

MERIA

THE GULF STATES AND THE AMERICAN UMBRELLA

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While U.S. policy in the Gulf can claim many successes in the 1990s, it now needs to be readjusted in light of changing conditions. Both Iran and Iraq are gradually escaping the web of sanctions created in earlier years. Saudi Arabia and the other Gulf Arab monarchies are increasingly using Iran to counter Iraq, accepting Iraq's return to the Arab world, and returning to a more distant posture regarding the United States, though still welcoming its protection. This article discusses the recent history of U.S. policy, the current situation, and options for the future.

U.S. policy in the Persian Gulf is once again in a period of transition. During the 1960s and 1970s, the United States sided with Iran, in part to contain Iraq. In the 1980s, the United States sided with Iraq in order to contain Iran. In the 1990s, the United States implemented a policy of "dual containment" to try to contain both countries.

Yet at the dawn of the twenty-first century, American policies seem better tailored to past challenges than future ones. While the United States remains in a defensive crouch against Iran and Iraq in the Gulf, both Iran and Iraq are reaching out to their neighbors, and their gestures are being reciprocated. There are two pitfalls here for the United States. The first is that America's Gulf allies undermine the American position while at the same time relying on it, leading to a strategic collapse. The second is that by concentrating so heavily on military threats, U.S. policy may miss the importance of internal political changes, which over the next decade could be the principal factor affecting U.S. interests.

For decades, U.S. policy in the Middle East has been driven by three main principles: energy security, Israeli security, and stability through the protection of friendly regimes. Over the last 20 years, developments in the Gulf have directly affected each of those principles.

The Iranian revolution of 1979 was a jolt to American strategy in the region. In a

short few months, the United States lost an important ally, its designated policeman in the Gulf, and one of the two pillars of its Gulf strategy (the other being Saudi Arabia). As the new government of the Islamic Republic of Iran consolidated its power, it became increasingly vocal about its anti-Americanism, its anti-Zionism, and its desire to foster Islamic revolution throughout the Middle East. Words were followed by deeds. Iranian students, with the government's support, overran the U.S. embassy in Tehran in November 1979 and held U.S. diplomats hostage until January 1981. There was also a series of internal purges, first of those loyal to the Shah, and then of those deemed insufficiently committed to the goals of the Islamic revolution.

Saddam Hussein saw the Iranian revolution as a threat and an opportunity. He was the avowedly secular leader of a neighboring country, the majority of whose citizens shared the Shia Muslim faith of Iran rather than the Sunni Muslim faith of most of the Iraqi leadership. Saddam feared that a spillover of Shiite revolutionary fervor from Iran would not only threaten his grip on power, but could also affect Iraq's character as a Sunni-led secular state. He elected to go on the offensive, taking advantage of perceived disarray in Tehran to redress old territorial claims and perhaps topple the ayatollahs from power. Striking out across the border in September 1980, he rushed to

portray his battle in ethnic terms, defending Arab honor from the encroachment of Persian invaders. In so doing, he sought (and gained) the financial support of the Sunni Arab kingdoms in the Gulf, which felt just as threatened by revolutionary Shiite republicanism as he did.

Despite his proclivity for appearing in uniform, Saddam Hussein's background is strictly civilian. He came up through the security services of the Iraqi Baath Party, not the military. In the war's early years, his lack of a military background showed. The Iraqi army appeared to have no concrete objectives, and its maneuvering was plodding. In July 1982, once the Iranians had recovered from their initial shock and reconstituted their army, the Iranians pushed the Iraqis back over the border and advanced deep into Iraqi territory. Pressed against the wall, Saddam sought – and obtained – international support for his battle against the Iranians, both from his Arab neighbors and from the United States.

The total amount of Arab assistance to Iraq can reasonably be estimated as at least \$30 billion.⁽¹⁾ The United States contributed, too, offering grain credits in 1983 as well as occasional satellite photographs of Iranian deployments. The American embrace of Saddam was never enthusiastic, but American policymakers considered it necessary to counter the Iranian threat. As the battle evened out in the middle of the decade, American government officials took a more ambivalent role. They continued courting Iraq, but they also made limited overtures to Iran. First, they hoped to free American hostages held by Iran's Shiite clients in Lebanon. Later, they sought cash with which to support anti-Communist forces in Nicaragua. To that end, White House officials arranged the sale of limited amounts of weapons – mostly TOW and HAWK missiles – to Iran in the middle of the decade. The collapse of the scheme, known as the Iran-Contra Affair, was a major public embarrassment to the Reagan Administration.

The American profile in the Gulf rose in the winter of 1986-1987 when Kuwait

sought protection for its tankers, and threatened to seek Soviet protection if the Americans were not forthcoming. The Americans agreed to Kuwait's appeals, and the U.S. Navy increased its presence in the Gulf, at times clashing with Iranian ships.

Had Iran ended the war in 1982 or 1983, it could have done so more on its own terms. But the leadership in Tehran perceived a partial victory over the Iraqis as a defeat, and continued to press for the fall of the regime in Baghdad. Instead, the balance shifted toward Iraq, due to foreign assistance, air power, and the tactical use of chemical weapons. The two parties battled to a stalemate. Finally, a formal cease-fire was signed in August 1989, two months after Ayatollah Khomeini's death. The costs to both sides were enormous, yet the war produced no discernable gains for either of them.

To American policymakers, the end of the war did not mean the end of the Iranian threat. American officials continued to favor Iraq as a balance to Iran, and hoped that the bloody conflict's end would induce Iraqi moderation. When Democratic congressional staffers set out in 1989 to investigate Iraq's use of chemical weapons against civilians in the Iraqi Kurdish village of Halabja, some Capitol Hill Republicans began a whispering campaign suggesting that the staffers were motivated by fealty to the pro-Israel lobby and not U.S. interests. Money played a role as well. In Washington in the late 1980s, it seemed that everyone from oil company and telecommunications executives to farmers sought export markets in Iraq.⁽²⁾

One could argue that Washington's policy of engagement with Iraq left it flat-footed when Iraq engaged in saber rattling in the summer of 1990. Pursuant to State Department instructions, American Ambassador to Baghdad April Glaspie sought to defuse the situation by delivering a message of partial accommodation to Saddam Hussein. While Americans thought Saddam might limit himself to occupying a small sliver of Kuwaiti territory, Saddam apparently

took the conciliatory message as a green light to invade the entire country.(3)

The American policy of rapprochement with Iraq came to a screeching halt with Iraq's August 2, 1990 invasion of Kuwait. In crossing the border, Iraq sought the redress of historical grievances, the control of more oil, and the obliteration of tens of billions of dollars of debt that Iraq incurred while fighting the Iranians. They also sought to punish the Kuwaitis for reportedly exceeding their oil production quota, thereby dropping world prices and diminishing Iraqi oil income.

By invading, the Iraqis threatened all three pillars of American policy in the Middle East. In at least one case, the threat was gratuitous. Saddam's saber rattling and later his ineffective Scud attacks on Israel were presumably intended to gain Arab support for his adventure. While he garnered some support on the streets of the Arab world, the Arab League rejected the attack. Saddam gained formal support only from parties with little power and little to give (the PLO and Yemen, for example), all of whom paid dearly for their flirtation with Saddam.

Meanwhile, hundreds of thousands of troops from the United States, Europe and the Arab world flooded into the Gulf to roll back the invasion. By the end of the build-up, Iraq had succeeded in making unlikely allies of a disparate group of more than 29 countries, including Afghanistan, Syria, Niger and Spain. American forces shouldered much of the burden, with assists in some areas from major European and Arab allies.

The armed effort to liberate Kuwait and expel Iraqi forces began in January 1991, after a long series of warnings and threats. Although many feared that the Iraqi troops, and especially the vaunted Republican Guards, would prove tough adversaries, the Iraqi army collapsed almost immediately. The American decision to end the ground war after 100 hours was determined by coalition pressure (especially from Arab coalition partners), the political benefits of claiming a swift victory, and concern that occupying Baghdad would turn into a morass that would

destabilize Iraq and induce a wave of anti-American sentiment. In addition, American planners assumed that the Saddam Hussein's humiliating defeat would make the leader appear vulnerable and provoke an uprising against him within Iraq. As a result, American leaders decided to end the battle and accept Iraqi promises to disarm.

In the subsequent decade, the U.S. position in the Gulf has remained consistent. The Iraqi invasion of Kuwait demonstrated to the oil-rich kingdoms, sheikhdoms, and emirates that their wealth provides little protection from invading armies. Americans continue to perceive Iraq as a threat that must be contained, and also express concern over Iranian designs on the Gulf. The United States has prepositioned billions of dollars worth of supplies in the region, although the U.S. military seeks, to the greatest degree possible, to keep its troops "over the horizon" to minimize local opposition.

But the relative success of a Pax Americana in the Gulf creates a challenge for the American position as well. While the American presence in the Gulf has brought stability, that stability, in turn, has served to erode public support in the Gulf for maintaining a significant U.S. presence there. Nationalists in the Gulf countries and throughout the region have harped on the American presence as an example of unbridled imperialism, while at the same time benefiting from the presence of those troops. A Lebanese journalist often begins his discussions of the Gulf by relating a Saudi's description of the desired American role: "We want you to be like the wind. We want to feel you, but we don't want to see you."(4)

Since May 1993, official U.S. policy in the Gulf has been one of "dual containment." The strategy departed from Washington's long-standing approach of siding with either Iran or Iraq to balance against whichever of the two appeared more threatening. Instead, the U.S. would use its own forces to balance against both countries simultaneously. The Cold War's end made such a policy possible. As former national security adviser Anthony Lake explained in

an article: "We no longer have to fear Soviet efforts to gain a foothold in the Persian Gulf by taking advantage of our support for one of these states to build relations with the other. The strategic importance of both Iraq and Iran has therefore been reduced dramatically, and their ability to play the superpowers off each other has been eliminated."⁽⁵⁾

While dual containment does not necessarily suggest equivalence between Iran and Iraq, it still relies on rather blunt weapons such as sanctions, opposition to international loans, and a heavy troop presence in the area. Of course, containment takes very different forms against each of these countries since they present varied challenges and the framework of international support differs in each case.

U.S. containment of Iran is primarily unilateral. American laws and regulations prohibit various kinds of transactions with Iran by American individuals and corporations. Current law also extends sanctions to non-American companies making large investments in Iran, but such efforts cannot be completely effective. In several cases, the U.S. government has issued waivers under pressure from European governments. While some American sanctions against have termination dates built into them, most are a consequence of Executive Orders that have no clear date of expiry. Administration officials have repeatedly stated that the sanctions are meant to change Iranian behavior in three areas: support for terrorism, developing weapons of mass destruction, and active subversion of Arab-Israeli peace processes.

In contrast, U.S. containment of Iraq relies primarily on multilateral measures. The sanctions regime in place is primarily the one imposed by the UN Security Council following the invasion of Kuwait. While the United States can unilaterally use its Security Council veto to prevent lifting the sanctions until all the requirements of the original UN resolutions are met, the sanctions are multilateral in terms of their effects and their implementation.

The extent to which U.S. policy toward Iraq is multilateral in its conceptualization (if not always in its implementation) is almost unprecedented. Immediately following the Iraqi invasion of Kuwait, the Washington led the call in the Security Council for tough UN sanctions to force an Iraqi withdrawal. Only four days after Iraqi troops crossed the border, the Security Council passed Resolution 661, placing an embargo on trade to or from Iraq or Iraqi-occupied Kuwait. Through the late summer and fall of 1990, the Security Council passed no fewer than 12 resolutions condemning Iraqi actions, insisting on their reversal, and imposing penalties for non-compliance.⁽⁶⁾ The ceasefire ending the war was predicated on Iraq's acceptance of all relevant UN resolutions, and was enshrined in Security Council Resolution 687. That resolution remains the cornerstone of U.S. policy toward Iraq, as well as the authority under which most sanctions remain in place.

Resolution 687 formalized the ceasefire and affirmed the inviolability of the international border between Iraq and Kuwait. In addition, reacting to fear that Iraq would unleash chemical or biological weapons against allied troops in the war to liberate Kuwait (as it had done against Iranian troops during the Iran-Iraq War and against its own Kurdish citizens in a 1988 campaign), the resolution demanded that Iraq end its programs to develop unconventional weapons, declare the full extent of those programs, and submit to the supervised destruction of all remaining such weapons. The UN created a special body called the UN Special Commission (UNSCOM), to monitor Iraqi compliance with the arms control provisions of the resolution.

What few anticipated in 1991 was that Saddam Hussein would last another decade while so doggedly resisting compliance with the UN resolutions, even as sanctions drove the Iraqi people into penury. Indeed, what has been so striking about Iraqi policy is the apparent decision to avoid telling the truth at all costs. The Iraqi government has made a long series of "full, final and complete

disclosures" to the international community, each time admitting that--despite earlier protestations--the previous version was not full, final, or complete. Explanations for incongruities or inconsistencies were often fanciful. For example, Iraq imported tons of culture-growth media in amounts that far exceeded its medical needs. By one estimate, imports for 1988 alone would have lasted Iraq for two centuries.(7) Iraqi officials insisted that the medium had no nefarious purpose, such as biological weapons development. Instead, they said, the problem was simply that overzealous supply clerks kept upping the orders as they passed through the chain of command.(8)

Following up on information revealed by former weapons development chief (and son-in-law to Saddam Hussein) Hussein Kamel after his defection in 1995, UN weapons inspectors not only gained a deeper understanding of Iraq's weapons development systems, but also discovered how completely they had been deceived. The cache of more than a half million documents recovered from Hussein Kamel's chicken farm in Haidar shortly after he left Iraq was a revelation to the Western inspectors.(9) Even so, reconnaissance photography indicated that Iraqi officials appear to have systematically purged the files of the most incriminating information.(10)

In response to persistent Iraqi deception, UN inspectors (buttressed by the United States and other countries) engaged in an essentially legalistic effort to build a case against Saddam Hussein. They pieced together intelligence information, documentary evidence, and seemingly contradictory Iraqi statements to reach an understanding of what the Iraqis were trying to do and how they were doing it. Starting in 1997, UNSCOM devoted a good deal of its energy to trying to understand Iraqi concealment mechanisms. Not surprisingly, they found that much of the concealment effort came directly from Saddam Hussein's personal office and involved elite security forces especially loyal to the Iraqi president.

Reliance on a legalistic framework, however, may have been counterproductive, since it created a complex argument that held little sway over national leaders or public opinion. Meanwhile, the sanctions have turned into as much of a trap for the international community as for Iraq. They have not changed Iraq's behavior, while the suffering of ordinary Iraqis has undermined the international community's resolve to keep the sanctions in place. Pressure within the UN – especially from Russia, China, and France – has steadily increased the amount of oil Iraq can export and loosened other restrictions.

Further, Saddam's regime does not seem any weaker. On the contrary, the regime itself has profited from the sanctions, skimming off money from smugglers and black marketeers while ensuring elite loyalty through the resultant patronage. On the one hand Iraq is being contained, but on the other, the Iraqi regime is being preserved. There is little international appetite for an armed strike against Iraq, but there is little else the international community can do. The sanctions are already among the most stringent and intrusive in the modern era, and there is little prospect for tightening them even further.

Since the Gulf War, the United States has fitfully worked for Saddam's removal. In 1995 and 1996, the campaign took the form of a covert action program working with Iraqi exiles in Jordan. According to published accounts, in late June 1996, Iraqi intelligence operatives broke up the operation and arrested more than 120 people. The plotters were interrogated, tortured, and executed.(11)

Usually, though, American policy has concentrated on statements more than active subversion, due to doubts that subversion could work and misgivings about the real power of the Iraqi opposition. Starting in November 1998, American officials have stated that U.S. policy toward Iraq is "containment plus regime change," thereby returning to a goal of the late Bush administration. Just how regime change will be implemented is unclear. A "Special Coordinator for the Transition in Iraq" sits in

the State Department and works on aiding a diverse group of often quarrelling Iraqi opposition groups. Congress has authorized spending \$97 million pursuant to the "Iraq Liberation Act," but the Clinton administration has been loath to spend the money. Most of the spending appears to cover office supplies and travel for expatriate Iraqis, with little clear notion of how to change the situation on the ground in Iraq.

The dilemma of current policy was revealed starkly in the second half of 1998. Throughout the late summer and early fall, Saddam Hussein provoked a crisis with the UNSCOM inspectors, at various points restricting their movements and indicating that he would not cooperate unless sanctions were lifted. After several narrowly averted crises, inspectors returned to Iraq in mid-November with a promise of full cooperation from the Iraqis. On December 16, UNSCOM chairman Richard Butler announced to the Security Council that, in fact, the Iraqis had not cooperated fully. Beginning the next day, American and British planes launched four days of punishing air attacks on Iraqi installations. The end result has been that sanctions remain in place, there are no inspectors in Iraq, and there appears to be no provision either for removing Saddam Hussein from power or lifting sanctions. The December 1999 decision to replace UNSCOM with a successor organization, the UN Monitoring, Verification and Inspection Commission (UNMOVIC) has not yet yielded any inspections, and the organization's ability to alter the stalemate between the United States and Iraq appears weak.

The U.S.-Iraq stalemate differs dramatically from the U.S.-Iran relationship. In the first place, American efforts to contain Iran are fundamentally unilateral (although some of the congressionally imposed sanctions have an extraterritorial aspect). UN resolutions do not govern the U.S.-Iranian relationship, and there are no international sanctions in place against Iran.

Second, the political situation in Iran is in a state of flux. More than a decade after the death of the leader of the Iranian

revolution, Ayatollah Ruhollah Khomeini, Iranians throughout the political spectrum are debating Khomeini's legacy, and in some extreme cases, whether an Islamist regime should govern Iran at all. Signs of political change are rife. In 1997, moderate Mohammad Khatemi won a landslide victory in the presidential election over the clear regime favorite, Ali Akbar Nateq Nouri. Reformists supporting Khatemi trounced conservatives in parliamentary elections in the spring of 2000. Under Khatemi's leadership, there was an efflorescence of newspapers and magazines, many of which criticize aspects of the regime. Iran has an impressive collection of crusading journalists and courageous publishers, who have recently played a kind of cat-and-mouse game with their conservative opponents.

The current struggle in Iran is over how conservatives will be able to maintain influence despite their clear renunciation by so much of the public. The conservatives have allowed elections to take place with relatively little meddling, but they have come down hard on the reformist press. The conservatives have also blocked any serious change in the way Iran is governed. It is difficult to predict the future, but the trends seem to indicate some form of compromise between the factions – which may leave the public unsatisfied but powerless – rather than direct confrontation.

On the international scene, the scorecard is mixed. For the last decade, Iran has been engaged in a broad-scale effort to "reduce tensions" with the outside world, or at least with its neighbors and with Europe. This policy has a number of causes. Attempts to export the revolution had been unsuccessful, and also contributed to Iran's own international and regional isolation. Iraq was and remains a constant worry, yet Iran's perceived hostility to its neighbors left it bereft of allies. Economic problems on the one hand, and an intense interest in influencing global petroleum prices on the other, highlighted the need for Iran to coordinate its actions with other regional powers. Whatever the priorities, reduced

tensions with countries like Saudi Arabia and Kuwait have opened the door to trade, cooperation on oil pricing, and a host of other benefits.

There has even been some reduction in tensions with the United States, especially with regard to the American troop presence in the Persian Gulf. Although Iranian officials continue to complain bitterly about American ships and sailors in Gulf waters, the Iranian navy is careful to avoid confrontations with American ships.

Iran's relations with some neighboring states, however, are still tenuous, and it is still engaged in actions that the U.S. government finds objectionable. In the Gulf itself, Iran continues to dispute ownership of three islands that it occupied in 1971 and are also claimed by the United Arab Emirates. The border with Afghanistan remains tense, in part because of drug smuggling into Iran and in part because of animosity between the Afghanistan's Taliban regime and Iran's own Afghan clients. True rapprochement with Iraq seems quite far off, although there have been some official visits and Iran apparently allows some Iraqi oil to be smuggling through Iranian waters.

Farther afield, Iran continues to provide support for groups that use violence to oppose resolution of the Arab-Israeli conflict, including Palestinian Islamic Jihad and Hamas. Tehran reportedly supplies these organizations with money, weapons, and training. Iran also appears to many to be pursuing the acquisition of nuclear weapons, both via domestic development efforts and through buying technology from other countries. From a U.S. perspective, Iranian acquisition of such weapons would be deeply destabilizing, because it could set off a vigorous arms race throughout the Middle East.

The Iranian government is also a source of some extraordinarily vitriolic attacks on Israel. In a widely noted speech on the occasion of Jerusalem Day in December 1999, Iran's powerful spiritual leader Ayatollah Ali Khamene'i stated: "There is only one solution to the Middle East problem;

namely, the annihilation and destruction of the Zionist state."⁽¹²⁾ On that and other occasions, Iranian leaders have accused the Palestinian leadership of treason for its efforts to make peace with Israel, and they have virulently criticized other governments for similar gestures. While mere speech is just that, Iranian statements are accompanied by support for violent groups, as outlined above. Such talk and actions, as well as bitter verbal attacks on the United States makes it difficult for Americans who wish to improve relations with Iran to do so, since Iranian officials themselves seem so antagonistic to the idea.

American sanctions against Iran concern two different aspects of Iranian behavior. Some target Iran as a "state sponsor of terrorism," both for its support for armed militant groups and its own alleged actions against Iranian dissidents abroad. A second set target Iranian weapons development programs, especially nuclear weapons. The restrictions are of three kinds: Executive Orders, government regulations, and laws. The first two can be lifted unilaterally by the president, while the last requires the consent of Congress or the expiration of the laws themselves.⁽¹³⁾

Obstacles notwithstanding, the present question in U.S.-Iranian relations seems to be less about whether relations will improve, but rather when and under what conditions. Washington has declared its willingness to engage in whatever sort of "authoritative" dialogue the Iranians favor, without any preconditions. By stressing that the dialogue must be authoritative, the Americans are opening the door to a dialogue involving non-government officials, but closing the door to dialogue with any official or intermediary who represents merely a faction of the Iranian government. For its own part, the government of Iran refuses to enter into a dialogue as long as punitive sanctions against Iran remain in place. Iran is hoping that business-to-business contacts will pave the way for government-to-government contacts; Americans take the opposite approach.

Both sides insist that the initiative lies with the other party. Secretary of State

Madeleine Albright attempted to move things forward by announcing on March 17, 2000, that the U.S. government would no longer bar imports of Iranian food products and carpets, and hinting at American contrition for its past relations with Iran. Iranian intermediaries had explicitly requested both gestures as confidence-building measures.

The gestures, however, came at a time of political uncertainty in Iran. A month before, the first round of parliamentary elections had given a large majority to reformist candidates aligned with the president. Conservatives were planning their strategies for the second round in May 2000 (in which the reformists also captured a significant majority), and both sides were stepping gingerly around the domestic political scene. In addition, the spring 2000 trial in Shiraz of 13 Iranian Jews accused of spying for Israel damaged relations between Iran and the outside world. In July 2000, the court convicted 10 and sentenced them to prison terms ranging from 4 to 13 years. The closed trial and the confessions of beleaguered defendants did little to build confidence that justice had been served.

It is important to note that it has been political constraints, rather than strategic ones that have stymied a U.S.-Iranian rapprochement. The United States and Iran share broad interests in the region. Both are alarmed by the actions of the Taliban in Afghanistan and by high levels of drug smuggling over the Afghan-Iranian border. Both strongly believe that Iraq must be contained, although both sides seek to check the other's influence in a post-Saddam Iraq. Essentially, Iran has taken a free ride on the U.S. containment of Iraq, while at the same time criticizing the American role in the region. Both countries desire stable oil prices and freedom of navigation in the Persian Gulf. American oil companies have a deep interest in developing Iranian petroleum reserves, and Iranian Oil Company officials have a great desire to tap into American expertise and technology.

But anti-Americanism and anti-Zionism remain among the last standing

pillars of the Iranian revolution, and they will not go away easily. In addition, many Iranians fear that American hegemony--both political and cultural--will sweep over Iran and destroy thousands of years of Persian and Islamic civilization. Entrenched financial interests have a stake in the continuance of American sanctions, since they profit so handsomely from the resultant smuggling operations. And finally, conservatives wish to ensure that any opening to the United States does not strengthen their reformist rivals.

On the American side, few politicians see political benefits to be gained from an opening to Iran. As long as the image of Iran in American minds is of fist-shaking mobs, hostile clerics, and supporters of terrorism, it will be hard for American officials to move forward. Iranian statements on Israel have a doubly negative effect, on the one hand threatening America's premier ally in the Middle East, and on the other reminding Americans of an Iran that does not play by international rules. Continued Iranian support for groups that use violence against civilians deepens Americans' hesitancy, as does Iran's apparent interest in developing nuclear warheads and long-range ballistic missiles. Finally, Iran's working with Russia and China to develop its weapons capabilities raise deep concern in the U.S. government.

Earlier attempts at dialogue also ran aground on the shoals of political opposition. In 1995, then-president Ali Akbar Hashemi Rafsanjani struck a \$1 billion deal with Conoco, an American petroleum company, to develop the Sirri gas field in the Persian Gulf. On the Iranian side, the deal could be viewed as a courageous attempt by Rafsanjani to open the door to the United States, or a cynical one to take American capital while continuing to undermine U.S. interests in the region. Although the deal was permissible under American law, it set off alarm bells for Americans who were trying to establish a tougher policy toward Iran. The Clinton White House quickly drafted two executive orders restricting business between Americans and Iran.⁽¹⁴⁾ For its own part, Congress passed the Iran-Libya Sanctions

Act, which barred investment in Iran's petroleum sector.(15) The deal collapsed.

Much of the recent impetus toward rapprochement with Iran is said to have been driven by President Clinton himself, who reportedly took a personal interest in this effort and who made remarks expressing understanding for Iranian grievances.(16) President Khatemi also appears to have a direct interest in improving his country's relationship with the United States, as witnessed by his January 1998 interview on CNN calling for an improved relationship between the two countries.(17) Still, looking ahead, there will need to be political movement in both countries in order for satisfactory relations to resume. Given the current state of politics in both countries, and given President Clinton's departure from office in January 2001, progress will likely be incremental.

Viewed broadly, the last two decades of U.S. policy in the Gulf have been driven by military threats. The next two decades, however, are more likely to be dominated by political challenges in the Gulf monarchies. Up to now, most U.S. efforts to promote political reform in the Gulf have been tentative, and they have been greeted coolly by most regional governments. Regimes such as Saudi Arabia have bitterly protested when U.S. officials met with opposition figures, and in at least one case in the late 1980s, requested the removal of the American ambassador for doing so. Because relations are primarily government-to-government, American officials have tended to accede to official requests to downplay calls for democratization and to shun extensive contacts with those working against the ruling governments. The United States has also implored the Gulf monarchies to support the Arab-Israeli peace process, with varying degrees of success.

But the Gulf countries (including Iran and Iraq) have young, rapidly growing populations, and mostly declining standards of living. Unemployment or under-employment are widespread problems. At the same time, expectations in the region are

high. Those currently coming on the job market grew up in times of relative plenty, yet they find their own options more limited. In addition, satellite television and the Internet provide them with a steady diet of images of prosperity and social openness that many find attractive. Some respond by closing themselves off to the West and its messages, and others by embracing it. In countries such as Kuwait, therefore, we can see a widening gulf within society, as neo-traditionalists do battle with secular modernists.

The task of managing these divisions and putting Gulf societies on a sustainable track for the future lies primarily with the governments of the region, not Washington. However, U.S. interests are clearly at stake, and U.S. policy may soon have to respond to dramatic developments stemming from social unrest.

Despite two decades of U.S. efforts, the Gulf remains an area of significant instability. Iraq is not an immediate threat to its neighbors, but multilateral efforts to contain Iraq appear to be unraveling. There have been encouraging signs from Iran, but change is halting and unpredictable. A period of violence and prolonged internal struggle is possible. The smaller Gulf states have remained relatively stable throughout this period, but a generation of experienced leaders are about to pass from the scene and their successors are untested. Whether the primary threats to U.S. interests in the region will emerge from weapons proliferation, backlash against the Arab-Israeli peace process, economic and demographic change, or some combination of them is unclear, but challenges seem certain in the coming decade.

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NOTES

1. Shahram Chubin and Charles Tripp, *Iran and Iraq at War* (Boulder: Westview, 1988), p. 154.
2. In the words of one enthusiast of rapprochement in that period, "Iraq and the United States need each other." See Laurie Mylroie, "The Baghdad Alternative," *Orbis* Vol. 32, No. 3 (Summer 1988), p. 351.
3. The account printed in Micah L. Sifry and Christopher Cerf (eds.) *The Gulf War Reader* (New York: Times Books, 1991), pp. 122-133 has not been disputed by the State Department.
4. Hisham Melhem, conversation with author.
5. Anthony Lake, "Confronting Backlash States," *Foreign Affairs*, Vol. 73, No. 2 (March/April 1994), p. 48.
6. UN Security Council Resolutions 660, 661, 662, 664, 665, 666, 667, 669, 670, 674, 677, and 678.
7. Tim Trevan, *Saddam's Secrets: The Hunt for Iraq's Hidden Weapons* (London: Harper Collins, 1999), p. 288.
8. Andrew Cockburn and Patrick Cockburn, *Out of the Ashes: The resurrection of Saddam Hussein* (New York: Harper Collins, 1999), p. 199.
9. According to Trevan, who was an UNSCOM inspector, the documents appeared to have been newly delivered to the site where they were disclosed, and Hussein Kamel denied having kept such a store of documents. Trevan, (1999), p. 331-2.
10. See Cockburn and Cockburn, (1999), p. 236.
11. Ibid, p. 228.
12. IRNA (in English), transcribed in FBIS Document ID FTS19991231000386 (December 31, 1999).
13. The relevant laws and regulations can be found in Kenneth Katzman (ed.), *U.S.-Iranian Relations: An analytic compendium of U.S. policies, laws and regulations* (Washington: The Atlantic Council of the United States, 1999).
14. Executive Order 12957 of March 15, 1995, and Executive Order 12959 of May 6, 1995. They can be found in Ibid, pp. 40-41.
15. 50 USC 1701. The law expires on August 5, 2001.
16. For a copy of the President's comments at a White House Millennium Evening, see <http://www.whitehouse.gov/WH/EOP/First_Lady/html/generalspeeches/1999/19990412.html>.
17. An edited transcript is printed in Robert S. Litwak, *Rogue States and U.S. Foreign Policy: Containment after the Cold War* (Washington: Woodrow Wilson Center Press, 2000), pp. 265-270.