

MERIA

The Persian Gulf After the Cold War: Old Pattern; New Era

By Barry Rubin*

By virtue of its oil resources and consequent income, the Persian Gulf region is one of the world's key strategic areas. It has also been the scene of some of the most intensive geopolitical competition and violence. How has the Gulf area's situation changed in the post-Cold War period?

BACKGROUND AND CONTEMPORARY ISSUES

To begin with, several interlocking points should be established about the relationship between the Cold War and the Gulf area.

First, despite the Persian Gulf area's importance, it was never much of a theater in the U.S.-USSR Cold War. This was partly due to the fact that the Gulf was far more of an American than of a Soviet sphere of influence. While Moscow had a close relationship with Iraq, it never really penetrated the region. There was virtually no direct Russian presence. In comparison, the United States had an alliance with Iran and Saudi Arabia, while U.S. or British influence was preeminent in all the smaller Arab states of the region.

Although they instituted a short-lived oil embargo in 1973, the Gulf Arab monarchies (Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman) never let themselves be influenced very much by U.S. support for Israel or other regional policies. The key factor for them was that they wanted some level of American protection against local threats from radicals, internal upheavals, or perhaps any Soviet actions. At the same time, though, they did not want to provoke their own highly traditional people or militant

neighbors by showing too high a profile in their relationship with America.

This balance of seeking a protector and appeasing potential threats basically worked for many years. There was no need for a Soviet role since its clients (Iraq, Syria, Egypt under the rule of Gamal Abdel Nasser, and South Yemen) were the very forces threatening the local regimes. The monarchies cooperated to some extent by forming the Gulf Cooperation Council (GCC) but they could never defend themselves from external attack or intimidation without outside help.

Second, local, sub-regional issues predominated in setting the agenda for the Gulf states. The underlying power dynamic was a triangle with two strong and one weak side. The two strong sides were Iran and Iraq, each with large populations and relatively strong armies. Both countries have desired to dominate the Gulf in their own way, through different regimes and ideologies. This geostrategic framework seems a given, a factor likely to shape the Gulf's future as well as its past.

As suggested above, the Gulf Arab monarchies dealt with this competition in various ways. One technique was to use the United States as a protector against the more threatening regional power. Another was to appease Baghdad or Tehran. Finally, the monarchies could play off one of these stronger states against the other.

Third, the Cold War ended in the Gulf area earlier than in other parts of the world. Neither the Iranian revolution nor the Iran-Iraq war, much less the Iraqi invasion of Kuwait and subsequent U.S.-led attack on Iraq were part of the Cold War. On the contrary, it was the absence of Cold War superpower competition and standoff which made these events possible

While the modern history of this region is far too complex to analyze here in any detail, it is necessary to examine briefly the main events and the periods into which they fall in order to understand the contemporary Gulf.:

Iran as protector (1958-1978): Following the radical coup in Baghdad, Iraq became the principal local threat to the Gulf monarchies, most directly by threatening Kuwait's independence in 1961. In response, Gulf Arab monarchies built their relationship with the United States as a protector. At the same time, these states appeased Iraq (and other radical Arab states) by expressing their support for Pan-Arab nationalist causes and by subsidizing the militants.

This did not prevent them from also developing good relations with the Shah of Iran, who sought to become the primary power in the Gulf but did not menace the monarchies' own sovereignty. Iraq wanted to overthrow the kings while Iran only wanted to lead them. For Iran's part, it sought American help and protection regarding the threat on its northern border—the Soviet Union—and increasingly to counter the threat on its southern border from radical Arab states.

In 1971, with many of its resources tied up in the Vietnam war, the U.S. government initiated a special relationship with Iran, intensifying their previous alliance. President Richard Nixon and national security advisor Henry Kissinger promised the Shah three types of help: all the arms he wanted to buy (except nuclear

weapons), U.S. advisors to teach his military how to use them, and mutual assistance for the Kurdish rebellion against Iraq. With the rapid increase in oil prices after 1973, Iran became able to buy far more military equipment than anyone previously expected. The Shah was set to become the Gulf's policeman.

The Iranian revolution (1978-1979): Yet it was not the Gulf monarchies in the end that proved unstable but Iran itself. Now Iran was transformed from U.S. ally and the Gulf monarchies' protector into the world's chief anti-American state as well as the principal threat to its neighbors. It became quickly apparent that there was no way of appeasing the new regime in Tehran.

Despite some American fears, Islamic Iran remained nonaligned and did not move closer to the USSR. Moscow was unable to exploit the Iranian revolution to spread its influence and, preoccupied with other matters, did not try very hard to do so directly in the Gulf area. The Soviet invasion of Afghanistan to preserve a shaky Communist regime there was related to the new power balance in the region, but this was an ultimately disastrous step whose costs and humiliations helped to bring down the Soviet regime itself.

The Iran-Iraq war (1980-1988): Again, ironically, it was not Iran but Iraq that initiated a war. Iraq's motives were both from fear of Iranian subversion and from the sense of an opportunity to defeat Iran and easily dominate the Gulf. Baghdad had, of course, underestimated Iran's stability. Instead, the war went on for eight years and resulted in a million casualties. Although Iraq won in the end, the cost was terribly high.

For the Arab Gulf monarchies, Iraq was essentially fighting as their defender against the radical Islamic threat emanating from Iran. They subsidized its war effort with billions of dollars of aid, albeit often concealed as loans, and lobbied for other

countries—especially the United States-- to back Iraq. The United States helped Iraq with intelligence information and other measures. After Iraq began attacking Iranian shipping with French-supplied missiles, Iran started hitting tankers carrying oil from the Gulf Arab monarchies. The Kuwaitis and Saudis asked the United States to organize convoys and it did so during 1987 and 1988. At times, there were small-scale clashes between U.S. and Iranian forces. Losses on the battlefield, exhaustion, the increasingly apparent fact that the war was unwinnable, and fear of American intervention led Iran to sue for peace in 1988.

The USSR had played virtually no role in these events. It refused to supply arms to its old ally Baghdad, angering Iraq, though some weapons did come from Soviet bloc sources. The Saudis and Kuwaitis hinted that they might ask for Soviet help in convoying tankers if the United States did not do so, but this was a fairly obvious gambit rather than a real initiative. The United States itself, of course, was not becoming involved to counter Soviet influence but to stop the extension of Iran's power as well as to preserve regional stability and protect oil supplies.

The Iraqi invasion of Kuwait (1990): While Iraq had won the war against Iran, the costs had been terrible and no advantages had resulted. Iraqi President Saddam Hussein faced a worsening economic situation. At the same time, his ambitions to lead the Arab world and to control the Gulf had only grown. He saw taking over Kuwait as a step toward seizing the riches of the Gulf Arab monarchies and placing himself firmly at the head of the Arabs simultaneously.

Saddam Hussein also concluded, in part due to poorly formulated American signals, that the United States would do nothing to stop him from annexing Kuwait. He also apparently believed that the Saudis and other Gulf Arab monarchies would be

too afraid to retaliate. The Soviet Union was simply not a factor at all in his calculations.

The Second Gulf war (1991): But the Iraqis had miscalculated badly. The Gulf Arab monarchies invited in Western help and a U.S.-led coalition drove Iraq out of Kuwait. In a real sense, the monarchies took an unprecedented step by inviting foreign troops onto their soil. Yet they were also acting within the same historic framework which had prevailed during the previous two decades in order to balance the region's strategic triangle.

What had changed was the relationship between those factors. Since neither Iran nor Iraq could be trusted to balance out its rival—since they both menaced the monarchies—the dependence on outside protectors had been raised higher than ever. In this new situation, the United States became the Gulf's single protector. In their own way, the Gulf monarchies developed a policy of dual containment in the 1990s.

But they also put their own interpretation on this situation. Convinced that the United States was unwilling or unable to remove Saddam Hussein, the Gulf monarchies had to look after their own future with that powerful, potentially threatening neighbor. They supported continuation of UN sanctions against Baghdad and were not averse to periodic American bombing attacks when Iraq refused to cooperate. At the same time, however, they did not want to endorse such attacks too openly.

They were neither ready nor needed to appease Iraq. Still, they knew the day might come when a return to the appeasement policy was needed. Consequently, the Gulf Arab monarchies did not want to antagonize Saddam Hussein more than necessary. Indeed, Iraqi intransigence kept them from being more flexible than they preferred. For example, the Iraqi president's January 1999 speech

calling for the overthrow of other Arab regimes was one of a continuing series of signs that Iraq was still dangerous.

One option was to become engaged in the Arab-Israeli peace process. All the Gulf Arab monarchies agreed to attend the 1991 Madrid conference, involving them for the first time in face-to-face negotiations with Israel. While Saudi Arabia and Kuwait were less enthusiastic, the other monarchies also took some steps toward normalization with Israel. To some extent, they viewed Israel as an additional balancing factor to deter the radical regimes from threatening them. Equally, the Gulf monarchies supported the PLO in creating a Palestinian Authority to rule in the West Bank and Gaza, as well as to seek an independent Palestinian state through negotiations with Israel. But angry at PLO support for Saddam Hussein in the 1990-1991 crisis, the Gulf Arab monarchies gave it little financial aid. Iran and Iraq both opposed the peace process.

Another option taken by the Gulf Arab monarchies, increasingly in the late 1990s, was an opening to Iran. Tehran, engaged in at least some degree of moderation, was now seen as a lesser threat than Iraq. This new perspective brought the Gulf monarchies the full circle, back to their original strategy of using Iran to balance Iraq. This policy accelerated in 1999, with Iranian President Muhammad Khatemi's successful visit, and Saudi statements supporting Iran's rearmament program.

The monarchies also continued their large-scale arms purchases from the United States and other Western countries. These preceded at a slower pace than in the past, however, partly due to the weaker economic situation of the Gulf oil-producing states.

This economic factor was another important strategic consideration. While oil prices had fluctuated in the 1970s and 1980s, Iran, Iraq, Saudi Arabia, Kuwait and the UAE had made billions of dollars from

petroleum exports. During the 1990s, though, oil prices remained low, and income levels were far less. Given their higher social spending and more developed infrastructure, the Gulf oil producers ran into debt. Saudi Arabia, for example, borrowed money from foreign banks.

Although this situation did not bring about a crisis, the necessary belt-tightening could bring about internal unrest. Moreover, higher levels of urbanization and education among their citizens would eventually bring more demands for democratization and participation. This arguably happened first and foremost in Iran. There were also groups in the Arab monarchies that thought modernization was proceeding too quickly and involved too much Westernization. All these remained potential problems, however, as the Gulf Arab monarchies continued to be quite stable.

TRENDS FOR THE FUTURE OF THE GULF REGION

Iraq and Iran are the Middle East's main anti-status quo powers. The fact that both countries are dramatically changing their own situations has major consequences for war, peace, and stability in the region.

One key factor in addition is the question of international sanctions against Iraq and U.S. sanctions against Iran. There is an important and often misunderstood point about sanctions. While the ultimate goal of sanctions may be to remove the regime or force it to alter policies, an equally important objective is to deny a government the resources to increase its power and implement its own aims (or at least to reduce the scope of its immediate ambitions). In this latter regard, the sanctions have achieved success.

In Iraq's case, the key issue will be the removal of sanctions, while for Iran the

central question is the internal political struggle.

Iraq

If and when sanctions are completely (or almost totally) lifted, Baghdad will gain great advantages and face a choice between aggressive and accommodationist strategies.

Several specific developments are fairly predictable:

A. Iraq will declare victory over the United States, insisting that Baghdad's own steadfastness and power has brought an end to pressures. The government will thank the Arab and Islamic world, as well as such friends as China, France and Russia. In short, the way in which Iraq escapes isolation will be interpreted as a mandate for continuing old policies rather than as a chance to prove that Iraq has learned a lesson.

B. Foreign companies will rush to invest in Iraq. Many businesses will approach Baghdad, especially with propositions to rebuild and modernize oilfields. This would, in theory, give President Saddam Hussein a strong incentive to follow a moderate policy so as not to antagonize the West or scare off these new partners. Saddam will proceed cautiously, at least by his own standards which are far more adventuresome than those of other leaders.

C. Publicly, Iraq will put the priority on reconstruction and on rebuilding the economy, at least for a while. This would be required to consolidate Iraq's gains in escaping isolation and to provide some benefits for its long-suffering citizens. No government could neglect to correct the fall in living standards and decline of services faced by Iraq since 1991. Saddam Hussein's decision to invade Kuwait in 1990 was itself conditioned on Iraq's poor economic

situation and the population's bitterness following a costly eight-year war with Iran.

D. But the pace of reconstruction could be far slower and the economic boom far smaller than expected, with disappointment arising from several factors:

--Low oil prices (made even lower by a surge of Iraqi oil on the market);

--Continuing corporate fears about risking investment or business with Iraq;

--Counterproductive policies by Iraq's own government.

--The very size of the task even to return Iraqi living standards to their 1989 levels, from before the war with Iran.

Saddam could react to this outcome with anger (speaking of betrayal and sabotage by foreigners or his own subjects) and a more active foreign policy to obtain money (perhaps by pressuring Saudi Arabia and Kuwait).

E. The first major international initiative by Iraq would probably be the reconquest of the north and the destruction of the Kurdish autonomous zone. This could well be done by finding a local Kurdish ally to invite in the Iraqi army. The United States, much less other countries, is likely not to react at all. Turkey could be neutralized by an Iraqi pledge to stop PKK operations from northern Iraq. The lack of international reaction or retaliation would further embolden Saddam.

F. Iraq would rearm as best it could. At first, this would take place under the guise of reasonable rebuilding of forces destroyed in 1991 and replacement of outdated equipment. Of special importance would be the restarting of efforts to obtain and build weapons of mass destruction (WMD). There will be some leaks of news on these activities and the United States would try to block proliferation. Nevertheless, the discovery of secret Iraqi efforts would not

lead to serious sanctions or retaliation. Again, Saddam would be emboldened to act tougher and more aggressively in future.

The argument here is not that Saddam would rush into new foreign adventures, attacking Iran, Kuwait, or Israel. At least a few lessons have been learned from past mistakes, while situations have also changed. Iraq will lack the military capacity to engage in aggression for a number of years. And even given Saddam Hussein's world view, it would be hard for the Iraqi leader to decide this was a desired move.

Nonetheless, Iraq will certainly be an extremist voice in the region and will engage in activities which clearly defy--to the extent possible without provoking serious retaliation--U.S. interests, regional stability, and progress toward peace.

Beyond this, Iraq will face a choice between policies, a situation similar to the alternatives it had in 1988, when the war with Iran ended.

One choice would be Iraq as a good Arab citizen, roughly the policy course pursued by the current regime between 1968 and 1988. To rejoin the Arab world (and to try to regain subsidies from Saudi Arabia and Kuwait), Baghdad could toe the general Arab line. It would be especially militant in criticizing the Arab-Israeli peace process and maligning the United States, but there would be no extreme deviations from the Arab consensus. Saddam Hussein would avoid threatening the Gulf Arab states or verbally attacking other Arab leaders. He would not--at least not too loudly--repeat his ambitious claims to regional primacy, in order to avoid antagonizing Egypt.

Such an Iraq would avoid trouble in order to focus on rebuilding. It would mobilize not only popular Arab sympathy with its suffering but also support from other governments as well. This would be the "logical" alternative after the disasters and losses of the last decade.

But, of course, both historic experience and an examination of his more recent behavior shows that this is not necessarily the path that Saddam Hussein would choose. He cannot forget his desire for revenge, while his honest belief that others are seeking to overturn or injure him often makes Saddam Hussein's perceptions into self-fulfilling prophecies.

The alternative, radical, choice would be to renew Iraq's policy during the 1988-1991 era. Saddam Hussein could proclaim that Iraq's struggle and "victories" over the West demonstrate its fitness to be Arab leader. Small threats and insults could antagonize other Arab leaders beyond the point of making them willing to engage in appeasement. These could include attacks on their relations with the United States, accusations of treachery in 1991, hints of continued Iraqi claims on Kuwait, excessive efforts to intimidate neighbors into giving aid, and implications that Iraq would be a better Arab standard-bearer than Egypt.

While Iraq would certainly express various levels of antagonism--in different ways--toward Israel, Iran, and Turkey, the question is whether threats might cross lines that would bring counter-threats, escalation, and crisis. The quarrel with Israel is likely to remain verbal. Iraq could reconstitute its terrorist assets but these are quite limited compared to

Syria or Iran. This scenario's implication that Saddam will once again be his own worst enemy does provide comfort for regional stability. Such a strategy would deny Iraq potential allies, international (including Arab) aid, and foreign investment. It would handicap both rebuilding and rearming the country. No matter how many radical groups, newspapers, or Arabs in the street proclaimed Saddam as a hero, this would not provide Iraq with any material benefit. Moreover, such an atmosphere could not even equal what happened in the 1988-1991

period, which availed Baghdad nothing in practical terms.

Still, Iraq's posturing would lead to regional unease and undermine U.S. leverage while encouraging radical states and forces throughout the region. If Saddam Hussein pushed too far, another war or crisis could result.

A serious international crisis is less likely, however, simply because the United States in particular and the West in general would be unwilling to confront Iraq's words or deeds. In the medium-run, this could be the run-up to another crisis of a different--probably unforeseen--nature.

Two main scenarios should be considered here. One is Iraq's obtaining serious WMD capacity, especially nuclear weapons. Given the fact that Iraq lags behind Iran and that progress is likely to be slow (whatever items Iraq has hidden away), reduces the likelihood of this event over the next five years. Despite Iraqi progress, it would take some time to regain 1990 levels of such equipment or technology.

The other is an Iraqi attack on some other state. Equally, Iraq's weakened armed forces and limited resources make this unlikely over the first five years after the end of sanctions.

In short, Iraq is more likely to be a nuisance rather than a menace for some time to come. Aggressive rhetoric or acts might even injure Iraq more than others. But its regional role would be negative for progress and stability, while creating serious concern in Israel, Iran, Turkey, and the Arab world.

The fact that the West is even less willing to confront or punish Saddam politically now than before will only increase his appetite for the next stage. Iraq's frustrations over economic development as well as its more ambitious wishes for leadership and regional domination are also likely to set up a new and explosive crisis if Saddam survives most of the next decade.

Iran

Iran would be both a potential victim and a beneficiary of Iraq's revival. Tehran would gain because the Gulf Arab states and the United States already view it as a counterweight to Saddam. This attitude is playing a central role in the current rapprochement with Iran.

But the main factors affecting Iran's future are internal, following the election of President Muhammad Khatemi and ensuing factional dispute. Some basic points might be summarized as follows:

--Khatemi is sincere about wanting to bring economic and social reforms to Iran. He knows that easing the international situation and Iran's escape from isolation will help him achieve his goals.

--He has a huge base of supporters who share his vision, though many have less patience than he does.

--These forces at present, however, lack the strength to impose their will on the radical faction, which still has more control over the state apparatus and military, especially the Islamic Guards.

The outcome of the struggle in Iran is unclear and will take a long time to resolve. It seems more likely that Khatemi and his supporters will eventually win, but this historic shift could be delayed by many years.

Meanwhile there remains the strong possibility of a trade-off or division of labor between the two factions. This could be a deliberate decision but is more likely--and equally effective--as a de facto arrangement. The moderates would be able to ease economic, social and cultural restrictions; the radicals would retain control, or at least veto power, over foreign policy.

This means that Iran would continue to back terrorism, express an extremely militant line on regional issues, and develop WMD. At the same time, it would also be cautious about not attacking or overly

antagonizing neighbors. Iran's military is in extremely bad shape and Tehran is not spending lavishly to reequip it. To some extent, the development of missiles (and even nuclear weapons) is a cheaper substitute to a full reequipping of conventional arms.

In short, Iran is able to follow a line roughly parallel to Saddam's more moderate policy choice. This allows Tehran to rebuild relations with Gulf Arab states, attract more foreign investment, and cooperate with several countries (though actual allies will remain scarce). Yet this will not be sufficient to bring about detente with the United States, an end to the sanctions, or even unrestricted economic and political relations with European countries.

Beyond this, everything depends on the balance of internal forces. Even if there is agreement on analysis, this does not resolve the key issues for response. For example, do Western concessions to Iran prove to the masses that Khatemi's policy is best or do they merely demonstrate that Iran can continue radical policies at no cost? How much does Khatemi's popular support translate into actual power to make and implement decisions?

The main conclusion is that there will be no decisive outcome overnight--at least not one in Khatemi's favor--no matter how promising are longer-term prospects for a more moderate line. One must explore the possibilities of improving relations while carefully monitoring Iranian behavior. By 1999, however, the radicals seem to have at least temporarily blocked Khatemi from changing the country's course.

There is no simple solution to this problem except for constant reevaluation, flexibility, and close observation of events in Iran. At present, Iran is at the moment much less of a threat because of its weakness and internal debate. But only time will tell whether the radicals have (or think they have) such freedom of action that they

can accelerate their subversion and WMD programs. No one should be locked into a preconception which makes them try to fit facts into expectations on whether Iran is unchanging or moderating. Everyone should expect difficult tests and critical situations from Iraq's reemergence from isolation.

THE IMPACT OF WMD

A question requiring serious analysis is the future effect of WMD in the Gulf area. Most efforts and research have been focused on anti-proliferation efforts. While this is certainly important, however, Iran already possesses long-range missiles and will soon have a nuclear weapons' capacity. Experience has shown that without sanctions Iraq will certainly make an all-out effort to obtain these arms and will eventually succeed in doing so.

The strategic impact lies not only with the potential use of such weapons--and these two regimes are less adverse to using them in principle than almost any other government on earth--but the political leverage which would derive from their possession. Given the historic role of appeasement in the area, the ability to threaten their neighbors with WMD would greatly enhance the ability of Iran or Iraq to press the monarchies into concessions or cooperation.

An interesting feature of this situation is the fact that Iran's military budget has fallen steadily in recent years. It is quite understandable, though, if one thinks of WMD as a cheap solution to a serious problem. If Iran must decide between buying hundreds of costly planes, thousands of tanks, and dozens of ships as opposed to nuclear weapons and missiles, the latter solution is far cheaper. In effect, the atomic bomb itself is the poor man's atomic bomb.

An especially important question is whether and to what extent the United States will provide a credible umbrella for the Gulf

monarchies to protect them from the threat or use of such weapons. Otherwise, they will have to rethink their own strategic policies, alliances, and behavior in any future crisis.

The one thing that is certain about the Gulf area is that it will continue to be of central importance to international affairs in the coming decade. It is likely that the focus on the Gulf will involve several crises and one or more war.

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