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**After Desert Fox:
Our Policy for the Gulf and Iraq**

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We need to firmly understand that Desert Fox is only the prelude to years of further problems with Saddam Hussein, Iraq, Iran, proliferation, and instability in the Gulf – a region with two-thirds of the world's proven oil reserves and one-third of its natural gas. There is no easy military or political answer to dealing with Saddam and Iraq, and the lack of some quick and easy “end game” to Desert Fox is not the fault of our current policy. Our commitment to containment, and our military presence in the Gulf, is driven by both Iraq and Iran. It is a reflection of the grim reality that no policy is available that can rapidly force Saddam from power, lead to the rapid emergence of the kind of Iraq that the US would like to see, or create a Gulf that will be secure without a continuing US military presence.

It makes sense to pursue a policy of “replacement” as well as one of “containment,” but US support of the “replacement” of Saddam Hussein may require as much patience as a policy of containment alone. There is no outside opposition to Saddam that is strong enough to serve as the current focus of a successful replacement policy, and the US cannot dictate the future character of regime in Iraq. The US may eventually be able to bring Saddam down by strengthening his internal opposition, but even if it this is accomplished, the US must be prepared to live with an alternative Iraqi regime with many shortcomings and defects.

As a result, the political and strategic aftermath of Desert Fox is going to be far more important than exactly how much US and British strikes did or did not degrade Iraqi military capabilities. What we need is a firm commitment to provide the military resources necessary to sustain containment and our status as a superpower, as well as a clearly defined set of US policies that are firmly grounded in reality and which allow us to both carry on with containment, while offering the kind of incentives and disincentives that might change the Iraqi regime over time.

The Military Problems in Containment

Many aspects of the military part of our policy of “containment” are in place. We have strong conventional forces in the Gulf, steadily improving power projection capabilities, and a steadfast friend in Britain. We have a dominant edge in conventional war fighting technology, and

Saddam has no open access to arms imports. Our defense plans call for the US to maintain its military presence in the Gulf, and strong power projection capabilities, for years to come. We are already examining counterproliferation policies that can help us deal with the emerging threat of weapons of mass destruction. We have lowered the profile of our forces in the region, taken steps to reduce their vulnerability to terrorism, improved our engagement policies in dealing with the Southern Gulf states, made efforts to improve the collective defense efforts of the Gulf Cooperation Council states, and improved the balance and effectiveness of our military assistance and arms transfer programs – within the sharp limits imposed by the Southern Gulf states.

We retain several key elements of the Gulf War Coalition, although our Southern Gulf allies and Turkey face limits in what they can and will do to provide military support. The Arab Gulf states must deal with the backlash from the Arab-Israeli peace process, popular sympathy for the Iraqi people, internal problems with Islamists, and the political impact of massive cuts in revenues because of the decline in oil prices and oil export revenues. Overt support of US military options, highly visible basing, burden sharing, and high profile political support for US positions presents problems for key allies like Saudi Arabia. Turkey is acutely sensitive to the Kurdish issue and to any political and military action that would increase Kurdish nationalism in the region and Kurdish separatism in Iraq.

Nevertheless, we have important regional allies. Bahrain, Kuwait, and Oman provided active support during Desert Fox. Turkey and Saudi Arabia have consistently supported enforcement of the “No Fly Zones,” and Saudi Arabia has provided basing for the E-3A AWACS and refueling aircraft, and air defense support along the Saudi-Iraq border. Saddam is not popular in either Turkey or with most of the Arab “street” in the Gulf, and his actions have done little to persuade regional states that he is a figure they can live with on any basis other than deterrence. Turkey and our Gulf allies help box in Iraq from the south and north. Iran limits Iraq to the east, and Jordan limits Iraq to the West. Syria may be a temporary friend of convenience to Iraq, but it has no love for either Saddam or those around him.

The Problem of Resources

There are, however, growing weaknesses in one critical military aspect of our containment policy and that aspect is money. Like it or not, we are the “Guardian of the Gulf.” The Southern Gulf states have no near to mid-term prospects of dealing with either Iraq or Iran, and Kuwait remains critically vulnerable. The Southern Gulf states cannot deal with the growing problem of proliferation, nor can they secure the access to the Gulf. No European power other than Britain is willing to commit meaningful powers, and no Asian power other than Australia will commit forces. In spite of the “Damascus Accord,” neither Egypt nor Syria will provide more than a limited source of contingency forces.

We also face inevitable geopolitical realities that make defending the Gulf a vital US national security interest. Our own oil imports are certain to increase with time, and oil is a global commodity. It does not matter where we get our oil in a given day, month, or year. We must pay the global price and compete for the global supply of oil exports, and we are committed to sharing oil exports with our OECD allies in a major crisis or interruption. Equally important our economy is critically dependent on world trade. If our allies lack oil, we suffer as much as they do.

The current “oil glut” is only one moment in a long history of “booms” and “busts” in oil prices. The Department of Energy projects that if the Asian and global economy recover, Gulf oil exports will rise from 23.1 MMBD or 63% of all world oil exports in 1995, to 41.8 million barrels per day in 2020. This is an increase of over 80% in the size of Gulf exports, and they will remain 60% of all world exports in spite of major projected increases in oil production outside the Gulf area and changes in the world’s overall balance of energy supply.

The problem is that we have the right force plans for the Gulf, but we are not paying for them. The US may still be the “world’s only superpower,” but it is now spending less on defense as a percentage of the federal budget and total economy than at any time since the Great Depression and the height of American isolationism. Our military, and the civil servants in our national security system, are grossly underpaid by comparable standards in the private sector. We are cheating our military out of their retirement benefits, we are not funding proper levels of readiness, and we are grossly over-deploying our force outside the United States and away from their families. We are treating the all-volunteer force structure as if the men and women who put their lives on the line were low-grade foreign mercenaries.

The President has proposed some partial solutions to these problems, but they are inadequate and involve significant delays before they are fully implemented. Our military deserves a great deal more. The projected military pay raise will only be a few percentage points above inflation at a time when one of the Joint Chiefs has testified that military pay has already fallen some 9-13% behind civilian pay. The current retirement system is unfair and underfunded, and far too little attention has been paid to the true cost of retaining our best men and women in uniform. The US does not fully budget for the fact that new contingencies like Bosnia, and Iraq arise every year. The money has to be taken out of readiness and training, and quality is dropping to critical levels. The Joint Chiefs have testified that readiness and maintenance are only funded at about 60-70% of the needed levels, and housing and facilities are badly underfunded.

Worst of all, we are mortgaging their lives. Their survival depends on technical superiority and the best possible military equipment. We are not paying for it. The Joint Chiefs have calculated that we need to spend \$75 billion a year on military modernization at a time when we are averaging a little over \$40 billion. They did not present this figure formally to the Secretary of Defense because they knew it was politically unacceptable, but they have presented figures of \$60-65 billion. President Clinton’s budget proposals cannot solve this problem. They do budget for higher expenditures, but only in future years and once he has left office. In effect, he has presented his successor with the bill for what he should have been spending for the last six years.

The Congress has done little better. For all its political posturing about defense spending and readiness, it often raises defense spending only to waste it on pork. It holds manpower and readiness hearings to gain political advantage and then fails to act. If President Clinton sometimes seems a weak commander-in-chief, Congressional leaders often seem equally weak. In fact, Republicans and Democrats alike seem to have made pork and the appropriations process the center of Congressional activity at the cost of underfunding our real national security interests.

One key to a successful US containment policy is to provide the money that is really needed to support an honest FY2000 defense budget and a properly funded future year defense plan. It is to fully fund the level of forward military presence and power projection we really need. It is to fund counterproliferation programs to deal with the new threat in the Gulf and the rest of the world. It is to provide decent pay, proper retention incentives, and an honest retirement program. It is also to fund enough active forces so that we do not drive our best men and women out of uniform with constant over-deployment and stress.

If we do not take these steps, leaders like Saddam Hussein and Kim Jong Il may ultimately prove to be less of a threat to the US than our President and the Congress. It takes courage and integrity to properly fund our status as a superpower. It takes leadership to be honest about the scale of our commitments, the forces we need, how long we must maintain them, and how often we must use them. It takes courage and integrity to stop funding pork and to concentrate on funding the programs we really need. Both seem lacking in our two main branches of government, and this lack of courage and integrity may be the one aspect of bipartisanship still left in Washington.

Our Policy Towards Iraq

Funding deterrence, containment, and counterproliferation, however, only affect the military part of the story. The political and strategic aspects of our policy of “containment and replacement” are even more important, and many aspects of our policy are still only partially defined. The Administration relies too heavily on an awkward mix of leftover UN sanctions, offers to increase “oil for food”, and meetings with the currently weak and divided Iraqi opposition. Members of Congress dream of bringing Saddam down with these inept opposition movements,

fantasies about covert action, and funding radio broadcasts by Radio Free Iraq that label any Iraqi who appears on them as a potential tool of the US.

What we need is a policy towards Iraq that is realistic about the time and effort that progress will require, that takes account of the sensitivities of our Arab allies, and will promote a coup in Iraq without adventures that are likely to fail. At the same time, we need a policy that links our treatment of Iraq to an overall policy towards dealing with the Gulf and the Middle East, as well as a policy that is public and unambiguous in a form that both our friends and enemies can clearly understand.

Nation Building at Saddam's Expense

What would the political and strategic aspects of such a post-Desert Fox policy towards Iraq look like? First, we need a policy that can win the support of both Iraqis inside Iraq that oppose Saddam, and the rest of the Gulf and Arab world. We need clearly defined, public policy objectives that can gain foreign and Arab support and strengthen Saddam's opposition

We need to make it clear to the world, the Gulf, and the Iraqi people that we respect Iraq as a nation and a people. We should continue to attack Iraq's regime and Saddam, but we should firmly and repeatedly state that we could treat Iraq as an ally under a different regime. We should make it clear that we recognize Iraq's importance in the region and legitimate forms of Iraqi nationalism. The US should declare that it understands that Iraq is one of the leading states of the Middle East and the Arab world, and that it feels a new regime in Iraq would allow it to become one of the leading forces for peace and stability in the region.

The Administration has already proposed lifting all ceilings on Iraqi oil exports and reducing the UN bureaucracy to allow the relatively free import of food and medicine. These are important gestures, but Iraq already cannot export enough oil to earn its currently approved ceiling of \$5.26 billion, and gestures are not enough.

We should be prepared to keep UN sanctions on Iraqi imports and exports as long as Saddam is in power, or as long as the UN can be persuaded to act, even if this means vetoing a lifting of sanctions. We also, however, should go further and make it clear that our humanitarian

concerns extend to nation building. This could include the following measures without lifting sanctions:

- Allowing approved aid missions as long as imports are inspected.
- Allowing Iraq to contract for oil and gas development and economic development projects as long as the imports and exports are controlled.
- Working out some formula to defer reparations while Iraq's oil export earnings are so low in order to transfer some of the 30% now withheld from oil export earnings back to Iraq.

The US has stated in the past that it believes in maintaining the territorial integrity of Iraq. The US should consistently reiterate this statement in its declaratory policy. It should make it clear that it is concerned with the human rights of the Kurds and Shi'ites and protection of minorities. It should make it equally clear that it will not support any division of Iraq as a state.

Making It Clear We Will See a New Regime as Legitimate

The US must make it unambiguously clear that it does not set impossible standards for a new regime. It must act on the principle that any new leader is better than Saddam, although it should state that certain members of Saddam's coterie like Tariq Aziz and Ramadan are unacceptable. It should state that it understands it cannot dictate who will replace Saddam.

The US should state that it believes an "amnesty" should be granted to all Iraqis other than Saddam and members of his extended family, who directly participated in crimes against the Kurds, Shi'ites, and Kuwaitis or caused the invasion of Iraq and Iran. There are too many potential rivals near Saddam to rule them out. It should avoid condemning all the members of bodies like the Ba'ath Party, Revolutionary Command Council, or other centers of Iraq's current power elite.

The US should offer the restoration of full sovereignty as an incentive for creating a new regime. It should state that it is prepared to bring an end to the Northern no-fly zone as soon as a new regime emerges in Iraq that makes it clear that it is willing to respect the human rights of the

Kurds and their right to preserve their own culture. It should state that it is willing to limit the Southern No Fly Zone once a new regime emerges and to end it once a new regime demonstrates its recognition of the border with Kuwait and willingness to live in peace with all of its neighbors.

The Right Way to Deal with the Opposition

The Iraqi opposition is now badly divided into weak groups which are divided on ethnic and religious lines. The opposition groups outside Iraq have several ambitious leaders with military pretensions and claims to be able to unify Iraq's diverse factions. The reality is, however, that there is little real leadership or unity, and little chance of achieving it. As for military adventures, the Kurds claim some 25,000 men, but are still divided into the Kurdish Democratic Party and the Patriotic Union of Kurdistan. They have only a few small battalions with light armor. By and large, the Kurds do not do particularly well even when they fight fellow Kurds.

As for other "military" forces, once one cuts through the rhetoric of the Iraqi National Congress and Iraqi National Accord, the only opposition with real military forces is the Supreme Assembly of the Islamic Revolution or SAIRI. This is a religious Shi'ite faction of the Iraqi opposition which has been trained and equipped by Iran since the Iran-Iraq War, and claims to have a brigade with 4,000 men. This force, however, is only a shadow of the force Iran had built-up before 1998. Iraqi forces smashed the SAIRI force in a matter of hours when it attempted defensive combat during the last battles of the Iran-Iraq War. SAIRI has also made it clear that it remains tied to Iran and to its religious heritage and is not prepared to work with the US.

We also face the reality that most of Iraq's current power elite is drawn from a relatively small group of extended Sunni families from rural areas around Takrit, and that Iraq's military and security forces are carefully structured to maintain Sunni control, and are anything but representative of the deep ethnic and religious divisions in Iraq. The total population is 75%-80% Arab; 15%-20% Kurdish, Turkoman, and Assyrian, and 5% other. It is 97% Muslim, but the ruling Sunni elite is only 32% to 37% of the population, while some 60% to 65% is Shi'ite, and the remaining 3% is Christian or other. Most of the population speaks Arabic, but portions speak Kurdish (official in Kurdish regions), Assyrian, and Armenian. Any efforts to replace Saddam

comes up against the reality that these ethnic and religious divisions tend to paralyze the outside opposition, while internal power is concentrated in a minority elite.

Changing this situation requires patience, not adventures, and careful sensitivity to Iraqi nationalism, religious issues, and Arab sensitivities. The US should make it clear that its seeking Saddam's fall by supporting the slow build-up and unification of the Iraqi opposition, rather than by backing one faction at the expense of others or by covert military adventures by the US. The US should actively deal with the opposition and provide overt funding where this is not counter-productive. There is a clear need for overt and covert intelligence collection, a dialogue with opposition movements outside Iraq, and contacts with Iraqis inside Iraq.

What the US should avoid are paramilitary adventures and the kind of covert operations which could end up making the US appear to be the dominant force behind the Iraqi opposition and brand the elements it supports as potential traitors. If a strong opposition evolves, and a major target of opportunity arises, fine! If not, supporting forlorn hopes simply discredits US intelligence and discourages the rise of more effective opposition. It also risks playing with the lives of those we support and the equivalent of another Bay of Pigs.

Dealing Honestly With the Kurds

We need to come firmly to grips with the Kurdish issue in ways that help protect the Kurds, but which do not make them the kind of threat to Iraqi unity that will prevent other opposition to Saddam from acting. The US should declare that it believes that any new regime in Iraq must respect the rights of the Kurds to a separate cultural identity as part of the Iraqi nation, and must respect the rights of all religious sects and minorities to equitable treatment.

The US should also make it clear, however, that it does not support Kurdish independence or political autonomy beyond the level that Iraqi governments have agreed to in the past. It should not provide support for Kurdish groups of a kind that implies any US commitment to Kurdish independence. It should state that it has no national security interest in Kurdish independence for either Iraq's Kurds or those of Turkey, and should also state that creating a non-viable mini-state will neither aid the Kurds nor bring regional stability.

We have abandoned the Kurds in the past, at great cost to Kurdish civilians. Even if they are willing, we cannot take the risk of using them as pawns. The only thing worse than another Bay of Pigs is the prospect of a “Bay of Kurdistan,” and Saddam Hussein is scarcely likely to be the only Iraqi Arab leader with a long memory and a thirst for revenge.

Living Without UNSCOM and an IAEA Inspection Regime

The odds are that we can neither force UNSCOM back into Iraq, nor find any effective substitute. It is also fairly clear that the IAEA can at best monitor large known facilities, and cannot run meaningful challenge inspections. The most we can now hope for is some kind of new arms control regime that broadens the IAEA monitoring function to replace UNSCOM in covering missile, and large, known, dual-use chemical and biological facilities. It is important to note, however, that no UN arms control regime is far better than a hollow one that Iraq could use to help end sanctions.

Whatever happens to UNSCOM, we face an evolving threat that is a clear reason to strengthen the funding of US counterproliferation programs, including theater missile defense, as has been suggested earlier. At the same time, the US must make it clear that it will work with Britain and other allies to replace UNSCOM and the IAEA in providing a constant stream of warnings about Iraq’s efforts to proliferate. It must provide regular white papers and unclassified intelligence that makes it clear that Saddam has not given up on proliferation and that explains what the threat really is. We also should make it clear that US support for any new regime will be heavily dependent on the degree to which it does or does not proliferate.

Providing Economic Carrots as well as Sticks

Political incentives, however, are not enough to bring change in Iraq. We need a comprehensive mix of incentives and disincentives that will inspire Iraqis inside Iraq to act and reassure the rest of the world that we honestly care about the Iraqi people. The disincentives are easy. We already have enough “sticks” in place to motivate any opposition within Iraq. What we need are “carrots.” We aren’t going to change the regime with broadcasts by “Radio Free Iraq,” by throwing money at the weak and divided opposition outside Iraq, by funding absurd invasion plans, or through half-baked covert action programs.

We need to create serious economic incentives that can cause a coup from within. Furthermore, we need to move beyond the punitive aspects of the cease-fire and offer a just peace. Iraq’s present combination of debt and reparations totals in excess of \$150 billion and could cripple Iraq’s economic recovery and development for years. Any attempt to enforce such an uncollectable debt could recreate many of the conditions that destroyed Weimar Germany and create a new “peace to end all peace.”

The US may well be able to offer economic incentives that are relatively cost free to the US. One key incentive would be to encourage allied forgiveness of debt and reparations - a burden that falls largely on Kuwait and Saudi Arabia, but which also affects France and Russia. This kind of forgiveness will pay off in regional security and the stability of the world oil market and global economy. In any case, it may be largely a paper transaction Iraq is never going to fully repay all of its debts and reparations.

A second incentive would be to step up humanitarian assistance and restart the Iraqi economy by continuing to liberalize and expand the UN oil for food program. The US should not abandon sanctions that limit Iraq arms imports and imports of dual-use technology and should be prepared to exercise its veto in the Security Council if necessary. It should, however, declare that it is willing to expand the terms of the UN program to allow Iraq to continue to export oil up to the maximum possible level of production indefinitely into the future.

More important, the US should make it clear that is willing to allow Iraq to trade in a full range of civil imports, and to permit foreign investment in Iraqi oil production facilities and industrial development *if* this is done under the controls provided under the current UN resolutions. It should explicitly declare that it is prepared to work with any new regime in Iraq to rapidly remove all of the remaining controls and sanctions once the new regime demonstrates its peaceful intentions.

Clearly Defining Our Principles for Dealing with Iraq

None of these policies mean that we should abandon our strategic objectives, our friends, or our principles. The US should state unambiguously and repeatedly that it is only prepared to work closely with a regime that will (a) respect the sovereignty of Kuwait, (b) live in peace with all its neighbors and avoid all acts of terrorism, (c) carry out the terms of the cease-fire in regard to UNSCOM and weapons of mass destruction, and (d) respect the basic human rights of Iraq's citizens.

The US should continue to reiterate its desire for Iraq to move towards a more representative government that respects the rule of law and the human rights of all citizens. It should express its hope that a new regime will investigate past abuses to determine how to ensure that they will not be repeated. The US might cite the South African approach to such investigations and amnesties as an example that Iraq should consider. At the same time, the US must accept the fact that there is no practical way to hold war crimes trials, or to deal with the complex heritage of human rights violations stemming from the Gulf War, Iran-Iraq War, persecution of the Kurds, and persecution of the Shi'ites.

The Broader Aspects of Post Desert Fox Security

Dealing with Iraq is only part of the political and strategic problem. We also need a broader regional security policy to deal with Iran and our Gulf allies. The US should clearly define its post-Desert Fox position on Gulf security in ways that protect US interests but make it clear that a new regime in Iraq will be secure as long as it is peaceful.

Winning the Battle of Perceptions

We need to begin with a concerted effort to win the battle of perceptions in Iraq, the Gulf, and the Arab World. This requires far more than occasional statements by senior policymakers. It requires a massive, continuing, and well-organized propaganda effort. The US should counter every Iraqi political and propaganda move. It should educate its allies as to the full nature of the Iraqi conventional and WMD threat. It should counter Iraq's exploitation of the hardship issue, and its misuse of UN institutions to get support for its propaganda.

More broadly, the US should act aggressively to counter the most dangerous conspiracy theories in the region. The US should use words that clearly refute the concept that the US is using divide and conquer tactics and encourages tension between the two states. It should state that it recognizes both Iran's and Iraq's "legitimate" security concerns. It should state that both Iran and Iraq have a right to ensure their own self-defense and security, as long as they do not build up massive offensive capabilities or continue to proliferate. The US should call for both states to be integrated into a regional security structure once they have demonstrated their peaceful intentions.

Recognizing the Linkage to the Arab-Israeli Peace Process

The US needs to openly recognize the linkage between the Arab-Israeli peace process and Arab and Iranian support for the US position in the Gulf. We should never do anything to sacrifice Israel's security, but we should firmly push ahead with the peace process without regard to the hard-liners and extremists in Israel, or those in the Arab world.

We should not ignore the threat that Iraq and Iran can pose to Israel. We cannot insist on Iraqi or Iranian support of the peace process or recognition of Israel at this time. The peace process is simply too weak and uncertain. We can, however, constantly reiterate that good relations with the US mean an end to support of terrorism and overt military threats to Israel. The net impact on the peace process and Israel's security would be the same, but seeking explicit Iraqi and Iranian declarations on Israel could be a dangerous "show stopper" that could delay political changes in both countries in ways that would actually be detrimental to Israel's security.

Dealing with an Uncertain Iran

We cannot pursue a balance of power strategy with Iran to deal with Iraq. Iran remains a serious proliferator, it continues to build up both the capability to threaten traffic through the Gulf and major forces for unconventional warfare, it continues to oppose the Arab-Israeli peace process, and it continues to work with Syria in supporting the Hezbollah and to support other extremist movements.

At the same time, we need to fully recognize that Iran now has a strong moderate faction, and that its President and many other senior Iranian officials want to concentrate on Iran's economic development and to avoid conflicts with their neighbors and the West. The outcome of the power struggle between "moderate" and "traditionalist" is both complex and uncertain, but there is much to be gained from reshaping containment to focus solely on military issues and proliferation, and from encouraging the kind of trade and economic relations that will strengthen Iran's moderates and the more pragmatic forces within Iran. If our strategy towards Iraq is "containment plus replacement," our strategy towards Iran should be "containment plus moderation."

This does not mean an immediate end to every aspect of our current economic sanctions. One has to be careful about any arrangement that leads to massive uncontrolled transfers of wealth to Iran, or which strengthen groups inside Iran like the Bunyods. The fact is, however, that most oil, gas, and pipeline deals involve careful progress payments and tightly controlled uses of money, and will only produce slow increases in Iran's revenues at a time when it will need funds to finance its economic recovery.

There is good reason for the Administration to pursue economic options in dealing with Iran whenever this seems likely to strengthen Iran's moderates and to permit trade and investment in any area where this does not clearly benefit Iran's military problems. This requires suitable changes in the present Executive Order affecting Iran and either repeal or significant modification of the Iran-Libya Sanctions Act.

From Burden-Sharing to Private Investment

US policy needs to recognize the new economic realities in the Gulf. The average per capita income of the Southern Gulf is not between 20% and 25% of what it was during the peak of the oil boom in the early 1980s. Most states face a structural budget crisis that has been building up for nearly a decade, and they must now deal with a 35-40% cut in oil export revenues since 1987. This is having a serious impact on the ability of friendly Gulf states to fund their civil investment and entitlements programs and maintain political stability. It is also having a domino effect on key friendly states like Egypt and Jordan.

Our tensions with Iraq and Iran should not blind us to the fact that major changes are required in our policy in dealing with the Southern Gulf states. We need to be sensitive to the political interactions between the current “oil crash,” domestic politics, and the strength of radical movements. This does not require major changes in most aspects of our policies, but we need to be far more careful about asking for burden-sharing except in a demanding crisis. We need very active engagement efforts in each Southern Gulf country to explain our presence, the threats, and why a partnership benefits the host nation.

More broadly, we also need to rethink one critical aspect of our energy policy. Most Southern Gulf states (and Iran) are now finding that they cannot maintain and expand their energy exports without substantial foreign investment. Nations like Saudi Arabia are considering massive changes in their own development policies and have already asked American firms and multinationals to consider playing a major role in expanding Saudi oil exports. The US government needs to consider how it can encourage such investment by US firms, remove any US barriers to such investment, persuade the Southern Gulf states to create realistic investment opportunities, and ensure that US firms face a level playing field in dealing with outside competition.

Facing the Problem of Arms Sales and Military Assistance

The same economic pressures that affect the civil development of Southern Gulf states are also creating a steadily rising sensitivity to Western arms sales and to US military advisory efforts. The US is often the target of complaints and attacks that blame the US for “forcing” arms on the Gulf and which see the US as dominating arms sales to the region. In practice, the United States

signed \$ 5.3 billion worth of new arms agreements with the Southern Gulf states during 1994-1997, versus \$15.7 billion for Europe, and a total of \$24.6 billion for the entire world. The US is also the only country with a foreign military sales program that limits financial abuses and ensures that buyer states receive suitable weapons support.

The US still, however, needs to be for more sensitive to regional perceptions. Its engagement strategy focuses too narrowly on the military and ruling elites. The US also needs to conduct a comprehensive review of its arms sales programs to the Gulf to ensure that they meet vital needs, do not conflict with higher civil priorities, and cannot be the subject of criticism regarding their honesty and a lack of corruption. The issue is not so much the validity and integrity of *our* sales, but the problems in many other sales and the need to make it clear to the populations of each Gulf partner that our sales meet valid local needs.

Facing the Limits to Our Ability to Halt Proliferation

The US cannot hope to bring an end to all proliferation-related activity in Iraq or Iran as long as either state continues to proliferate and sees Israel as a potential threat. However, the US should make it clear that it will never tolerate the use of weapons of mass destruction, and will respond with force. It should declare that it will seek to prevent all transfers of advanced conventional arms and dual-use technology to both Iran and Iraq and other proliferators in the region until they have proven their peaceful intentions and are fully integrated into a regional security structure. (Which might be a long, long time.)

The US should make a broad declaratory statement indicating that it is seeking an end to proliferation throughout the region, that it believes in the continuing enforcement of all relevant arms control treaties, and that the tightest possible controls must be maintained on dual-use exports to all countries in the region. In short, the US must limit its demands relating specifically to Iraq to the terms of the UN cease-fire and seek broad region-wide solutions to the problem.

At the same time, the US should carry out a comprehensive reexamination of its arms control policies in view of the UNSCOM and IAEA experience in Iraq. If this effort encountered so many problems and limitations, what can we realistically expect from even improved versions

of the MTCR, CWC, BWC, and NNPT? What new technology transfer controls do we need to try to develop with our allies? What are the key risks in the transfer of fissile material and biotechnology? How does this affect the risk of terrorism and asymmetric warfare? The problem no longer is stopping proliferation, it is living with it.

The Need for a Clear Regional Doctrine

Finally, we need to go beyond ad hoc statements and reactions to individual events and crises and announce a clearly defined national policy towards the Gulf that both our allies and enemies can clearly understand. This is a region where you need to set clear rules and enforce them both to reassure your allies and to place clearly defined limits on the actions of your enemies.

The US should announce a “Clinton Doctrine” that defines both “containment plus replacement’ and the overall US strategy in the Gulf. It should make it unambiguously clear that the US will remain in the Gulf, and will be prepared to support any Gulf state in resisting aggression, until a security structure can be established that includes all of the Gulf states and until it is clear that no Gulf state harbors any ambitions towards dominating its neighbors or acquiring its territory.

The US should state its long-term commitment to ensuring the security of the world’s principal source of oil exports. It should make it clear that oil is a global commodity and that its commitment is dependent on ensuring that oil is sold at free market prices, that oil exporters are free to invest in increased production, and that the flow of exports is stable. The US should state that oil is critical to the growing interdependence of US trade with Asia. At the same time, the US should state that it will seek a steady expansion of the role of its European, regional, and Asian allies in helping to ensure the security and stability of the Gulf.

The US should state that it will work with its allies to maintain the proper level of prepositioning and rapid deployment capability, and training for joint operations. At the same time, it should state its interest in reducing its active military presence in the Gulf to the minimum level necessary to ensure these strategic aims once states like Iran and Iraq demonstrate their

peaceful character. It should also state that its long-term goal is to return to the “over-the-horizon” posture it had before the Iran-Iraq War once all friendly Gulf states are satisfied that a regional security structure has replaced the need for a US presence. At the same time, the US should declare that it will stay in the Gulf regardless of any acts of terrorism, and that it will meet proliferation with strong counter-proliferation capabilities.

In carrying out all of these steps, the US should conduct a coherent and patient campaign that consistently and repetitively follows up on its policy declarations. It should make a major political and media effort to attack Saddam as the cause of Iraq’s problems, and to make it clear that the US will support a strong but peaceful Iraq. The US should use all available media, and work with its allies to obtain outside support and reinforcement. Declaring a policy once is pointless. A clear and formal doctrine requires a continuing dedicated effort.

The US should follow-up the formal declaration of such a new doctrine with an active engagement effort and in-depth reports or “white papers” that respond to key Arab and allied concerns. It should clearly describe the threats that the US is in the Gulf to counter. This reporting should outline US efforts to strengthen regional security capabilities by country, and it should make clear the fact that the US does not force arms on its allies or even dominate the arms trade in dealing with most states. It should make it clear that even the peak levels of US forces in the Gulf are small relative to both the size of friendly military forces and the 700,000 men in Iranian and Iraqi forces, and that the permanent US presence in the Gulf is closely linked to cooperative security relations with its allies. Finally, the US should refute the charge that it is acting as a mercenary for the Southern Gulf states by showing that it places only a limited burden on its allies and that that it is making major efforts to improve their military capability. Above all, we need to recognize that Desert Fox is only a not particularly successful round in a complex battle of politics, force, and perceptions that we must do much more to win.