile defense systems (TMD), anti-tactical ballistic missiles (ATBMs), reconnaissance aircraft and satellites, and aircraft with restricted radii. It also permits the acquisition of systems that do not provide one state with a disproportionate military advantage and that are primarily related to

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[25]Ibid., pg. 141.
[26]Ibid., pg. 141.

developing a nation's military infrastructure. Included in this category are transport and trainer aircraft, light helicopters, small arms and munitions, patrol boats, trucks, and other all-purpose vehicles (APVs).[27]

A positive first step has already been taken toward controlling conventional arms transfers in the form of a UN resolution calling for increased transparency through the implementation of an arms transfer register.[28] Ideally, the register could set the foundation for establishing a regime or global treaty. Given the United States' critical role as the leading exporter, its support for the register by fully disclosing all sales is critical to its effectiveness. The register could be improved by including small arms, domestic production, and dual-use and arms production technologies; making it a

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[27]Ibid., pg. 141.

[28]A register was first implemented by the League of Nations from 1926-1938, but was virtually ignored. Subsequent negotiations on conventional arms control took place from 1977-78 as part of the US-Soviet Conventional Arms Transfers, but was quickly abandoned by President Carter. The Certain Conventional Weapons agreement of 1981 prescribes a more humane means to fight wars, but is limited in scope and adherence. A.C. Shahul Hameed, Disarmament--a multilateral approach, (Sri Lanka: Lake House Investments Ltd., 1988), pg. 22.

mandatory condition for UN membership; and enforcing it with a UN inspection team that has a right to investigate suspect sales.[29] Criticisms of the register as being discriminatory could be partially alleviated by extending transparency to include nuclear capabilities.

The potential for implementing these changes currently exists since the Big Five have already agreed to restrict transfers of "destablizing" weapons and to informal discussions with any of the five challenging a particular sale.[30] These agreements, however, are still ambiguous. More concrete measures are needed, such as China's suggestion to set verifiable limits on the volume and types of weapons transfers.[31] Other options include pushing for the implementation of Robert McNamara's suggestion to condition assistance on a state's level of military spending, or to make these conditions part of bilateral relations.[32]

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[29]Hartung, "Curbing the Arms Trade," pg. 237.

[30]Ibid., pg. 238.

[31]Ibid., pg. 229.

[32]McNamara proposed a criterion of 2 to 3% of GNP for developing countries. Given its discriminatory nature (industrial nations spend an average of 5 to 6%), World Bank President Lewis Preston and IMF Managing Director Michel

As noted earlier, reducing the flow of conventional arms also requires efforts and money to convert military industries to civilian purposes. While the US may not be able provide all the necessary funds, it can provide limited aid and technical assistance, as it is currently doing in Russia.

Curbing US sales will necessitate breaking the "bureaucratic, economic, and political momentum for even larger sales."[33] For starters, the US should phase out all grant and loan programs, which amount to over $5 billion annually, to include Israel and Egypt.[34] Preventing the complete collapse of the defense industry will require a modest investment in research and development, while implementing some form of economic conversion program.[35]

Camdessus indicated in October 1991 that implementing these measures is highly unlikely. Ibid., pg. 242.

[33]Ibid., pg. 239.

[34]Ibid., pg. 239.

[35]Hartung refers to a program suggested by Rep. Ted Weiss (bill H.R. 441), which would "institute alternative use planning at major defense industrial sites," steer civilian federal contracts to communities suffering from base closures, and promote retraining of defense industry workers. Ibid., pg. 241.

A multilateral focus on delivery systems has been limited to missile technologies even though some strategists argue that a capable air force is more tactically advantageous and cost-effective.[36] In either case, proliferation of the technology required to develop deep penetration systems is destablizing and warrants efforts to establish a broader delivery control regime. The regime could place restrictions on the technologies that extend aircraft ranges and that allow them to deliver nuclear, chemical, and biological warheads. It could also incorporate the Missile Technology Control Regime (MTCR).

For its part, the MTCR is undermined by several factors on which US policy can focus. First, its

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[36]Ballistic missiles have several advantages. They are more difficult to defend against, they do not expend human lives, they have greater psychological impact, their development for military purposes is harder to detect, and they do not defect. However, they are not a cost-effective means of delivering bombs, it is difficult to equip them with conventional warheads, and their guidance systems do not allow for direct targeting. Fetter, "Ballistic Missiles and Weapons of Mass Destruction," pgs. 10-12. An F-15 for example, equipped with long-range conformal fuel tanks and the most sophisticated guidance and defense systems and that is flown by well-trained pilots can be far more effective. The pros and cons of acquiring an air force or missiles is further elaborated by McNaugher in "Ballistic Missile and Chemical Weapons."

membership is limited to 16 Western countries, with the notable exclusion of the two biggest surface-to-surface missile (SSMs) exporters: China and North Korea.[37] Since SSMs are produced by numerous countries, broadening membership is critical.[38] Encouraging compliance may require allowing these states to compensate revenue losses by exporting greater quantities of unrestricted conventional weapons.

Second, the ranges specified (a minimum of 300 km) do not cover the shorter ranges characteristic of most Middle Eastern conflicts.[39] New models of cruise missiles, stand-off missiles, and multiple-launch rocket systems can be far more destablizing than SSMs.[40]

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[37]Several European companies are seeking to circumvent the MTCR in an effort to help Libya build its al-Fatah rocket. China and North Korea are the primary supplier of the SCUD class missiles and of a host of short-range systems to include the Silkworm. Waller, "Sneaking in the Scuds," pg. 42.

[38]For a detailed account of the various SSMs in production around the world, see Kemp, Controlling the Middle East Arms Race, pgs. 78-82.

[39]In terms of the Arab-Israeli conflict, Amman, Damascus, Jerusalem, Tel Aviv, and Cairo are all within 300km of potential enemy borders.

[40]Geoffrey Kemp, "The Middle East Arms Race: Can it be Controlled," *Middle East Journal*, Summer 1991, pg. 452.

Third, it is difficult to control missile proliferation without controlling the transfer of peaceful rocket technologies. As pointed out by the Assistant for Non-Proliferation Policy in the Office of the Under-Secretary of Defense, Richard Speier, "90% of what you are talking about is the same," regardless of payload.[41] This deficiency could be partially compensated for by a ban on technologies and components necessary for producing and attaching nuclear, chemical, and biological warheads. As evidenced by the Gulf War, a conventional, high-explosive warhead is an impractical means of delivering ordinance and offers no decisive military advantage.[42]

NUCLEAR, CHEMICAL, and BIOLOGICAL WEAPONS

Nuclear weapons are governed by the Nuclear Nonproliferation Treaty (NPT) and the London Suppliers Club (LSC), while biological and chemical weapons are governed by the Biological Weapons

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[41]Richard Speier, Disarmament Possibilities, (New York: United Nations, 1990), pg. 92.

[42]For further analysis of the most effective means for delivery, see McNaugher, "Ballistic Missiles and Chemical Weapons," and Fetter, "Ballistic Missiles and Weapons of Mass Destruction."

Convention (BWC), the UN Conference on Disarmament (UNCD), and the Australia Group (1987). In the context of the Middle East, this distinction becomes more problematic. The Arab states, for example, have sought to deter Israel's nuclear capability with chemical and/or biological weapons.[43] Syria in particular regards chemical weapons as "the poor state's nuclear arsenal" and as an effective means to achieve strategic parity with Israel.[44]

The implication for policy is that the US must have realistic expectations; efforts in one area must be coupled with efforts in the other. Given their interrelation and the postponement of a regional framework for their elimination, the US should seek to improve existing regimes and treaties, particularly in terms of increasing participation by Middle Eastern governments.

While the NPT is a comprehensive and specific treaty, it is undermined by the number of non-

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[43]For further discussion see Korany and Dessouki (ed.), The Foreign Policies of Arab States, 1991 and Kipper and Saunders, The Middle East in Global Perspective, 1991.

[44]McNaugher makes this point in "Ballistic Missiles and Chemical Weapons," pg. 24.

signatories and inadequate enforcement mechanisms.[45] The International Atomic Energy Agency's (IAEA) only sanction against a violation is to bring it to international attention.[46] Moreover, Iraq's ability to secretly develop its nuclear program and to frustrate post-war inspections suggest the limits of verification measures.[47] Also, any signatory can withdraw from the treaty on three months notice.

Despite these limitations the prospects for strengthening the NPT appear good. France, South Africa, Argentina, and Brazil have agreed to sign within the next year.[48] China announced in August

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[45]The NPT was first signed in 1968 and has been in force since 1970. Signatories agree to not transfer nuclear technologies to nonnuclear states. It does allow sharing technology for civilian purposes. Nonnuclear states agree not to seek acquisition of a weapons-making capability and to accept International Atomic Energy Agency (IAEA) safeguards on their nuclear programs. Several key nations known to have nuclear weapons, or to be developing a nuclear capability, have yet to sign or ratify the treaty, including France, China, Pakistan, India, Israel, South Africa, Argentina, Brazil, and North Korea. Lefever, Nuclear Arms in the Third World, pg. 4.

[46]A 1983 report by the IAEA stated that the collective sanctioning action by the UN has proven ineffective and that the violating state is most likely to suffer only public humiliation. IAEA Safeguards: Aims, Limitations, and Achievements, (Vienna: IAEA, 1983), pg. 23.

[47]For a concise discussion of Iraq's nuclear program see Richard Wilson, "Nuclear Proliferation and the Case of Iraq," *Journal of Palestinian Studies*, Spring 1991.

[48]Kemp, Control of the Middle East Arms Race, pg. 134.

1991 to sign "in principle," as part of efforts to encourage foreign investment by improving relations with the West.[49] Pakistan has said repeatedly that it will sign and open facilities to IAEA inspections if India does likewise. India refuses on the grounds that it is opposed to a monopoly by the present nuclear states.[50] India's participation also hinges on China's position. Israel is the only Middle Eastern government not to have signed.

Turning pledges into signatures will require pressure and compromise from the current signatories. The agreement between Washington and Moscow on June 16, 1992, to reduce their respective arsenals by two-thirds within 11 years was a positive first step.[51] Even if these suppliers do sign the NPT, Middle East efforts will continue to be undermined by Israel's nuclear program, although

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[49]Ibid., pg. 134.

[50]For a good discussion of the India-Pakistan issue see M.M. Ali, "Nuclear Proliferation Casts Ominous Shadow," *The Washington Report on Middle East Affairs*, April/May 1991, pg. 45.

[51]Presidents Bush and Yeltsin agreed to reductions that would allow each nation to design its own nuclear force structure within the confines of a 3,000 to 3,500 limit. For more details see "Bush, Yeltsin agree to nuclear arms cuts," *Austin American-Statesman*, June 17, 1992, pg. 1.

Iran is reported to have recently purchased a neutron source reactor and isotope separator from China.[52] Israel, however, is the only Middle Eastern nation thought to actually possess nuclear warheads.[53]

The US should postpone the use of economic leverage to gain Israel's nuclear cooperation until there is some progress on the Palestinian issue. Withholding aid on the nuclear, as well as on the Palestinian issue, might weaken its effect. A practical near-term measure would be to engage Israeli in an open dialogue about the nuclear program, with the intent of ending its intentional ambiguity and paving the way to Israel's NPT signature.

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[52]Iran is also suspected of acquiring two tactical nuclear missiles from Kazakhstan. Waller, "Sneaking in the Scuds," pg. 44. Iran has repeatedly pledged "never to accept or to manufacture nuclear weapons." Lefever, Nuclear Arms in the Third World, pg. 53.

[53]The CIA first documented Israel's production of nuclear weapons at Dimona in 1974. More reports, including definitive ones by the *London Sunday Times* on October 5, 1986, indicate that Israel possess between 100 and 200 warheads. These facts come from an informative examination of Israel nuclear capability, its policy, and its implications by Hisham H. Ahmed, "Israel's Nuclear Option: Domestic, Regional, and Global Implications," *American-Arab Affairs*, Winter 1989/90, pg. 70.

The post-war inspection of Iraq's nuclear program revealed several additional areas for strengthening IAEA inspection capabilities: incorporating authorization for no-notice and challenge inspections and eliminating the host nation's complete control over the scope of the inspections. Iraq's relatively easy access to Western sources and technology, particularly Germany, indicates a need to reinforce existing national export laws. In this context, the efforts of the London Suppliers Club are useful for identifying and cataloging prohibited trigger items for export. Finally, the US should follow through on Russian President Yeltsin's proposal to limit nuclear testing and eventually to halt all testing by 1995.[54] In fact, France unilaterally stopped 1992 testing in an effort to catalyze a universal moratorium. Joint effort by the the US might

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[54]An option paper was presented to President Bush in May 1992, which called for a reduction in testing from six to three a year, well below the requirements of the 1963 Limited Test Ban Treaty, a 1974 accord (amended in 1990) barring explosions larger than 150 kilotons, and also by a 1976 accord regulating testing for non-military purposes. The proposal is also supported by Canada's Prime Minister Brian Mulroney. Jeffrey Smith, "US considering proposals to limit nuclear weapons, officials say," *Austin American-Statesman*, May 25, 1992, pg. 5.

possibly lead to a Comprehensive Test Ban Treaty (CTBT), which would be verifiable, would restrict the modernization of existing systems, and could be a nuclear powers' offer in exchange for NPT signatures.

Preventing the proliferation of chemical and biological weapons will continue to pose a significant challenge. Their production does not require sophisticated technology and most of the precursors can either be imported for legitimate products or indigenously produced. The efforts of the Australia Group to control precursor exports have succeeded in narrowing the list, but have failed to hinder their unauthorized proliferation by Western sources.

President Bush has taken an initiative toward strengthening nonproliferation efforts by reinforcing export laws with an executive order, the Enhanced Proliferation Control Initiative (EPI). The EPI places additional export controls on precursor chemicals and dual-use equipment and technologies associated with chemical weapons,

biological weapons, and missile systems.[55] It also increases civil and criminal penalties for its violation.

Given the widespread production of these various components, the Australia Group should be extended to include non-Western suppliers. The US can also continue to support the efforts of the BWC and the UNCD. The renewed international emphasis on eliminating these weapons plus US-Russian cooperation offer an opportunity to implement the UNCD proposal to create a a Chemical Weapons Convention (CWC) for the complete elimination of all chemical arsenals.[56] Like the NPT, however, these regimes suffer from insufficient membership, particularly in the Middle East.[57] The US could catalyze greater adherence with a conditional offer to go beyond its pledge to eliminate all but 2% of its own stockpiles of chemical and binary weapons by

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[55]Kemp, "The Middle East Arms Race: Can it be Controlled," Summer 1991, pg. 446.

[56]The CWC has been under negotiation for over twenty years, but was given new emphasis by the use of chemical weapons in the Iran-Iraq War. It hopes to combine a comprehensive ban with verification and inspection measures. Kemp, Control of the Middle East Arms Race, pg. 132.

[57]Neither Israel or Algeria are signatories and Egypt, Iraq, Morocco, Syria, and the UAE have yet to ratified them.

completely destroying them.

SELECTIVE MEASURES

A successful implementation of even some of these multilateral objectives is certain to have an impact on US military relations with Middle Eastern nations. A credible and effective arms control policy, however, requires that measures be applied consistently. Selective measures can be taken within multilateral guidelines that complement and support US objectives.

Pursuing the *security of US* allies is not incompatible with multilateral restraint. Arms transfers to allies should be based on a careful consideration of the state's technological and personnel capabilities. Specific policies along these lines have already been discussed for Israel and the Gulf states. Turkey's role in the Gulf War, as well as its shared border with Iraq, Iran, and Syria, suggest that it must also be included in any supply moratorium or regional arrangements. Turkey's importance as a strategic ally derived from its geographic location. However, the end of the

Cold War, military cutbacks, and a shrinking NATO will all affect US-Turkish military relations.[58] In fact, reductions in forward basing may lead to a US withdrawal from Van and Incirlik air bases. This does not exclude arrangements for access to these bases and joint exercises (access was not a problem during the Gulf War, but Turkey has reserved the right to veto their use for military operations).

Egypt remains a valuable ally because of its political moderation, stability, leadership role during the Gulf War, and adherence to its peace treaty with Israel. However, pending reductions in $2.3 billion of annual aid and decreased benefits from access to Soviet intelligence and technology, suggest that the security component of US-Egyptian relations will be less salient.[59] Moreover, Egypt's security needs do not necessitate the most advanced systems and can be limited to basic platform systems.

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[58]For a comprehensive discussion of Turkey's importance throughout the Cold War, see Dankwart A. Rustow, Turkey: America's Forgotten Ally, 1987.

[59]William B. Quandt offers an insightful examination of the future of US-Egyptian relations in The United States and Egypt, 1990.

The acquisition of weapons by Syria, particularly SSMs, continues to threaten the peace process.[60] Restricting sales to Syria is largely a function of multilateral efforts, but also hinges on an Israeli-Syrian settlement and the effectiveness of UN sanctions against Iraq. Other options for the US and its European allies are to condition Western aid on reduced military spending, possibly buttressed with similar actions by the GCC states.

Given their Islamic character and geographic location, the Arab nations of the Maghreb, the new republics in Central Asia, and Afghanistan each impinge on regional military issues. However, at present they are less critical to US interests because of relatively small militaries and moderate foreign policies; Libya may be considered an exception. Finally, Pakistan's nuclear capability and proximity to the Gulf recommend that it be involved, although that triggers the India question,

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[60]Syria is using money from the GCC states to purchase SCUD-C missiles from North Korea, 252 T-72 tanks from Czechoslovakia, and 11 II-76 transport planes from the Ukraine. It has also requested 48 MiG-29 fighters, 214 Su-24 attack planes, and 300 tanks from Russia. Waller, "Sneaking in the Scuds," pg. 44.

and thus, China. While these states should also be subject to international agreements and limitations, they marginally impact US interests in the Middle East.

In each of these cases, the US and its allies should continue to employ end-use limitations and offer training support when appropriate, thus allowing a limited degree of influence.

CONCLUSION

The greatest challenge facing US policy will be balancing its commitment to the security of its allies and oil interests with its interest in restricting and regulating arms transfers. Achieving this balance requires a realistic approach to arms control based on limiting the most destructive and destablizing systems while allowing for the continued transfer of certain weapons for economic purposes. US restraint, and the consistent application of that policy to all Middle Eastern regimes is essential for even limited success. How effectively sanctions continue to be enforced against Iraq will also send a signal about the

probability for the future success of arms control in the Middle East. Arms control objectives in general, and those specifically directed at the Middle East, can be pursued largely through multilateral agreements involving major suppliers.

CHAPTER 5

Conclusion: Looking Ahead

The window of opportunity for facilitating a more stable and secure Middle East can close quickly. The strategy developed in this paper makes policy recommendations to take advantage of this opportunity in pursuit of US interests through the 1990s. It suggests a critical reevaluation of past interests; an appreciation of the various political, economic, and military factors conditioning options; and a prioritization of efforts. It also emphasizes the importance of multilateral support and realistic near-term objectives. The purpose is not to address every issue or to perfectly anticipate future circumstances; the Middle East is an extremely fluid and complex region. Rather, emphasis is given to the three issues judged to be the most salient from the perspective of US national interests.

The Arab-Israeli conflict is the primary factor undermining regional stability. Not only does its perpetuation risk renewed conflict, but it threatens the United States' commitment to Israeli security and hinders the cultivation of more favorable relations with moderate Arab regimes. Achieving lasting peace may be a tenuous objective, but it warrants a serious effort. An equitable final status settlement will require persistent US efforts based on the principle of "land for peace." The US cannot accomplish this unilaterally. It must therefore continue to seek multilateral support for a comprehensive settlement extending beyond the "Palestinian question" to encompass Israeli-Syrian relations, the Lebanese situation, and broader multilateral, regional issues.

While seeking to facilitate a rapproachment in Israeli-Syrian relations, the US and its partners must also anticipate the potential for military conflict if diplomacy is deadlocked. A partial Israeli withdrawal from the Golan may be possible if Syria can be encouraged to make equally significant compromises in the positioning of its military

forces. Israeli-Syrian relations also figure in US policy toward Lebanon, which aims for a sovereign Lebanon, free from foreign political intervention and territorial occupation.

Moderating the Arab-Israeli conflict may lead to a less turbulent Middle East, but will not eliminate long-term concerns about United States' economic interest in the region, i.e., access to Persian Gulf oil at reasonable market rates, free from political manipulation. Although the Gulf War eliminated near-term threats to this interest, Middle Eastern oil politics retain their volatility.

Iraq has been the test case for the effectiveness of the United Nations as a vehicle for influencing the world order. Preventing the reemergence of an aggressive Iraq requires constraining Iraq's ability to develop its military and reducing the incentives for future military forays by a gradual and controlled readmission of Iraq to the international community.

An immediate restoration of normal US-Iranian relations is unlikely given a legacy of adversarial baggage. The US should risk cautious, specific

steps to renew economic relations, in expectation of an eventual diplomatic dialogue. US policies toward the GCC states may have to adjust to some pressures arising from domestic challenges to moderate monarchial rule. Overall, the US will have to balance limited involvement in the internal politics of the GCC states with efforts to provide for their security from external threats.

The avoidance of subsequent military intervention would be greatly aided by successful restraint on and regulation of arms transfers to the region. However, controlling the Middle East arms race can only begin if the US restricts its sales and seeks multilateral support for its agenda, particularly by the Big Five. Cooperation hinges on a realistic program that focuses on specific weapons and that acknowledges existing incentives for importing and exporting arms.

Regardless of whether the specific recommendations in this essay are pursued, the US cannot afford to withdraw from the Middle East in the hope that regional states or Western allies will act in ways that secure its interests. Active

participation is required, with an understanding that risks may not always be avoided if efforts are to appear credible.

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